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CollPlant Biotechnologies (NASDAQ/CLGN)

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BUY: We Have Reworked the Model – No Change to Our Target

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We revisited our model and made some changes. Principally, we have reduced our expectations around the Vergenix and BioInk revenues and increased our revenue expectations around both the AbbVie (ABBV-Not Rated) partnership royalty expectations and other such partnerships that we assume will come to fruition in the aesthetic medicine space. The net result is no change to our \$17.00 price target.

Investment Highlights:

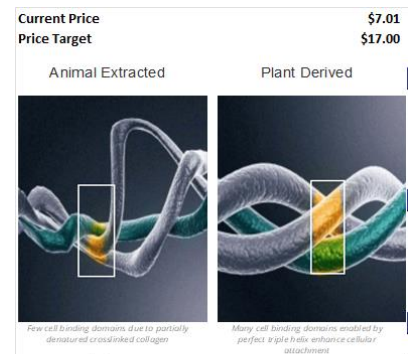
Aesthetics Deal with AbbVie: Recall that in February 2021 CollPlant granted Allergan (now acquired by AbbVie) worldwide exclusivity to use its plant-derived recombinant human collagen (rhCollagen) in combination with the firm's Aesthetics' proprietary technologies for the production and commercialization of dermal and soft tissue fillers. In addition, AbbVie now has the right of first negotiation for CollPlant's technology in two future additional products. CollPlant received an upfront payment of \$14 million and is entitled to receive up to an additional \$89 million in milestone payments. In addition, CollPlant is eligible to receive royalty payments and a fee for the manufacture and supply of rhCollagen to AbbVie.

Press Release: "CollPlant has the potential to receive additional milestone payments as well as future royalties in accordance with its long-term collaboration with AbbVie for its first-generation dermal filler, and CollPlant expects that the first of these milestones could be achieved in 2023. CollPlant remains engaged in partnering discussions with several industry leaders and academic institutions interested in the Company's rhCollagen technology and expertise in 3D bioprinting to develop therapeutics and medical applications".

Model Changes: We have sharply reduced our expectations around the Vergenix and BioInk revenues in our model. We have revised our model to reflect the expected manufacturing revenues and royalties from AbbVie and we assume additional partnerships with other firms. The net effect is no change to our target valuation.

Valuation: We have revised our model as discussed in the abstract. The principal driver for the company is its Aesthetics business. 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.



Stock Data		
52-Week Range	\$4.27 -	\$13.97
Shares Outstanding (mil.)		11.2
Market Capitalization (mil.)		\$78
Enterprise Value (mil.)		\$75
Debt to Capital		0%
Book Value/Share		\$0.02
Price/Book		3.9
Average Three Months Trading Volume (K)		32
Insider Ownership		28.9%
Institutional Ownership		17.6%
Short interest (mil.)		0.2%
Dividend / Yield		\$0.00/0.0%

