November 15, 2024

Zacks Small-Cap Research

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Bone Biologics (BBLG-NASDAQ)

BBLG: Cash in Good Shape as Trials Continue

BBLG continues to pursue a way to make bone regeneration more efficient and with better outcomes for patients. We value BBLG at $16.75 per share using the discounted cash flow method.

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 known as NELL-1/DBX, or NB1.

The company released its 3Q2024 financial results that showed good cash, low debt and good cost controls. Recently, the company also announced the first human patients have been treated with NB1, marking an important milestone for BBLG.

Current Price (11/14/24)	$1.29
Valuation	**$16.75**

SUMMARY DATA

52-Week High	**$6.24**
52-Week Low	**$0.80**
One-Year Return (%)	**-79.33**
Beta	**0.45**
Average Daily Volume (sh)	**276,113**
Shares Outstanding (mil)	**2**
Market Capitalization ($mil)	**$2**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**34**
Insider Ownership (%)	**8**
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**

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)
2022	0 A	0 A	0 A	0 A	0 A
2023	0 A	0 A	0 A	0 A	0 A
2024	0 A	0 A	0 A	0 E	0 E
2025	0 E	0 E	0 E	0 E	0 E

Earnings per share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	-0.07 A	-0.05 A	-0.12 A	-0.02 A	-0.13 A*
2023	-0.23 A	-1.69 A	-0.61 A	-5.89 A	-34.01 A
2024	-1.31 A	-0.67 A	-2.37 A	-0.65 E	-5.00 E
2025	-0.48 E	-0.45 E	-0.49 E	-0.53 E	-1.95 E

* Quarterly numbers don't add to annual due to share issuance and reverse split.

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COMPANY UPDATE

Bone Biologics announced the company's 3Q 2024 financial results and while a company at this stage is far more reliant on testing of products, which is discussed below and advancing nicely, the financial picture is also vital. This quarter's release shows that the company has made further advances in controlling expenses and diligently working on cutting anything not directly related to getting NB1 to the commercialization stage. The company's cash balance is solid at just over $3.5 million at the end of the quarter, while borrowing by the company remains nonexistent. The company noted that it currently has enough cash on hand to finance operations through 2Q2025, which puts them in a comparatively healthy situation for a clinical stage company. Additionally, as we look forward to 2025, we are looking forward to hearing more updates on the testing described below of this very promising treatment.

As for why we are gaining optimism in BBLG, we have been discussing the promising initial results of the BBLG treatment known as NB1, and recently the company has announced an important milestone—the first two human patients have been treated in the company's NB1 bone graft device. This marks the start of the pilot clinical study that will evaluate NB1 in 30 adult subjects who undergo transforaminal lumbar interbody fusion (TLIF) to treat degenerative disc disease (DDD) and will evaluate safety and effectiveness, fusion success, pain, function improvement and adverse events. According to the company, in order to be enrolled in the study, patients must have DDD at one level from L2-S1 and may also have up to Grade 1 spondylolisthesis or Grade 1 retrolisthesis at the involved level. These two initial patients were treated in Australia. As we've noted before, the study design was previously reviewed and agreed upon by the U.S. Food and Drug Administration's Division of Orthopedic Devices in a Pre-submission to support progression to a pivotal clinical trial in the United States.

There are approximately 350,000 spinal fusion surgeries done in the US every year with varying degrees of success in alleviating often debilitating back pain. The existing dominant technology, known as rhBMP, has been quite successful in advancing the spinal fusion procedure but there are also challenges that can come along with using that technology. Patients can experience such impacts as rapid, uncontrolled bone growth that causes an unsound structure and unwanted bone formation where bone will grow where it is not intended. Back pain impacts 65 million Americans, with 16 million of those having what would be considered chronic back pain, leading to an estimated $12 billion per year in health care and indirect cost according to the Georgetown Policy Institute. While spinal fusion surgery isn't the appropriate treatment for every kind of back pain, it can help to relieve the pain associated with a variety of conditions.

