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Research Report – Update

Investors should consider this report as only a single factor in making their investment decision.

Ocean Biomedical, Inc.

Rating: Speculative Buy

Howard Halpern

OCEA $4.12 — (NASDAQ)

September 19, 2023

	2022 A	*2023 E*	*2024 E*
Total Revenues (in millions)	-	-	-
Earnings (loss) per share	($0.37)	***($3.08)***	***($0.89)***

52-Week range	$26.60 – $3.06	Fiscal year ends:	December
Shares outstanding a/o 08/08/23	34.1 million	Revenue/shares (ttm)	NA
Approximate float	8.0 million	Price/Sales (ttm)	NA
Market Capitalization	$140.5 million	Price/Sales (2023) E	NA
Tangible Book value/shr	($0.25)	Price/Earnings (ttm)	NA
Price/Book	NMF	Price/Earnings (2023) E	NA

2022 reflects the blank check company prior to the February 2023 business combination – 2023 includes one-time business combination items of ($2.56) per share

Ocean Biomedical, Inc. headquartered in Providence, Rhode Island is biopharmaceutical organization that is deploying a business model that bridges the bench-to-bedside gap by accelerating the commercialization of innovative assets contained within research universities and medical centers. The company's initial preclinical programs include candidates for lung cancer, brain cancer, pulmonary fibrosis, and the prevention and treatment of malaria.

Key Investment Considerations:

Maintaining our Speculative Buy rating but reducing our 12-month price target to $18.50 per share from $20 per share due primarily to reduced sector valuations.

Our rating and price target reflects OCEA's therapeutic candidate programs within its three subsidiaries - oncology, fibrosis, and infectious disease. The programs are supported by a high level of sophisticated technology for their drug candidates that have the potential to treat patients suffering from non-small cell lung cancer, brain cancer, idiopathic lung fibrosis and a rare orphan disease called Hermansky-Pulak syndrome, and vaccine and therapeutics to treat and prevent malaria.

The company's scientific co-founders have been issued patents for their cancer immunotherapy discovery related to reversing immune system suppression by binding chitinase 3-like-1 polypeptides with the company's proprietary immunoglobulin antibody and received a notice of allowance for a US patent application covering a therapeutic and prophylactic monoclonal antibody that kills falciparum malaria parasites.

To begin the process of moving programs from the lab to clinical trials, Ocean Biomedical has commitments for up to $134 million in capital. On May 16, 2023, OCEA announced it entered into a total $25 million private placement securities purchase agreement with Alto Opportunity Master Fund, of senior secured convertible (at $10.34) promissory notes that will be funded in multiple tranches.

In 2Q23, OCEA reported (on 8/14/23) no revenue and a loss per share of ($0.49). The loss per share includes approximately ($0.37) in special items. We projected no revenue and a loss per share of ($0.20) per share.

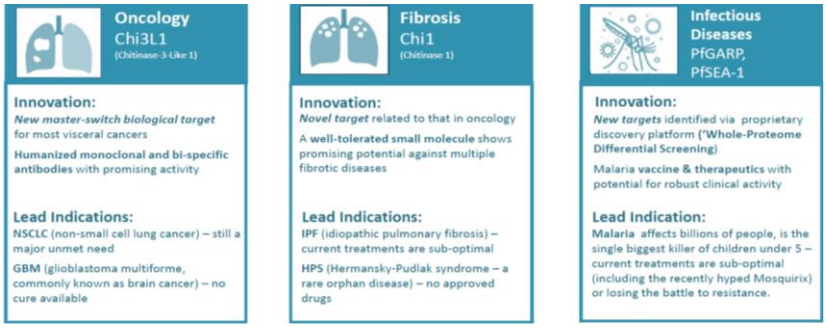
While we forecast no revenue through 2024, the company should experience losses of ($3.08) per share in 2023 that includes one-time items to become a publicly traded company and ($0.89) per share in 2024. We anticipated losses will be funded through the issuances of convertible promissory notes.

Please view our Disclosures on pages 19 – 21.

Appreciation Potential

Maintaining our Speculative Buy rating but reducing our 12-month price target to $18.50 per share from $20 per share due primarily to reduced sector valuations. Our rating and price target reflects OCEA's therapeutic candidate programs within its three subsidiaries - oncology, fibrosis, and infectious disease. The programs are supported by a high level of sophisticated technology for their drug candidates that have the potential to treat patients suffering from non-small cell lung cancer, brain cancer, idiopathic lung fibrosis and a rare orphan disease called Hermansky-Pulak syndrome, and vaccine and therapeutics to treat and prevent malaria.

Further supporting our belief that the company can bring therapeutics through the clinical process to commercialization is the scientific team led by co-scientific founders Dr. Jack A. Elias and Dr. Johnathan Kurtis. Their research enabled the company to fund the programs (see chart right) through past and on-going grants of nearly $124 million.



The company's programs (detailed above) have been licensed from Brown University and Rhode Island Hospital. We believe if successful the company's oncology, fibrosis, and malaria programs could provide relief to patients that currently have limited therapeutics to treat their diseases. We estimate based on US government statistics that combined every year the patient population diagnosed with NSCLC, GBM, and IPF is more than 280,000. In 2020, the World Health Organization estimated that over 240 million people suffered from clinical cases of malaria.

In 1H23, the company's scientific co-founders have been issued patents for their cancer immunotherapy discovery related to reversing immune system suppression by binding chitinase 3-like-1 polypeptides with the company's proprietary immunoglobulin antibody and received a notice of allowance for a US patent application covering a therapeutic and prophylactic monoclonal antibody that kills falciparum malaria parasites. During August 2023, United States Patent and Trademark Office issued a patent covering Ocean's anti-Chitinase 1 small molecule candidate within its fibrosis program.

Our 12-month price target of $18.50 per share implies shares could appreciate more than four-fold over the next twelve months. The price target we established is predicated on our revenue forecast that anticipates the company generating heavily discounted revenue per share of approximately $63 in 2034. Our discounted revenue per share forecast reflects the inherent risks in the company bringing its preclinical programs through the regulatory process and then to commercialization for patients. Our year-ahead revenue per share estimate of $3.14 reflects a present value calculation of our 2034 forecast. According to finviz.com average price-to-sales multiple for companies with similar market capitalizations in the biotechnology sector is 5.9X (prior was 6.5X). We applied a price-to-sales multiple of 5.9X (prior was 6.5X) to our 2024 revenue per share estimate of $3.14 (unchanged), to obtain a year-ahead price target of approximately $18.50 per share.

OCEA's valuation improvement prior to commercialization of its drug candidates is likely to occur as additional patents that protect its technology methods are issued. Also, investors are likely to see valuation improvement as additional studies are released indicating the underlying mechanisms of action for its drug candidates appear to be working, as well as obtaining additional funding to bring the candidates through the commercialization process.

We believe Ocean Biomedical, Inc.is most suitable for high-risk tolerant investors seeking exposure to an early-stage biotechnology company that has therapeutic programs in oncology, fibrosis, and the infectious disease of malaria.

