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CollPlant Biotechnologies (NASDAQ/CLGN)

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BUY: CollPlant: Proof of Concept in 3D Bioprinted Regenerative Breast Implants in Porcine Study

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CollPlant announced that it has successfully completed a large animal study for its recombinant human collagen (rhCollagen)-based 3D bioprinted regenerative breast implants, addressing the \$2.5 billion global breast implant market. The Company is planning to initiate a follow-up large animal study during 2023 using commercial-size implants to support subsequent human studies and future product commercialization.

Investment Highlights:

3D Bioprinted Regenerative Breast Implant Program reported results of a porcine study. The objectives of the study were fully achieved, including the evaluation of the safety and efficacy of the bioprinted breast implants. The histological analysis of the implants demonstrated progressive stages of tissue regeneration after three months, as indicated by the formation of maturing connective tissues and neovascular networks. The development of native tissue was synchronized with the degradation process of the implant, which was consistent with the desired outcome observed during the trial. There was also no indication of adverse reaction noted within the implants and the surrounding tissue.

Is there a Need? CollPlant's bioprinted regenerative implants aim to overcome the challenges of existing breast procedures using silicone implants or autologous fat transfer. According to the FDA approximately 350,000 people have reported adverse events involving breast implants between 2009 and 2019. Reports range from autoimmune symptoms to breast implant-associated anaplastic large cell lymphoma (BIA-ALCL). CollPlant's regenerative breast implants are comprised of the Company's proprietary plant-derived rhCollagen, an ideal building block for regenerative medicine implants attributed to better bio-functionality, superior homogeneity, and improved safety. The printed implant is designed to degrade over time while promoting natural tissue regeneration and integration with host tissue. 3D bioprinting technology enables scalable production of highly precise and repeatable constructs which can be customized to the individual anatomy of patients.

Valuation: We have not factored into our model the 3D systems collaboration as we await clarity around the timing and focus of this effort. Our price target remains \$17.00 per share. We model CollPlant's rhCollagen technology platform focused on the aesthetics and advanced wound care markets. We use varying probabilities for each indication ranging from just 30% to 90% that our sales goals can be achieved. The models then flow into our income statement, which is projected out to 2030. On top of these therapeutic success probabilities, we apply a discount rate (r) of 30% (our highest rate for emerging growth companies), and we assume additional capital raises (dilution) in our final share count. We then apply these projections to our Free Cash Flow model and round to the nearest whole number to derive our 12-month price target.

Risk Factors: These include Clinical, Partnership, Investment and Financial, Regulatory, Market Share, Intellectual Property, and Commercial Risks.



Source: CollPlant

Current Price			
Current Price			\$8.60
Price Target			
Price Target			\$17.00
Stock Data			
52-Week Range	\$4.27	-	\$16.40
Shares Outstanding (mil.)			11.0
Market Capitalization (mil.)			\$95
Enterprise Value (mil.)			\$91
Debt to Capital			0%
Book Value/Share			\$0.02
Price/Book			3.9
Average Three Months Trading Volume (K)			38
Insider Ownership			10.5%
Institutional Ownership			19.5%
Short interest (mil.)			0.2%
Dividend / Yield			\$0.00/0.0%