The NELL-1 technology at the heart of NB1 is the centerpiece of what Bone Biologics is developing. It was developed by UCLA TDG and Bone holds the exclusive worldwide rights to that technology. NELL-1 has been reviewed positively in over 45 peer reviewed publications demonstrating technological viability. NELL-1 has shown spine fusion effectiveness across three animal species—rodent, sheep and nonhuman primate and has competed two clinically relevant sheep studies that demonstrated NELL-1 increases the fusion rate and quantity of bone compared to the control group.

Summary

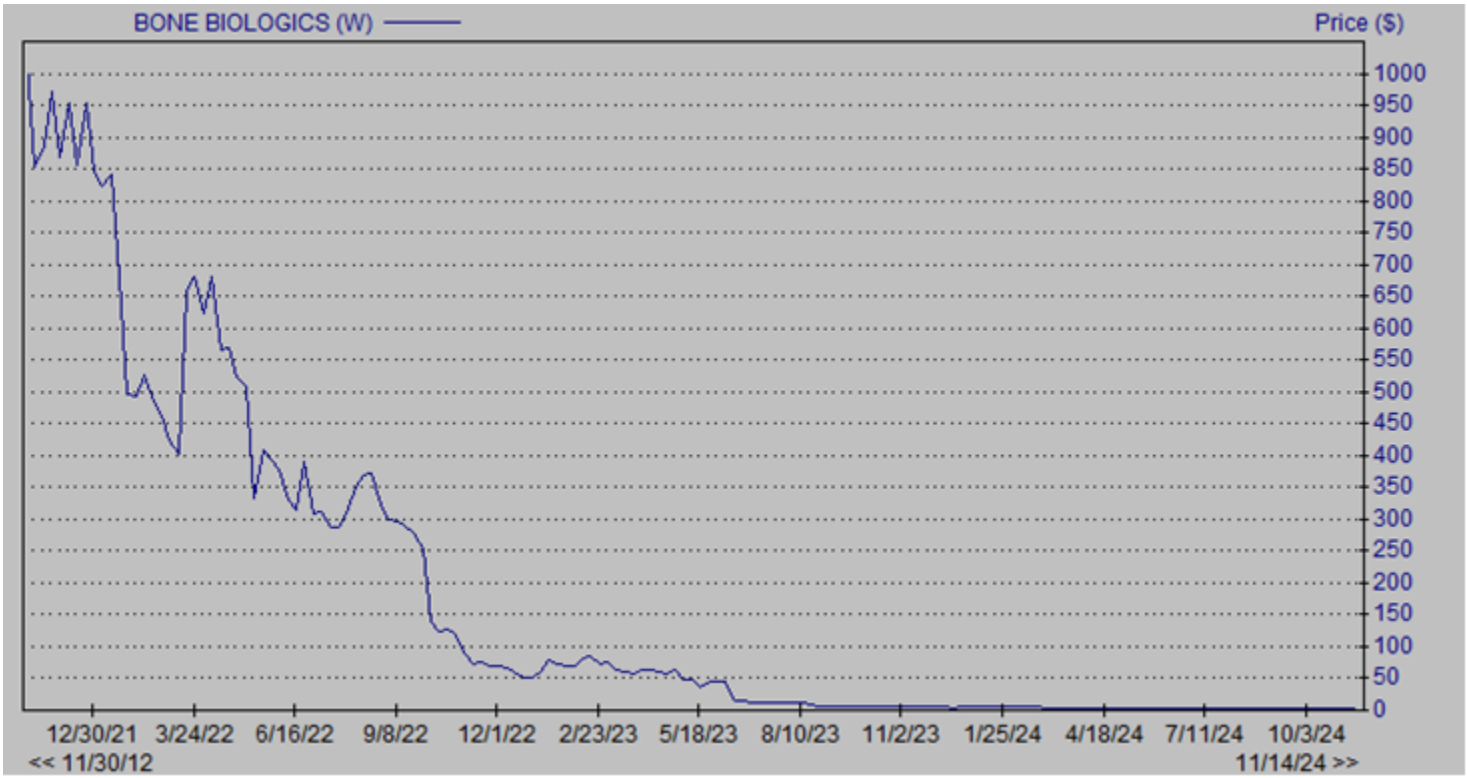
We have written before about the market opportunity that BBLG has, and it continues to grow. Investors have been slow to recognize the potential in our view but now, as human trials begin, is the opportunity to get in at what we view as a discounted price. If trial results are positive, as we believe 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 results

from the human trials ongoing 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.