Overview

Ocean Biomedical, Inc. headquartered in Providence, Rhode Island is biopharmaceutical organization that is deploying a business model that bridges the bench-to-bedside gap by accelerating the commercialization of innovative therapeutic assets contained within research universities and medical centers. The company's initial

programs include candidates (see chart on the bottom of page 3) for lung cancer, brain cancer, pulmonary fibrosis, and the prevention and treatment of malaria. The candidates for the company's programs have been developed through past and on-going grants of nearly $124 million with future financing of nearly $135 million in place to move candidates through clinical phases of development.

The company's mission is to utilize its team of scientists, business professionals, technology transfer leaders, and entrepreneurs to drive commercialization of a diversified portfolio of pharmaceutical candidates within oncology, fibrosis, and infectious diseases. We anticipate the company moving certain preclinical product candidates within each of its subsidiaries into the clinic during 2H23.

To accomplish its mission the company will attempt to continuously build its pipeline of drug development opportunities through existing relationships with universities and medical centers, primarily Brown University and Rhode Island Hospital.

Operating Structure
Ocean Biomedical is organized around a licensing and subsidiary structure, where it is the parent company to three subsidiaries, Ocean Chitorx for oncology, Ocean Sihoma for malaria and Ocean Chitofibrorx for fibrosis.

This operating structure is intended to optimize value creation for each of its product candidates. Value creation could occur through partnerships with established companies, spin-outs to existing shareholders, or initial public offerings. The process is also meant to benefit patients through the eventual commercialization of its product candidates within each subsidiary.

Clinical Program Updates

On August 10, 2023, the company provided an update on its three clinical programs – Oncology, Malaria, and Fibrosis.

Oncology
Results are showing the effectiveness of anti-CHi3L1 in brain cancer, creating a 60% reduction in tumor growth in human glioblastoma multiforme stem cell model in vivo along with demonstrating a major lung cancer tumor reduction of 85%-95% in primary lung cancer models of non-small cell lung cancer (NSCLC). Importantly, experimental results are demonstrating Ocean's antibodies inhibit pulmonary metastasis (tumor spread), including malignant melanoma. The company gained extension of patent protections in the US and overseas to cover potential treatments for multiple cancers, including breast cancer, prostate cancer, colon cancer, rectal cancer, ovarian cancer, kidney cancer, lung cancer, brain cancer, and skin cancer.

Malaria
The company continues to advancing its understanding and control of the mechanisms by which its PfGARP antigen induces malaria parasite death, as well as optimizing and developing an mRNA vaccine candidate based on discoveries of PfGARP, PfSEA, and another antigen that may be able to simultaneously target the malaria parasite at different stages of the blood cycle. OCEA is advancing a new therapeutic candidate for treating severe malaria and a therapeutic candidate for malaria prevention.

Fibrosis
Testing continues on its OCF-203 drug candidate, which has generated reductions of fibrosis in multiple models and reduced collagen accumulation by 85%-90%. The company continues to experiment with mouse models and evaluate the anti-fibrotic treatment candidates' potential for uses in scleroderma, alcoholic liver disease, and non-alcoholic steatohepatitis (NASH).

On September 14, 2023, the company held an investor day regarding its Malaria and Fibrosis programs. The takeaways for those programs were that IND's and clinical trials could occur late in 2024. Once a clinical trail commences, results for Malaria should occur to any results for Fibrosis.

Strategy

The company's value creation strategy is to build a therapeutic drug pipeline by facilitating the flow of academic discoveries. This strategy is intended to efficiently translate initial basic research into a commercialized drug therapy that should directly benefit patients. The company is developing a process to move drug candidates from the preclinical lab setting to clinical development and then provide the required resources (scientific and business) to move through the process that should lead to commercial deployment.

The company believes the universe of potential therapeutic opportunities within research universities and medical centers is large. In 2020 there were more than 27,100 invention disclosures and over $83 billion in spending. OCEA notes that a significant opportunity exists since only a small fraction of these opportunities is tapped by venture capitalists or pharmaceutical companies. The chart on the bottom of the prior page shows how the company plans to execute on its strategy. The company started by creating three subsidiaries in oncology, fibrosis, and infectious disease that will seek to bring their initial in-licensed programs to the market. Those initial programs should expand as the company will seek to in-license adjacent programs to enhance the breadth and depth of each subsidiary's offerings. The significant part of the strategy is to expand relationships to new researchers, universities, and medical centers (beyond Brown University and Rhode Island Hospital) in order to develop new therapeutic programs.

Product Pipeline

Entering 2023, the company's oncology, fibrosis, and infectious disease pipeline of drug candidates is shown in the chart to the right (source: OCEA's presentation in March 2023). The chart shows the candidates designated name, drug type, biological targets, disease indication, and the estimated patient population the candidate could treat, as well as when OCEA is targeting the initial investigational new drug application (IND) will be filed for each candidate. The IND is an important first step in the process as it is a request from a clinical study sponsor to obtain authorization from the Food and Drug Administration (FDA) to administer an investigational drug or biological product to humans.

Innovations from Brown University and RI Hospital

Franchise	Candidate	Drug Type	Biological Targets	Indication	Estimated Patient Population	IND Filing Target	Pre-IND	IND Enabling
Oncology	OCX-253	mAb	Chi3l1	NSCLC	460K US 595K EUS	H2'23		
	OCX-410	Bispecific mAb	Chi3l1+PD-1	NSCLC		H2'23		
	OCX-909	Bispecific mAb	Chi3l1+CTLA-4	GBM	28K US	H1'24		
Fibrosis	OCF-203	Small Molecule	Chit1	IPF	160K US 64K EU	H2'23		
				HPS	1.8K U.S.	H2'23		
Infectious Disease	ODA-570	Vaccine	PfSEA-1 & PfGARP	Malaria Prophylaxis	3.4B at risk WW 200M infected WW149M travel WW	H2'23		
	ODA-611	mAb	PfGARP	Malaria Therapeutic	200M WW	H1'24		
	ODA-579	Small Molecule				H1'24		

Subsidiary Programs

Oncology Subsidiary

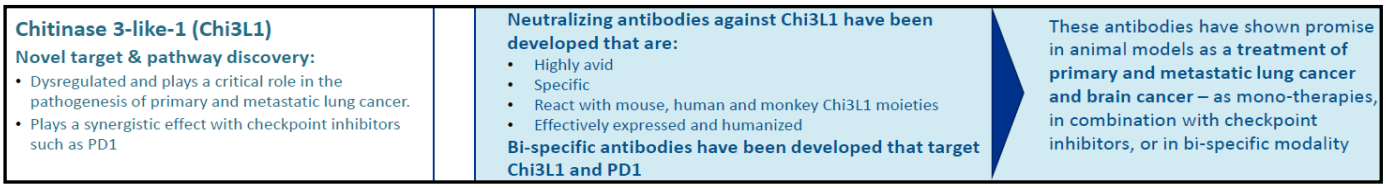
This subsidiary is focusing its efforts of non-small cell lung cancer (NSCLC) and Glioblastoma Multiforme (GBM). The candidates targeting NSCLC are OCX-253 and OCX-410 and for GBM the candidate is OCX-909.