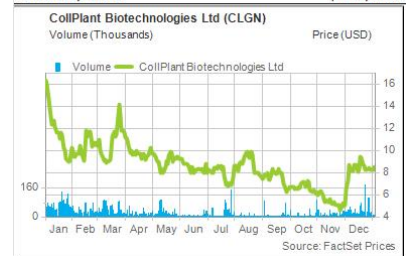


Exhibit 1. Income Statement

CollPlant Holdings Ltd. (\$000)																
CollPlant: YE Dec 31	2019A	2020A	2021A	1Q22A	2Q22A	3Q22A	4Q22E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue																
VergenixSTR (Arthrex) - Tendon repair			-	-	-	-	-	-	6,749	12,047	17,555	17,906	18,264	18,629	19,002	19,382
VergenixFG - Wound Healing			-	-	-	-	-	-	9,196	16,898	25,347	26,615	27,945	29,343	30,810	32,350
BiInk			-	-	-	-	-	-	8,270	12,777	13,288	13,819	14,372	14,947	15,545	18,187
Aesthetic Medicine			-	-	-	-	-	-	15,475	64,376	100,427	174,073	199,139	210,870	234,970	264,733
Misc Revenues	2,400	7,621	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Product Revenues	2,400	6,137	15,641	66	132	109	-	307	39,690	106,098	156,616	232,413	259,721	273,789	300,326	334,652
Royalties																
Total Revenue	2,400	7,621	15,641	66	132	109	-	307	39,690	106,098	156,616	232,413	259,721	273,789	300,326	334,652
Expenses:																
Cost of Goods Sold	1,758	3,002	2,005	31	74	264	-	369	7,938	21,220	31,323	46,483	46,750	41,068	45,049	50,198
%COGS	73%	39%	13%	20%	20%	20%	20%	120%	20%	20%	20%	20%	18%	15%	15%	15%
Research and Development	3,272	4,065	7,631	2,242	4,841	2,777	2,888	12,748	13,658	17,226	21,726	27,403	34,562	42,006	51,054	62,051
Sales and Marketing	3,614	4,669	5,940	1,561	3,170	1,536	1,500	7,767	9,500	12,531	17,232	22,799	30,164	39,909	52,801	69,858
Total Expenses	8,644	11,736	15,576	3,834	8,085	4,577	4,388	20,884	31,096	50,976	70,282	96,684	111,476	122,984	148,905	182,108
Operating Income (loss)	(6,244)	(5,599)	65	(3,768)	(7,953)	(4,468)	(4,388)	(20,577)	8,594	55,122	86,334	135,728	148,245	150,806	151,422	152,545
Financing income	(1,167)	34	172													
Total Other Income (expenses)	339	221	(27)													
Financial net (expenses)	(828)	175	172	(92)	(192)	89	-	-	-	-	-	-	-	-	-	-
Pretax Income	(7,072)	5,774	237	(3,860)	(8,145)	(4,379)	(4,388)	(20,577)	8,594	55,122	86,334	135,728	148,245	150,806	151,422	152,545
Income Tax Benefit (Provision)		205	-						1,203	9,922	15,540	32,575	41,509	45,242	45,427	47,289
Tax Rate		4%	0%		0%	0%	0%	0%	14%	18%	18%	24%	28%	30%	30%	31%
Gain (loss) from discontinued operations																
GAAP Net Income (loss)	(7,072)	5,774	237	(3,860)	(8,145)	(4,379)	(4,388)	(20,577)	8,594	55,122	86,334	135,728	148,245	150,806	151,422	152,545
GAAP-EPS	(1.06)	(0.84)	0.02	(0.36)	(0.39)	(0.40)	(0.21)	(1.12)	0.77	2.94	4.04	6.33	6.89	6.97	6.97	6.99
GAAP-EPS (Dil)	(1.06)	(0.84)	0.02	(0.36)	(0.39)	(0.21)	(0.21)	(1.12)	0.77	2.94	4.04	6.33	6.89	6.97	6.97	6.99
Wgtd Avg Shrs (Bas) - (000's)	61,749	6,886	11,967	10,783	10,936	11,086	11,108	10,978	11,164	11,253	11,344	11,435	11,526	11,619	11,712	11,806
Wgtd Avg Shrs (Dil) - (000's)	61,749	16,000	11,967	10,783	20,936	20,957	20,978	18,413	11,164	18,752	21,347	21,438	21,530	21,622	21,715	21,809

Source: Dawson James estimates, company reports

Risk Analysis

Clinical Trial Risk. CollPlant and its partners may be dependent on the outcome of product-based clinical trials.

Partnership risk. CollPlant may seek partnerships for clinical development support and commercialization. There can be no assurances that the Company will be able to secure favorable partnerships.

Commercial Risk. CollPlant hopes to compete in multiple healthcare-related markets that have traditionally been dominated by large pharma and biotechnology companies with deep pockets (funding and resources), which may make it difficult for CollPlant to compete unless the molecule is deemed to be truly differentiated.