INCOME STATEMENT AND BALANCE SHEET

Bone Biologics Income Statement and Balance Sheet								
		4Q2023A	1Q2024A	2Q2024A	3Q2024A	4Q2024E	2025E	2026E
Revenues		0	0	0	0	0	0	0
Cost of Good Sold		0	0	0	0	0	0	0
Gross Profit		0	0	0	0	0	0	0
Operating Expenses								
	Research and Dev.	447,078	245,625	350,442	429,747	451,234	1,718,988	1,839,317
	Gen. and Admin.	712,930	657,911	459,223	521,274	744,617	2,085,096	2,189,351
Total Operating Expenses		1,160,008	903,536	809,665	951,021	1,195,851	3,804,084	4,028,668
Loss From Operations		(1,160,008)	(903,536)	(809,665)	(951,021)	(1,195,851)	(3,804,084)	(4,028,668)
	Interest income (expense)	348	255	15,147	19,993	17,994	71,975	73,414
	Other income/(expenses)	(390,225)	37,311	10,785	(9,974)	(10,473)	(41,891)	(42,729)
Loss before provision for income taxes		(1,549,885)	(865,970)	(783,733)	(941,002)	(1,188,330)	(3,774,000)	(3,997,982)
Provision for Income taxes		0	0	0	0	0	0	0
Net loss		(1,549,885)	(865,970)	(783,733)	(941,002)	(1,188,330)	(3,774,000)	(3,997,982)
Deemed dividend on warrant inducements		0	0	0	(3,212,504)	0	0	0
Net loss per share		($5.89)	($1.31)	($0.67)	($2.37)	($0.65)	($1.95)	($1.97)
Wtd Avg Shares Outstanding		263,137	660,928	1,168,423	1,753,409	1,841,079	1,933,133	2,029,790
Assets								
Current Assets								
	Cash	3,026,569	3,227,634	2,332,068	3,566,426	3,209,783	2,888,805	2,599,925
	Advances on R&D contract services	328,844	328,844	650,275	385,742	328,844	328,844	328,844
	Prepaid Expenses	382,350	283,096	211,121	113,650	119,333	125,299	131,564
Total Assets		3,737,763	3,839,574	3,193,464	4,065,818	3,657,960	3,342,948	3,060,333
Liabilities and Stockholders Equity								
Current Liabilities								
	Accounts Payable	360,662	146,186	231,872	190,057	199,560	209,538	220,015
	Notes Payable	0	0	0	0	0	5,000,000	15,000,000
	Other liabilities	470,740	18,440	52,635	83,345	470,740	494,277	518,991
Total Liabilities		831,402	164,626	284,507	273,402	670,300	5,703,815	15,739,006
Stockholders Equity								
	Common Stock	534	1,016	1,315	2,096	1,016	1,016	1,016
	Additional Paid-in Capital	83,814,785	85,448,860	85,466,303	87,289,983	83,814,785	85,448,860	85,448,860
	Accumulated Deficit	(80,908,958)	(81,774,928)	(82,558,661)	(83,499,663)	(80,828,140)	(87,810,744)	(98,128,549)
Total Stockholders Equity		2,906,361	3,674,948	2,908,957	3,792,416	2,987,661	(2,360,868)	(12,678,673)
Total Liabilities and Stockholders Equity		3,737,763	3,839,574	3,193,464	4,065,818	3,657,960	3,342,948	3,060,333

HISTORICAL STOCK PRICE



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