NSCLC is the most common form of lung cancer. According to cancer.net, globally, lung cancer is the second most commonly diagnosed cancer with NSCLC the most common type of lung cancer in the US as it accounts for 81% of all lung cancer diagnoses. In 2023, the US is anticipated to have over 238,000 adults diagnosed with lung cancer. In 2020, globally over 2.2 million people were diagnosed with lung cancer (both small cell lung cancer and NSCLC). Globally, lung cancer is the leading cause of cancer deaths. In 2023, the US is expected to have approximately 127,000 deaths from lung cancer, which makes up about 20% of cancer deaths. In the US, the five-year relative survival rate for all types of lung cancer is 23% compared to a 28% survival rate for NSCLC.

Glioblastoma (GBM) is a fast-growing and aggressive brain tumor that invades the nearby brain tissue. GBMs can arise in the brain or evolve from lower-grade astrocytoma (a type of cancer that can occur in the brain or spinal cord). According to the National Brain Tumor Society, GBM is one of the most complex, deadly, and treatment-resistant

cancers with an estimated 13,000 Americans being diagnosed in 2022. GBM accounts for 49.1% of all primary malignant brain tumors and approximately 10,000 individuals in the US are expected to die every year. The five-year survival rate is 6.8%, and the average length of survival for glioblastoma patients is estimated to be only eight months. The survival and mortality statistics for this type of cancer have been virtually unchanged for decades and there have been only five drugs and one device ever approved by the FDA for the treatment of glioblastoma.

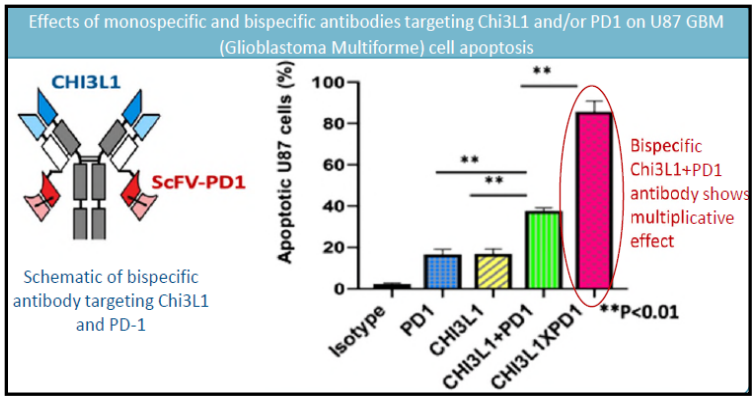
The company's biology behind its oncology candidates is based on scientific co-founder Dr. Jack A. Elias research that has been focused on a gene family called the 18 glycosyl hydrolases and its chitinase (are enzymes that degrade chitin and contribute to the generation of carbon and nitrogen in an ecosystem) and chitinase-like proteins, or CLP. The chitinases and CLP both bind chitin, a polysaccharide that is a major structural component of the exoskeletons of insects and other arthropods and the cell walls of fungi. The chitinases are true enzymes that cleave chitin into smaller saccharide units. In contrast, the CLPs bind to but do not cleave chitin. The chart below (source: company's March 2023 presentation) shows the science behind Chi3L1 (on the left) and the approach being taken by OCEA (shaded on the right) based on the research of Dr. Elias.



The company's targets are aimed at taking advantage of the fact that the levels of circulating and tissue Chi3l1 are increased in many human visceral cancers (the soft internal organs of the body) and animal tumor models including lung cancer and glioblastoma. In visceral tumors elevated serum levels of Chi3l1 correlate with a poor prognosis and shorter disease-free intervals and survival. Animal models have demonstrated that the inhibition of Chi3l1 can dramatically reduce tumor burden. Consequently, Chi3l1 is appreciated to be a sensitive biomarker and an attractive therapeutic target for these malignancies. The company intends to take advantage of both of these properties because the inhibition of Chi3l1 is a major focus of its three candidates with the intent to use Chi311's properties as a biomarker to identify relevant populations for clinical trials of these product candidates.

Product candidate OCX-253 is designed as an Anti-Chi3l1 mAb for NSCLC. Dr. Elias and his research team have found that Chi3l1 plays a critical role in the pathogenesis of primary and metastatic lung cancer in mice models that have the same genetic mutations that are seen in human disease including activating mutations of the KRAS gene. The antibody findings are the basis for the OCX-253 program in NSCLC. The company plans to initially focus on a subset of patients who exhibit elevated levels of circulating Chi3l1 as they are anticipated to be the patient population most likely to respond to its OCX-253 drug candidate.

OCX-410 Anti-Chi3l1+PD-1 is targeting NSCLC and OCX-909 Anti-Chi3l1+CTLA-4 is targeting GBM. Both of the targets are based on bispecific antibodies, which are antibodies with two binding sites directed at two different antigens or two different epitopes (the part of an antigen molecule to which an antibody attaches itself) on the same antigen. The clinical therapeutic effects tend to be superior to those of monoclonal (a protein made in the laboratory and can bind to certain targets in the body) antibodies with applications for tumor immunotherapy. Data and results are shown in the chart on the right for its antibody-based oncology candidates.



The oncology subsidiary focus for its OCX-410 and OCX-909 drug candidates is to target checkpoint inhibitor positive for NSCLC and GBM, respectively. Using this approach is based on previously published data and Dr. Elias' supporting data in preclinical models.

Fibrosis Subsidiary

Fibrosis describes development of fibrous connective tissue as a reparative response to injury or damage. It also refers to the connective tissue deposition that occurs as part of normal healing or to the excess tissue deposition that occurs as a pathological process. When fibrosis diseases occur the term scarring is used. Fibrotic diseases can occur in the lungs, liver, eyes, heart, kidney, and skin. One of the indications the company is targeting is idiopathic pulmonary fibrosis (IPF), which the National Institutes for Heath defines as a serious long-term chronic disease that affects the tissue surrounding the air sacs in lungs. This condition develops when lung tissue becomes thick and stiff for unknown reasons with the changes causing permanent scarring in the lungs making it progressively more difficult to breathe. While there is no cure for IPF, certain treatments may slow its progression. The second targeted indication is Hermansky-Pudlak Syndrome (HPS), which is a rare disease that affects multiple body systems that can include immune problems, lung scarring, and colitis. There are ten types of HPS each caused by a different non-working gene.

The company's OCF-203 drug candidate will target IPF and HPS. In April 2023, the program got a boost when scientific co-founder Dr. Jack A. Elias, received a Notice of Allowance from the United States Patent and Trademark Office for his US patent application covering a therapeutic molecule that Ocean Biomedical is working to advance into the clinic for patients suffering from pulmonary fibrosis. Discoveries by Dr. Jack A. Elias, and his colleagues at Brown University, have revealed a new target and a new pathway for treating pulmonary tissue damage in (IPF) and the patent allowance covers pulmonary fibrosis caused by multiple conditions including: idiopathic pulmonary fibrosis, genetic pulmonary fibrosis such as Hermansky-Pudlak Syndrome, chemotherapy and radiation-induced pulmonary fibrosis, and exposure-induced interstitial lung diseases including asbestosis and silicosis.