Financial Risk. CollPlant is likely to require additional capital raises before the Company can be self-sustaining. There can be no guarantees that the Company will be able to raise the needed capital.

Investment Risk. CollPlant is a small capital company, which can translate into high volatility and risk for investors. The Company has no revenues and is dependent on clinical progress of its therapeutics.

Intellectual Property. CollPlant may face IP challenges, forcing the Company to defend its patents or claims the Company is infringing on other patents.

Market Share Risk. The collagen and related products markets are competitive and tend to be dominated by large pharma and biotechnology and/or medical device companies.

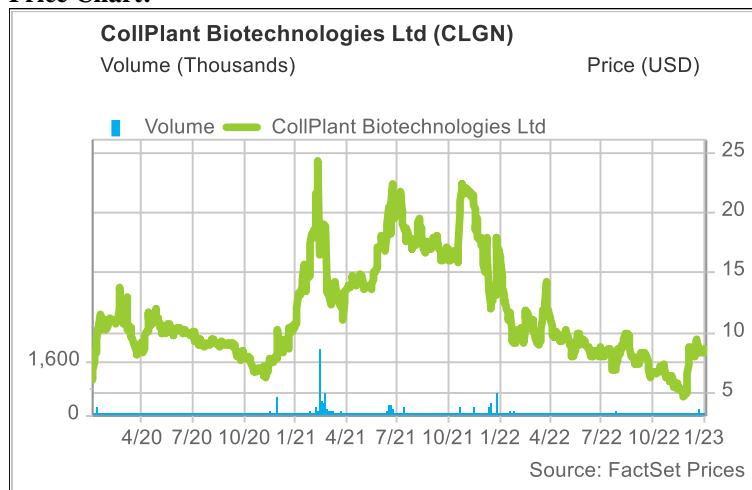
Regulatory Risk. CollPlant, even with good clinical data, could face extensive delays and other regulatory setbacks.

Companies mentioned in this report

3D Systems (NYSE: DDD) - Not Covered

Important Disclosures:

Price Chart:



Price target and rating changes over the past three years:

- Initiated – Buy – November 4, 2019 – Price Target \$9.00
- Price Target Change – Buy – January 27, 2020 – Price Target \$15.00
- Update Report – Buy – May 27, 2020 – Price Target \$15.00
- Update Report – Buy – September 21, 2020 – Price Target \$15.00
- Update Report – Buy – December 3, 2020 – Price Target \$15.00
- Price Target Change – Buy – February 8, 2021 – Price Target \$21.00
- Price Target Change – Buy – March 1, 2021 – Price Target \$20.00
- Update Report – Buy – May 25, 2021 – Price Target \$20.00
- Update Report – Buy – May 28, 2021 – Price Target \$20.00
- Update Report – Buy – June 22, 2021 – Price Target \$20.00
- Update Report – Buy – August 19, 2021 – Price Target \$20.00
- Update Report – Buy – December 27, 2021 – Price Target \$20.00
- Update Report – Buy – February 16, 2022 – Price Target \$20.00
- Update Report – Buy – March 24, 2022 – Price Target \$17.00
- Update Report – Buy – June 13, 2022 – Price Target \$17.00
- Update Report – Buy – August 25, 2022 – Price Target \$17.00
- Update Report – Buy – November 7, 2022 – Price Target \$17.00
- Update Report – Buy – December 1, 2022 – Price Target \$17.00
- Update Report – Buy – January 4, 2023 – Price Target \$17.00

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- 1) **Buy:** The analyst believes the price of the stock will appreciate and produce a total return of at least 20% over the next 12-18 months;
- 2) **Neutral:** The analyst believes the price of the stock is fairly valued for the next 12-18 months;
- 3) **Sell:** The analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

The following chart reflects the range of current research report ratings for all companies followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services.

Current as of 3-Jan-23

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	21	70%	1	5%
Market Perform (Neutral)	8	27%	1	13%
Market Underperform (Sell)	1	3%	0	0%
Total	30	100%	2	7%

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