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Zacks Small-Cap Research

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Bone Biologics (BBLG-NASDAQ)

BBLG: Market continues to grow for improved back pain relief.

BBLG continues to pursue a way to make bone regeneration more efficient and with better outcomes for patients. The market for these procedures continues to grow—resulting in a great upside opportunity.

Outlook

Bone Biologics is pursuing a better and more effective way of dealing with back pain requiring surgery by developing bone regeneration in spinal fusion using the recombinant human protein knows as NELL-1/DBX.

The spinal fusion market continues to grow, indicating BBLG will have significant demand for its product once it hits the market.

Current Price (03/16/23)	$0.26
Valuation	**$7.55**

SUMMARY DATA

52-Week High	**$3.30**
52-Week Low	**$0.19**
One-Year Return (%)	**N/A**
Beta	**N/A**
Average Daily Volume (sh)	**95,684**
Shares Outstanding (mil)	**10**
Market Capitalization ($mil)	**$3**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**8%**
Insider Ownership (%)	**72%**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2023 Estimate	**N/A**
P/E using 2024 Estimate	**N/A**

Risk Level	**High**
Type of Stock	**Small-Value**
Industry	**Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	0 A	0 A	0 A	0 A	0 A
2022	0 A	0 A	0 A	0 E	0 E
2023	0 E	0 E	0 E	0 E	0 E
2024	0 E	0 E	0 E	0 E	0 E

Earnings per share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	-0.15 A	-0.13 A	-0.49 A	-0.35 A	-1.12 A
2022	-0.07 A	-0.05 A	-0.12 A	-0.29 E	-0.53 E
2023	-0.15 E	-0.20 E	-0.22 E	-0.15 E	-0.72 E
2024	-0.30 A	-0.45 E	-0.50 E	-0.53 E	-1.78 E

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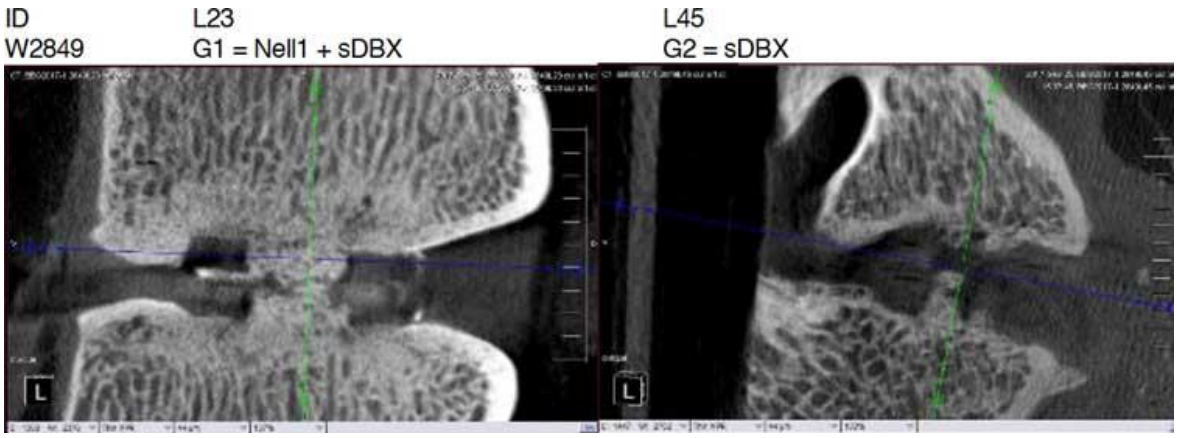
COMPANY UPDATE