The OCF-203 candidate is based on Dr. Elais' work on the chitinase enzymes and CLP, and his discovery of the key role that a CLP called Chi3l1 plays in cancer. Also, he discovered that a chitinase (called Chit1), also known as chitotriosidase, plays a central role in inflammation and in fibrotic diseases and is expressed in an exaggerated manner in IPF where it correlates inversely with SMAD7 (tumor production by blocking TGF-beta-induced growth inhibition). Chit1 is a critical biomarker and therapeutic target in Scleroderma-associated interstitial lung disease.

In animal models, Dr. Elias found Chit1 is a master regulator of transforming growth factor beta 1, an extensively published biochemical pathway relevant to inflammation, tissue modeling, and fibrosis, and that it mediated fibrosis response through various mechanisms. Animal models of IPF exhibit similar pathology to humans, allowing for relevant testing of molecular mechanisms and potential therapeutics. A small molecule candidate was identified for the company's OCF-203 program, which has already prevented and reduced inflammation and fibrosis mouse models of IPF. The molecular mediators of fibrosis, fibronectin, Col1A1, and Col3A1, were also substantially reduced in the IPF animal model. Results were similar in a mouse model of HPS suggesting that the OCF-203 molecule could benefit this patient population too. The biochemical pathways known to be impacted by Chit1 inhibition imply that there may be benefit of this product candidate for the potential treatment of other fibrotic diseases such as non-alcoholic fatty liver, or NASH, and fat storage disorders.

The OCF-203 program is intended to improve the expected risk/benefit ratio for patients and the initial IND application should occur before the end of 2023.

Infectious Disease - Program

Malaria is the infectious disease being targeted by this subsidiary. According to the US Centers for Disease Control and Prevention, malaria is a serious and sometimes fatal disease caused by a parasite that infects a certain type of mosquito that feeds on humans. Malaria causes people to get very sick with high fevers, shaking chills, and flu-like symptoms. The four kinds of malaria parasites that infect humans are Plasmodium (P.) falciparum, P. vivax, P. ovale, and P. malariae. In addition, P. knowlesi, a type of malaria that naturally infects certain monkeys in Southeast Asia, also infects humans, causing malaria transmitted from animal to human. P. falciparum is the type of malaria that is most likely to result in severe infections and may lead to death. Globally, the World Health Organization estimates that in 2020, 241 million clinical cases of malaria occurred, and 627,000 people died of malaria, most of them children in Africa.

The company's approach to the malaria problem is two-fold, first to get a vaccine approved in order to provide a prophylactic solution and secondly to provide therapeutics to treat those already infected.

The vaccine candidate is being driven by OCEA's Scientific Co-founder, Jonathan Kurtis, MD, PhD, and Chair of the Department of Pathology and Laboratory Medicine at Brown University. The company has in-licensed the Anti-PfGARP Small Molecules to facilitate vaccine development. OCEA is working to develop its unique anti-malaria vaccine that targets three critical blood stage. Entry into the red blood cell (via PfXXX), followed by intracellular development (via PfGARP), and finally the escape of parasites from the red blood cells (via PfSEA-1). By targeting each of the three principal events in the parasite's blood stage lifecycle the approach could result in a highly effective and novel malaria vaccine. Dr. Kurtis and the company believes this blood stage approach of the malaria cycle is likely to be a promising target for a maximally effective vaccine.

The optimism for this vaccine candidate rests on human observational studies conducted in Tanzania, where individuals with naturally acquired antibodies to PfSEA-1 were associated with significant protection from severe malaria, with no cases occurring while children had detectable antibodies to PfSEA-1. In a second longitudinal Kenyan cohort, anti–PfSEA-1 antibodies were associated with significant protection against the presence of parasites in adolescents and young adults. Individuals with detectable IgG anti–rPfSEA-1 antibodies had 50% lower parasite densities over 18 weeks of follow-up compared with individuals with no detectable IgG anti-rPfSEA-1A antibodies. Based on vaccination findings of humans with PfSEA-1 could generate antibodies that trap parasites within a red blood cell and lead to parasite death. The company anticipates if successful development of this vaccine occurs, based on the epidemiology, the addressable market for a malaria vaccine is more than three billion individuals. Based on the immunology of malaria, OCEA expects that the initial course of vaccination would entail three doses over a three-month period, with subsequent booster doses required.

In tandem with vaccine development the subsidiary has ODA-611 and ODA-579 candidates to create new therapeutics that could create a whole new class of anti-malarial drugs. ODA-611 is an anti-PfGARP mAb for the treatment of symptomatic P. falciparum infection. The data confirmed that anti-PfGARP-mediated killing occurs in the absence of complement, cellular effector functions, or antigen cross-linking. The company expects that a humanized version of this antibody will form the basis of its ODA-611 program and could have therapeutic and prophylactic applications. The target indication would be for the prevention of malaria in short-term travelers to malaria endemic areas, including tourists, government employees and military personnel.

ODA-579 is an anti-PfGARP small molecule for the treatment of symptomatic P. falciparum infection. The company anticipates PfGARP is a high value target for anti-malarial drug development based its surface expression on infected red blood cells in the absence of any significant amino acid homology with human host proteins, and the ability of antibody binding to PfGARP to kill parasites in-vitro within 12-24 hours by activating parasite programed cell suicide.

Clinical Development Plan

Oncology Candidates

The OCX-410 and OCX-909 candidates should have sufficient drug material being produced to begin IND-enabling safety studies in 2H23 followed by starting of a master cell bank process (consists of manufactured vials from a suitable cell clone to prevent genetic drifts and potential contamination of the original therapeutic-producing cell) through 1H24. Filing of IND applications with the FDA for product candidates should occur in 2023 and 2024.

Phase 1/2 clinical trials for OCX-253 and OCX-410 candidates will be modeled after Merck's pembrolizumab KEYNOTE-001 trial, which is designed to allow for combined initial safety and efficacy endpoints using a single ascending dose strategy followed by a repeat dose regimen to identify tumor responses through generally accepted Response Evaluation Criteria in Solid Tumors, criteria and time to tumor progression.

The OCX-909 candidate for GBM program must successfully delivering the protein to the brain where the blood brain barrier is penetrated (most likely by inserting its candidate directly into the brain). Phase 1/2 clinical trial will be modeled after Johnson and Johnson's Zarnestra sponsored by M.D. Anderson Cancer Center. The company

envisions a clinical trial plan that involves a dose escalation and multiple ascending dose strategy followed by continued assessments of safety parameters and efficacy using six-month progression free survival as the primary endpoint. The clinical process will monitor tumor size using radiology techniques. Phase 3 is tentatively planned to follow the example of Merck's CENTRIC trial of Cilengitide used to see overall survival as the approval endpoint leading to a study duration over five years.

The company will seek to work with the oncology community to develop novel validated biomarkers, which could allow for accelerated trials in GBM as it intends to seek orphan drug designation for its OCX-909 in candidate.