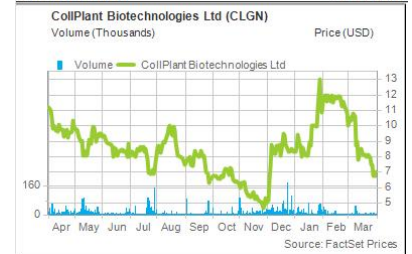


Exhibit 1. Income Statement

CollPlant Holdings Ltd. (\$000)																
CollPlant: YE Dec 31	2019A	2020A	2021A	2022A	1Q23E	2Q23E	3Q23E	4Q23E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue																
Vergenix Products			-	-					500	500	510	515	520	526	531	
Biolink					115	120	130	135	500	1,000	1,500	2,000	2,500	3,000	3,500	4,000
Aesthetic Medicine									39,341	61,372	106,378	121,696	128,865	143,593	161,781	
Product Revenues	2,400	6,137	15,641	299	115	120	130	135	500	40,841	63,377	108,888	124,711	132,386	147,618	166,312
Royalties (Abbvie)											30,000	34,500	39,675	45,626	52,470	60,341
Total Revenue	2,400	7,621	15,641	299	115	120	130	135	500	40,841	93,377	143,388	164,386	178,012	200,088	226,653
Expenses:																
Cost of Goods Sold	1,758	3,002	2,005	400	23	24	26	27	100	8,168	12,675	21,778	22,448	19,858	16,467	13,688
%COGS	73%	39%	13%	134%	20%	20%	20%	20%	20%	20%	14%	15%	14%	11%	8%	6%
Research and Development	3,272	4,065	7,631	10,255	435	456	479	498	1,868	1,887	1,906	1,925	1,944	1,963	1,983	2,003
Sales and Marketing	3,614	4,669	5,940	6,741	2,000	2,500	2,500	2,500	6,808	6,876	6,945	7,015	7,085	7,156	7,227	7,300
Total Expenses	8,644	11,736	15,576	17,396	2,458	2,980	3,005	3,025	8,776	16,931	21,526	30,717	31,477	28,977	25,677	22,990
Operating income (loss)	(6,244)	(5,599)	65	(17,097)	(2,343)	(2,860)	(2,875)	(2,890)	(10,968)	17,786	60,498	95,063	107,047	112,500	123,837	134,620
Financing income	(1,167)	34	172													
Total Other Income (expenses)	339	221	(27)													
Financial net (expenses)	(828)	175	172	172												
Pretax Income	(7,072)	5,774	237	(16,925)	(2,343)	(2,860)	(2,875)	(2,890)	(10,968)	17,786	60,498	95,063	107,047	112,500	123,837	134,620
Income Tax Benefit (Provision)		205	-	-	-	-	-	-	-	889	6,050	13,309	16,057	22,500	30,959	41,732
Tax Rate		4%	0%	0%	0%	0%	0%	0%	0%	5%	10%	14%	15%	20%	25%	31%
Gain (loss) from discontinued operations																
GAAP Net Income (loss)	(7,072)	5,774	237	(16,925)	(2,343)	(2,860)	(2,875)	(2,890)	(10,968)	17,786	60,498	95,063	107,047	112,500	123,837	134,620
GAAP-EPS	(1.06)	(0.84)	0.02	(1.53)	(0.11)	(0.25)	(0.25)	(0.25)	(0.96)	0.94	2.80	4.39	4.92	5.15	5.64	6.11
GAAP-EPS (Dil)	(1.06)	(0.84)	0.02	(1.53)	(0.11)	(0.25)	(0.25)	(0.25)	(0.96)	0.94	2.80	4.39	4.92	5.15	5.64	6.11
Wgtd Avg Shrs (Bas) - (000's)	61,749	6,886	11,967	11,033	11,358	11,380	11,403	11,426	11,392	11,483	11,575	11,668	11,762	11,856	11,951	12,047
Wgtd Avg Shrs (Dil) - (000's)	61,749	16,000	11,967	18,413	21,019	11,380	11,403	11,426	11,392	18,982	21,578	21,671	21,765	21,859	21,954	22,050

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.

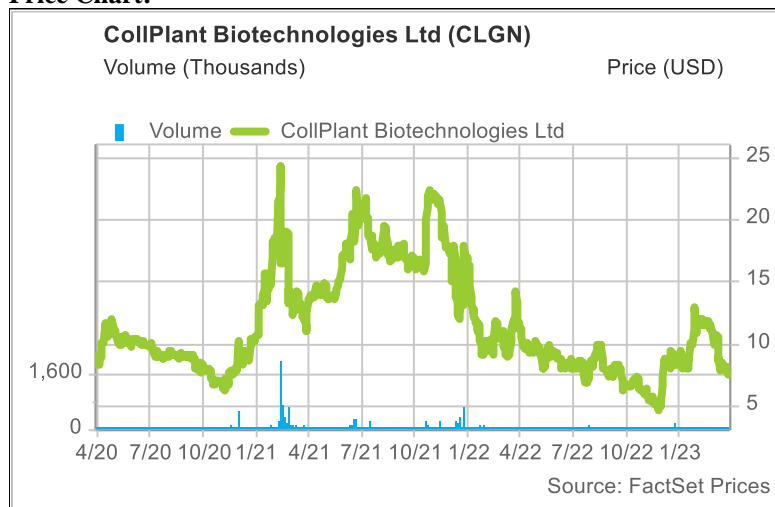
Market Share Risk. The collagen and related products markets are competitive and tend to be dominated by large pharma and biotechnology and/or medical device companies.

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

Companies mentioned in this report

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
 Update Report – Buy – February 3, 2023 – Price Target \$17.00
 Update Report – Buy – March 29, 2023 – Price Target \$17.00
 Update Report – Buy – April 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.

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Current as of 17-Mar-23

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	25	69%	1	3%
Market Perform (Neutral)	11	31%	2	6%
Market Underperform (Sell)	0	0%	0	0%
Total	36	100%	3	9%

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