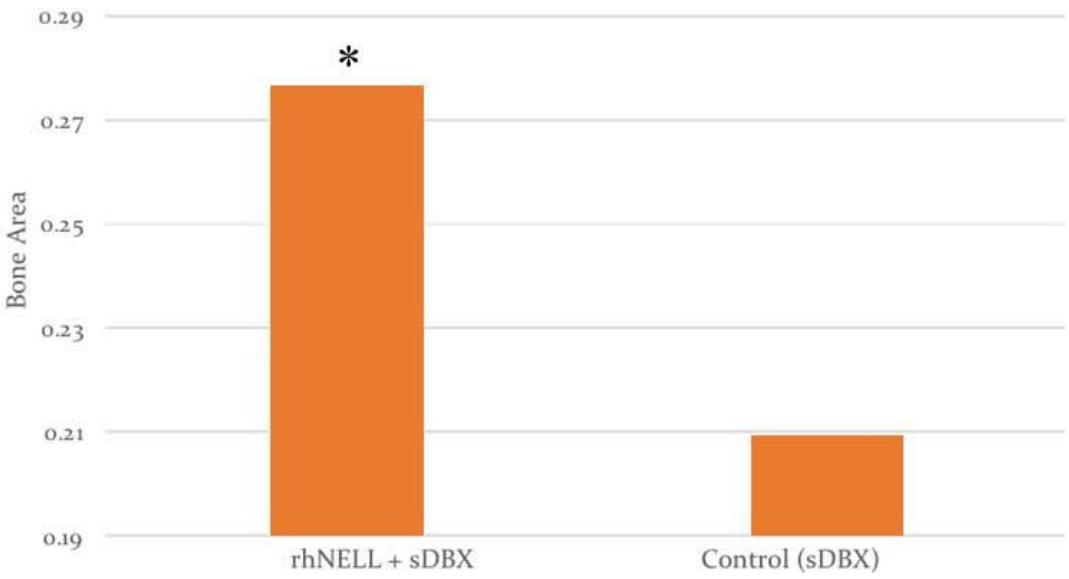
Bone Biologics continues to be company that we are excited about as it pursues a way to improve the outcomes of spinal fusion surgery, while also having the potential to impact trauma and osteoporosis applications in a positive way. The Nell-1 technology is about to enter human clinical trials and recently announced that the company has engaged a contract research organization for the pilot program. The trial is expected to begin in the second half of 2023 and will take place in Australia. The reason we are so excited about the potential for this technology comes from the initial results seen in animal trials.

Tests have shown some impressive results in sheep, which are used in studies like this because of their greater body weight and stresses on their bones. For example, NELL-1 increases the fusion rate 37.5 points—seen on the left below:



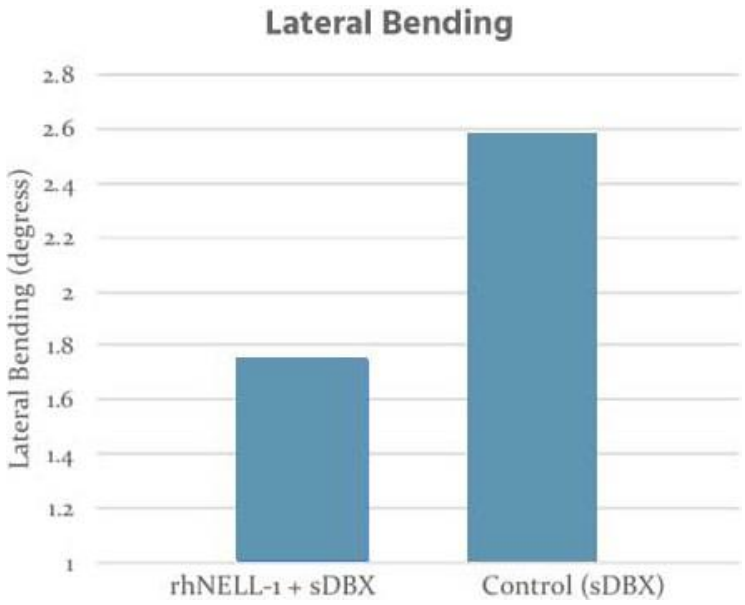
Source: Bone Biologics 03-15-2023 https://www.bonebiologics.com/

It also showed significantly increased bone quality:



Source: Bone Biologics 03-15-2023 https://www.bonebiologics.com/ * = 30% increase in bone area

And while growing bone faster and with more area, the growth occurring is of a higher quality, which in the case of spinal fusion means more rigid bone formation and less bending:



Source: Bone Biologics 03-15-2023 https://www.bonebiologics.com/

Finally, the NELL-1 technology has been reviewed by more than 45 Peer Reviewed Publications and has been tested in three animal species (rodent, sheep and nonhuman primates) and has shown to be effective and addresses some of the challenges involved in spinal fusion by:

- Inducing rapid, controlled, guided bone growth that avoids abnormal bone formation
- Forming bone in a target specific fashion later in the cascade without inducing inflammation
- Not initiating bone formation in surrounding tissue

The market for such a technology continues to grow. According to the data research group Prophecy Market Insights—the spine fusion devices market way estimated at $6.5 billion in 2022 and is expected to grow to $10.7 billion by 2032. And that's not even addressing the potential the trauma and osteoporosis markets present, with the company estimating market sizes of $8 and $11 billion respectively.

Summary

We have written before about the market opportunity that BBLG has and it continues to grow. Investors have been slow to recognize the potential in our view but now, ahead of the human trials, is the opportunity to get in at what we view as a discounted price. If trial results are positive, as we believe they will be, the positive reaction in the investing community will likely be swift. We continue to be excited about the opportunity and the science behind NELL-1 and are looking forward to the human trials beginning this year. BBLG has what we believe is a product with great potential, addressing a market with seemingly insatiable demand and a solid funding situation, which is vital in this environment. As such, we believe investors with a longer-term investing horizon should take a look at BBLG.

HISTORICAL STOCK PRICE



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