Fibrosis Candidate

The OCF-203 program is expected to initiate a single Phase 1/2 clinical trial for idiopathic pulmonary fibrosis (IPF) with a single-ascending dose and multiple-ascending dose trial in patients. Phase 2 portion of the trial will be modeled after the Galapagos PINTA trial. The expected design should provide human proof of concept data demonstrating the cessation of fibrosis progression, which would allow for the initiation of Phase 3 clinical trials in both IPF and HPS. The Phase 3 clinical trial will likely be modeled after the Genentech ASCEND trial and the trial for the prevention of fibrotic progression in HPS will likely be modeled after the National Human Genome Research Institute trial in HPS patients. The company intends to seek orphan drug designation for Hermansky-Pudlak Syndrome, which if achieved could accelerate the approval process for both initially targeted diseases.

Infectious Disease Candidates

The ODA-570 malaria vaccine program needs to complete optimization efforts, followed by beginning IND-enabling studies with an expected IND filing date in 2H23. Clinical development is anticipated to be modeled after the GlaxoSmithKline trials of their RTS, S vaccine (Mosquirix). The Phase 1 clinical trial should occur in two stages, a population of healthy volunteer adults, with the Phase 1a safety goal and Phase 1b goal to demonstrate the generation of antibodies following its administration and to find a preferred dosing regimen. The Phase 1a/b approach is intended to allow for cost-effective and rapid assessment of the vaccine candidate. Phase 2 clinical trial endpoint would be efficacy compared to the current standard of care. A Phase 3 trial should have a similar design to Phase 2 but with a greater geographic area and with a participation of more volunteers. The expectation is the ODA-570 program should qualify for priority new drug application review based on the neglected tropical diseases qualification and, if approved, may be eligible for a tropical disease priority review voucher. Also, the vaccine approach is likely use mRNA technology, which should provide an approval pathway since its technology already being used for COVID-19 vaccines.

The ODA-611 and ODA-579 therapeutic product candidates are in the optimization stage, with ODA-611 anticipated to begin IND-enabling studies (including antibody humanization) in 2023. Further refinement of ODA-579 is ongoing. It is anticipated IND applications will be filed for ODA-579 and ODA 611 in 1H24.

Market Briefs

Oncology

In April 2023, market research and strategy consulting firm Global Market Insights published a report indicating that the global oncology market should reach $690.4 billion in 2032 from approximately $280 billion in 2022 for annualized growth of 9.7% (see chart on the right for additional statistics from the April 2023 report). Global growth in the oncology market should be supported by government funding and the focus on creating targeted treatments, as well as funding for cancer prevention research.

In October 2022, Allied Market Research published a report that forecasts the global non-small cell lung cancer market could reach $31.9 billion in 2031, up from $15.3 billion in 2021 for annualized growth of 9.3%. Some of the factors that are likely to drive an increase in patients impacted by this form of cancer include a rise in tobacco

consumption by younger people, intense air pollution, and an unhealthy lifestyle, as well as exposure to air containing traces of metals such as asbestos, and arsenic. It should be noted that non-small cell lung cancer cases comprise approximately 80% to 85% of all lung cancer cases globally. Treatment growth should be driven by targeted therapies due to clinical benefits such as minimal side effects. Research indicates that use of targeted therapies can be successful in up to 80% of cases.

In October 2022, iHealthcareAnalyst, Inc., published a report on the global glioblastoma multiforme drugs market indicating annualized revenue growth of 12.7% and reaching $2.3 billion by 2029. Growth should be driven by the brain and other nervous system cancers that are the tenth leading cause of death for men and women globally, with over 241,000 people dying each year. Glioblastoma is the most common form of the disease.

Fibrosis

Allied Market Research published a report indicating the global idiopathic pulmonary fibrosis market could grow annually by 7%, reaching nearly $6.2 billion by 2030 from $3.1 billion in 2020. Idiopathic pulmonary fibrosis is a chronic lung disease or a condition in which the tissues in lungs become thick and stiff over time. Growth should occur due to an aging population, technological advancements in screening and diagnosis, and higher demand for cost-effective drugs, as well as the introduction of advanced treatment options.

In December 2022, market research firm Future Market Insights published a report on global Hermansky Pudlak syndrome therapeutics market predicting it could reach $12 billion by 2033 from an estimated $6 billion in 2023 for annualized growth of 7.2%. Hermansky-Pudlak syndrome is a rare hereditary disorder that produces unusually pale skin, hair, and eye pigmentation. People with the syndrome are more likely to develop blood issues, and lung, and digestive problems, and are more vulnerable to UV damage. Growth should be driven by increased frequency of diagnosis within the general population.

Malaria

In December 2022, Future Market Insights published a report on the malaria treatment market. The report anticipates the malaria treatment market reaching nearly $3 billion in 2033 from an estimated $1.8 billion in 2023 for annualized growth of 5%. According to Globe Intellectual Property Organization more than 210 million people were affected by malaria in 2019. Malaria is caused by Plasmodium, a little parasite that mosquitoes transmit to humans. Growth should be supported by increase rate of malarial infections, government spending, awareness campaigns, and availability of anti-malarial drugs.

In June 2022, Data Bridge Market Research published a report indicating that the malaria vaccines market could reach $18.9 billion by 2029, up from nearly $1.9 billion in 2021 for annualized growth of 33.7%. The malaria vaccines market's growth should be supported by an increase in the number of research and development activities.

Projections

Basis of Forecast

Our 2023 and 2024 forecasts reflect only operating expenses and non-operating expenses. Our forecasts reflect increasing operating expense due primarily to the company moving its drug programs from preclinical status to clinical status as investigative drug applications are filed and approved by the FDA.

Operations

In 2023, we project operating expenses of $18.2 million (prior was $26.7 million) based on 2Q23 results. We anticipate G&A expense of $13.7 million and R&D expense of $4.4 million. The level of expenses reflects the company's building an infrastructure to support its drug development programs to clinical trials.

In 2024, operating expenses should increase to $29.6 million as the ramp of its drug development programs accelerates. We anticipate R&D expense increasing to $15 million from an estimated $4.4 million in 2023 stemming from drug development activity, while G&A expense should increase modestly to $14.6 million from an estimated $13.7 million in 2023.

In 2023, we anticipate non-operating expense of $74 million due primarily to the company reporting items reflecting the financing activities related to the business combination to become a publicly traded company. We estimate non-cash interest expense of $3.6 million. **In 2024**, we are only forecasting interest expense of $3 million.

For 2023, we project a net loss of $92.1 million or ($3.08) per share on 29.9 million average shares outstanding, which includes one-time items of approximately ($2.35) per share. We previously project a net loss of $90.1 million or ($2.83) per share on 31.8 million average shares outstanding.

For 2024, we project a net loss of $32.6 million or ($0.89) per share on 36.5 million average shares outstanding. We previously projected a net loss of $40.3 million or ($1.10) per share on 36.6 million average shares outstanding. The narrowing of our loss forecast reflects lower than anticipated operating expenses.

Finances

In 2023, we forecast a cash loss of $23.9 million and a decrease in working capital of $9.6 million resulting in cash used in operations of $14.3 million. Cash provided by financing activity of $16.8 million that should include issuance of convertible debt should cover cash used in operations. We anticipate cash increasing by $2.5 million to $2.8 million at December 31, 2023.

In 2024, we forecast a cash loss of $25.1 million and an increase in working capital of $9.5 million resulting in cash used in operations of $15.6 million. Cash provided by financing activity of $15 million consisting of issuance of convertible debt is unlikely to cover cash used in operations. We anticipate cash decreasing by $625,000 to $2.2 million at December 31, 2024.

Commercialization Revenue Forecast

Our commercialization revenue forecast is based on the company obtaining FDA approvals for its drug candidates after meeting endpoints of Phase 3 trials. We anticipate OCEA could begin generating a small amount of revenue by 2029 that should grow significantly by 2034 as its drug candidates make it through the regulatory process and are in use to treat patients suffering from malaria, fibrosis, non-small cell lung cancer, and glioblastoma.

By 2034, our initial forecast anticipates revenue in excess of $5 billion or approximately $63 per share based on the company's three subsidiaries successfully commercializing its seven (combined) drug candidates all beginning to generate revenue by 2031. Our revenue forecast is discounted for all of the risks associated with the drug development and commercialization process.

2Q23 and 1H23 Results

2Q23

OCEA did not report any revenue in the current and year-ago periods, while operating expenses were $2.7 million compared to $6.9 million in 2Q22. G&A expense was to $2.7 million, down from $3.7 million last year due primarily to a net $1.5 million reduction in stock-based compensation expense, partly offset by insurance fees that are required to operate as a public company. R&D expense was $28,000 compared to $3.2 million in 2Q22 due primarily to a reduction in stock-based compensation.

The operating loss equaled operating expenses as the company did not generate any revenue or gross profit. Non-operating expenses amounted to $10.3 million compared to $433,000 last year due primary to items related to the company business combination in February 2023 and non-cash expenses related to becoming a new publicly traded company.

The net loss was $13 million or ($0.49) per share on average shares outstanding of 26.5 million. Excluding items, we estimated the net loss per share was approximately $3.3 million or ($0.13) per share.

1H23

OCEA did not report any revenue in the current and year-ago periods, while operating expenses were $7.9 million compared to $12 million in 1H22. G&A expense was to $7.5 million, down from $5.6 million last year due primarily

to reductions in stock-based compensation expense, partly offset by insurance fees that are required to operate as a public company. R&D expense was $421,000 compared to $6.4 million in 1H22 due to a reduction in stock-based compensation.

The operating loss equaled operating expenses as the company did not generate any revenue or gross profit. Non-operating expenses amounted to $72.5 million compared to $698,000 last year due primary to items related to the company business combination in February 2023 and non-cash expenses related to becoming a new publicly traded company.

The net loss was $80.4 million or ($3.130) per share on average shares outstanding of 25.7 million. Excluding items, we estimated the net loss per share was approximately $8.9 million or ($0.35) per share.

Finances
In 1H23, cash loss of $7.9 million and a decrease in working capital of $501,000 resulted in cash used in operations of $7.4 million. Cash from financing activities of $9.6 million covered cash used in operations. Cash increased by $2.1 million to $2.2 million at June 30, 2023.

Capital Structure
At June 30, 2022, OCEA had total debt of $12.3 million (all short-term except a $461,000 note purchase option) on its balance sheet and shareholders' deficit of $8.4 million.

During 1H23, the company reported that is backstop parties sold 140,621 recycled share, resulting in net proceeds of $1.4 million paid to OCEA.

On May 15, 2023, the company announced it entered into a securities purchase agreement with an accredited investor for the sale of up to three senior secured convertible notes that are convertible into shares of its common stock, in an aggregate principal amount of up to $27 million (considered a private placement called the Ayrton convertible note financing). In 2Q23, OCEA consummated the initial closing for the sale of convertible note for a principal amount of nearly $7.6 million with an attached five-year warrant to acquire up to 552,141 additional shares common stock with an exercise price of $11.50 per share. The notes were sold at an original issue discount of 8% (the interest rate). Future issuances of notes are subject to satisfaction of certain conditions.

Competitive Landscape

The biotechnology and pharmaceutical industries Ocean Biomedical, Inc. conducts its operation within is highly competitive and undergoes rapid and significant technological change. The company's competition come from pharmaceutical companies, as well as established and venture-backed biotechnology companies worldwide.

OCEA's operating model should provide it with advantages that makes it's a partner of choice to research universities and medical centers. However, companies such BridgeBio also targets research universities and medical centers to identify and develop therapeutic candidates, as well as smaller and early-stage companies may prove to be significant competitors, particularly through collaborative arrangements more established companies.

A more specific competitive environment exists for the company's potential drug candidates within oncology, fibrosis, and infectious disease. The company's competitors may obtain regulatory approval of their products more rapidly or may obtain patent protection or other intellectual property rights that limit OCEA's ability to develop or commercialize its product candidates. Two of the company's oncology programs are targeting a type of epithelial lung cancer or non-small cell lung cancer as their initial indication for which larger pharmaceutical and biotechnology companies already have marketed oncology drugs and therapeutics that range from traditional cancer therapies, including chemotherapy, to immune checkpoint inhibitors. The latter category of drugs are marketed by Bristol Myers Squibb, Merck, Genentech, Regeneron, and Astra Zeneca. One of the company's programs is targeting glioblastoma, for which there are no currently approved therapies that are effective in treating this disease.

OCEA's fibrotic disease programs includes candidates targeting Idiopathic Pulmonary Fibrosis (IPF) and Hantavirus Pulmonary Syndrome (HPS). For IPF, there are two approved products marketed by Roche Holding AG and Boehringer Ingelheim GmbH, while Novartis launched a generic version of the Roche offering. Companies that are developing product candidates for the treatment of IPF and are in Phase 3 trials include Fibrogen, United Therapeutics, and Roche, while early-stage trials are being conducted by Bristol Myers, Horizon, Pliant, Galecto Biotech, and Endeavor Biomedicines. For HPS, there are no marketed therapeutics and only one investigational program from Roche.

Ocean Biomedical's infectious disease programs are targeting the prophylactic and therapeutic treatment of malaria. Competition for the company's malaria vaccine program come from GlaxoSmithKline, Sanaria and VLP therapeutics. Additionally, there are several additional early-stage vaccine candidates in development. Other companies with pre-clinical or early-stage prophylactic programs include Medicines for Malaria Venture, Merck, Lyndra Therapeutics, and Titan Pharmaceuticals. Of note, the National Institute for Health is conducting a Phase 1 clinical trial that is the only direct analogous competitor to the company's current program.

Risks

In our view, these are the principal risks underlying the stock.

Limited Operating History

The company is an early-stage biopharmaceutical company with a limited operating history. It has no products approved for commercial sale and has yet to generate revenue. OCEA's product candidates are in the preclinical stages of development and will require preclinical studies followed by clinical development, as well as regulatory review and approval before it is capable of generating revenue. As part of the process and limited operating history the company will need to make investments in the development process, obtain access to commercial manufacturing capacity, as well as develop a marketing strategy.

Losses

Prior to becoming a publicly traded company's OCEA reported net losses in 2020, 2021, and 2022. At June 30, 2023, the OCEA had an accumulated deficit of $162 million, up from $1.9 million in 2020. Since the company is in the early stages of its product development cycle and is just beginning to move those candidates out of the preclinical stage it is likely to be years, if ever, before it will have a commercialized product that could generate revenue and profits. The company's legacy (prior to February 2023) independent registered public accounting firm included in its audit report for 2022 that Legacy Ocean's working capital deficit and anticipated losses from operations and its need to obtain additional capital raised substantial doubt about its ability to continue as a going concern.

Competition

Ocean Biomedical faces competition with respect to its initial product candidates and will likely be faced with competition as new product candidates are developed or acquired, from pharmaceutical and biotechnology companies, academic institutions, governmental agencies and public and private research institutions.

Funding

Sustained and sufficient funding is necessary when developing biopharmaceutical products, since the process includes conducting preclinical studies and clinical trials, all of which is time-consuming, expensive, and filled with uncertainty as to the end result. If OCEA is unable to raise capital when needed or on acceptable terms, it may be forced to delay, reduce or eliminate one or more of its research and drug development programs or future commercialization efforts.

Dilution

The company has outstanding warrants to purchase nearly 11.3 million shares of its common stock. A majority of the warrants have an exercise price $11.50 per share. If all the warrants were to be exercised, common shares outstanding would increase by more than 30%. While common shares would increase and certain shareholder may face dilution, the company would receive a capital infusion of over $100 million. The company has a common stock purchase agreement in place with White Lion Capital. White Lion has committed to purchase up to $75 million

(gross) in newly issued shares of the company's common stock but its ownership of OCEA will not exceed 9.99%. Under terms of the agreement OCEA is required to file a registration statement with the SEC in order to register for resale common stock issued to White Lion.

Ocean Biomedical has in place a backstop agreement with Vellar Opportunity Fund SPV LLC – Series 3 for $59 million. If executed the number of shares of the company's common stock that will be issued to the backstop providers will depend on the number of shares owned by them at the maturity date and the trading price of OCEA's common stock. The backstop agreement matures on the earlier of three years after the merger closed or on a date specified by Vellar Opportunity Fund in a written notice delivered its discretion if the volume weighted average price of the company's shares during 20 out of 30 consecutive trading days is less than $3 per share. Under this backstop agreement, the issuance of such common stock in connection with the payment of consideration could result in substantial dilution to existing shareholders.

Potential Dispute

On May 23, 2023, the company received an equity prepaid forward transaction (valuation date notice) from Vellar that designated May 23, 2023 as the maturity date under the agreement stating that due to the company's failure to timely register the shares held by Vellar, they had the right to terminate the backstop agreement as to their portion of the shares and are claiming that they are entitled to receive maturity consideration equal to nearly $6.7 million. OCEA is reviewing the notice and takes issue with multiple aspects of the notice including, but not limited to, Vellar's maturity consideration calculation. The company is consulting with advisors and regulators and intends to actively and aggressively defend itself should Vellar continue on its present course of action.

Technology

While the company has multiple preclinical studies underway, its approach has not been tested in clinical trials for any of the programs in its oncology, fibrosis, and infectious disease subsidiaries. If the company's approach to developing its drug candidates is unsuccessful, its operations may need to be reduced or eventually cease.

Drug Discovery Platform

The company utilizes Whole Proteome (study of the structure and function of proteins, including the way they work and interact with each other inside cells) Differential Screening (WPDS) as part of its target discovery program. WPDS is relatively new and as such, it is difficult to predict whether this method will enable the company to successfully identify or develop product candidates.

Clinical Trials

In general, if significant adverse events or other side effects are observed in clinical trials, those trials may need to be stopped or redesigned, which would lead to development delays.

Outsourcing

The company is reliant on third parties, such as vendors and consultants, to conduct its drug discovery, preclinical testing, clinical trials, manufacturing, and all other aspects of clinical development. While reliance on third parties allows the company to employ a small number of full-time employees, it may not effectively manage and oversee the third parties and it is likely OCEA will have less control over operations performed by those third parties.

Sublicensing

Ocean Biomedical, Inc. has been built upon a number of sublicense agreements. The company has sublicensed all of the technologies forming its oncology, fibrosis and infectious disease programs from Elkurt, Inc., a company formed by the company's scientific co-founders Jack A. Elias, M.D. and Jonathan Kurtis, M.D., Ph.D., (each person is a member of OCEA's board of directors). Elkurt, Inc., licenses the technologies from Brown University and Rhode Island University. These agreements contain obligations that require the company to make substantial payments in the event certain milestone events are achieved. The company's rights to use licensed intellectual property from Elkurt, Inc., are subject to the continuation of and compliance with the terms of the sublicense agreements. In the future, Elkurt, Inc., could conclude that OCEA breached its obligations under one or more of its sublicenses and therefore terminate that agreement, which would limit the company's ability to develop and commercialize products

and technology covered by the agreement. If any of the company's existing sublicense agreements were to be terminated, its operation would be negatively impacted.

Intellectual Property

As of June 2023, the company exclusively licenses 16 allowed or issued patents and 36 pending patent applications. The issued patents and pending patent applications have nominal expiration dates ranging from 2032 to 2041, without accounting for any available patent term adjustments or extensions. The strength of patents in the biotechnology and biopharmaceutical field involves complex legal and scientific questions and can be uncertain.

Cyber Security

The company's internal computer systems and those of its current and future collaborators such as contractors or consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. A material computer systems failure, accident or security breach could result in a disruption of the company's development programs, clinical trial data, and its overall operations, whether due to a loss of trade secrets or other proprietary information.

Internal Controls

Prior to becoming a publicly traded company Ocean Biomedical, Inc. identified material weakness in the preparation and the audits of its financial statements for 2022, 2021, and 2020. The material weakness relates to Ocean not having adequate staffing in its accounting department and not having designed and/or implemented the appropriate processes and internal controls to support accurate and timely financial reporting.

Shareholder Control

Officers and directors (14) collectively own or have a controlling interest in approximately 76.7% of the company's outstanding voting stock as of April 18, 2023 (Source: April 2023 S-1 SEC filing). Collectively this ownership could potentially greatly influence the outcome of matters requiring stockholder approval. These decisions may or may not be in the best interests of the other shareholders.

Miscellaneous Risk

The company's financial results and equity values are subject to other risks and uncertainties, including third party, competition, operations, financial markets, regulatory, legislative, manufacturing, ability to file investigational new drug applications, obtain orphan drug status, clinical trial enrollment, commercialization, and/or other events. These risks may cause actual results to differ from expected results.

Trading Volume

Average daily trading volume was approximately 995,000 over the last three months ending September 18, 2023. OCEA has a float of approximately 8.1 million shares and outstanding shares of 34.1 million.

Ocean Biomedical, Inc.
Consolidated Balance Sheets
FY2022A – FY2024E
(in thousands)

	FY22A	2Q23A	**FY23E**	**FY24E**
ASSETS				
Current assets:				
Cash	$ 34	$ 1,161	**$ 1,783**	**$ 1,158**
Restricted cash	-	1,000	**1,000**	**1,000**
Deferred offering costs	1,808	-	**-**	**-**
Total current assets	1,842	2,161	**2,783**	**2,158**
Backstop forward purchase agreement assets	-	18,760	**18,760**	**16,760**
Total assets	$ 1,842	$ 20,921	**$ 21,543**	**$ 18,918**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued expenses	11,440	14,044	**20,000**	**24,000**
Accrued expenses - related party	445	764	**1,500**	**3,000**
Short term loan - related party	-	-	**-**	**-**
Short term loans - net of issuance costs	776	11,871	**9,299**	**9,299**
Total current liabilities	12,661	26,679	**30,799**	**36,299**
SPA warrant	-	2,182	**2,182**	**5,182**
Ayrton note purchase option	-	461	**461**	**461**
Convertible debt per securities purchase agreement	-	-	**-**	**-**
Stockholders' equity:				
Common stock,$0.0001 par value; authorized 300,000,000 shares;	-			
Additioinal paid-in capital	70,770	153,617	**156,594**	**171,594**
Retained earnings (deficit)	(81,589)	(162,018)	**(168,493)**	**(194,618)**
Total stockholders' equity (deficit)	(10,819)	(8,401)	**(11,899)**	**(23,024)**
Total liabilities and stockholders' equity	$ 1,842	$ 20,921	**$ 21,543**	**$ 18,918**
SHARES OUT	23,355	34,013	**35,000**	**38,000**

Source: Company reports and Taglich Brothers estimates

Ocean Biomedical, Inc.
Annual Income Statement
FY2021A – FY2023E
(in thousands)

	FY21 A*	FY22 A*	**FY23 E**	**FY24 E**
Revenue (in thousands)	$ -	$ -	**$ -**	**$ -**
Cost of sales	-	-	-	-
Gross Profit	-	-	-	-
Operating Expenses:				
Formation and operating costs	567	2,482	-	-
Research and development	-	-	**4,421**	**15,000**
G&A	-	-	**13,732**	**14,600**
Total Operating Expenses	567	2,482	**18,153**	**29,600**
Operating Income (loss)	(567)	(2,482)	**(18,153)**	**(29,600)**
Interest income	2	1,524	-	-
Interest (expense) - includes warrant issuance and amortization of debt issuance costs	-	(1)	**(3,636)**	**(3,025)**
Fair value of warrant issuances	-	-	**(1,417)**	-
Fair value of non-cash stock issuances	-	-	**(577)**	-
Loss on stock issuance share consideration	-	-	**(12,676)**	-
Loss on extinguishment of debt	-	-	**(14,498)**	-
Transaction costs			**(8,583)**	-
Loss on backstop forward paurchase agreement asset			**(32,562)**	-
Other	-	-	**(2)**	-
Total Other Income (expense)	2	1,523	**(73,951)**	**(3,025)**
Pre-Tax Income (loss)	(564)	(958)	**(92,104)**	**(32,625)**
Income Tax Expense (Benefit)	-	-	-	-
Net income (loss)	$ (564)	$ (958)	**$ (92,104)**	**$ (32,625)**
Net (loss) per share	$ (0.23)	$ (0.37)	**$ (3.08)**	**$ (0.89)**
Avg Shares Outstanding	2,452	2,625	**29,898**	**36,500**

* Reflects the 10K SEC filing that reflects the Blank Check Company - Aesther Healthcare Acquisition Corp.

Source: Company reports and Taglich Brothers estimates

Ocean Biomedical, Inc.
Income Statement Model
Quarters FY2023E – 2024E
(in thousands)

	Q1 23 A	Q2 23 A	Q3 23 E	Q4 23 E	**FY23 E**	Q1 24 E	Q2 24 E	Q3 24 E	Q4 24 E	**FY24 E**
Revenue (in thousands)	$ -	$ -	$ -	$ -	**$ -**	$ -	$ -	$ -	$ -	**$ -**
Cost of sales	-	-	-	-	-	-	-	-	-	-
Gross Profit	-	-	-	-	-	-	-	-	-	-
Operating Expenses:										
Formation and operating costs	-	-	-	-	-	-	-	-	-	-
Research and development	393	28	1,500	2,500	**4,421**	3,000	3,500	4,000	4,500	**15,000**
G&A	4,830	2,652	3,000	3,250	**13,732**	3,500	3,600	3,700	3,800	**14,600**
Total Operating Expenses	5,223	2,680	4,500	5,750	**18,153**	6,500	7,100	7,700	8,300	**29,600**
Operating Income (loss)	(5,223)	(2,680)	(4,500)	(5,750)	**(18,153)**	(6,500)	(7,100)	(7,700)	(8,300)	**(29,600)**
Interest income	-	-	-	-	-	-	-	-	-	-
Interest (expense) - includes warrant issuance and amortization of debt issuance costs	(1,543)	(668)	(700)	(725)	**(3,636)**	(575)	(675)	(800)	(975)	**(3,025)**
Fair value of warrant issuances	-	(1,417)	-	-	**(1,417)**					
Fair value of non-cash stock issuances	-	(577)	-	-	**(577)**					
Loss on stock issuance share consideration	(12,676)	-	-	-	**(12,676)**	-	-	-	-	-
Loss on extinguishment of debt	(13,595)	(903)	-	-	**(14,498)**	-	-	-	-	-
Transaction costs	(7,429)	(1,154)	-	-	**(8,583)**	-	-	-	-	-
Loss on backstop forward paurchase agreement asset	(26,934)	(5,628)	-	-	**(32,562)**	-	-	-	-	-
Other	(1)	(1)	-	-	**(2)**	-	-	-	-	-
Total Other Income (expense)	(62,178)	(10,348)	(700)	(725)	**(73,951)**	(575)	(675)	(800)	(975)	**(3,025)**
Pre-Tax Income (loss)	(67,401)	(13,028)	(5,200)	(6,475)	**(92,104)**	(7,075)	(7,775)	(8,500)	(9,275)	**(32,625)**
Income Tax Expense (Benefit)	-	-	-	-	-	-	-	-	-	-
Net income (loss)	$ (67,401)	$ (13,028)	$ (5,200)	$ (6,475)	**$ (92,104)**	$ (7,075)	$ (7,775)	$ (8,500)	$ (9,275)	**$ (32,625)**
Net (loss) per share	$ (2.72)	$ (0.49)	$ (0.15)	$ (0.19)	**$ (3.08)**	$ (0.20)	$ (0.22)	$ (0.23)	$ (0.24)	**$ (0.89)**
Avg Shares Outstanding	24,822	26,470	34,100	34,200	**29,898**	35,000	36,000	37,000	38,000	**36,500**

Source: Company reports and Taglich Brothers estimates

Ocean Biomedical, Inc.
Cash Flow Statement
FY2021A – FY2023E
(in thousands)

	*FY2021A**	*FY2022A**	1Q23A**	6M23A**	**FY2023E**	**FY2024E**
Cash Flows from Operating Activities						
Net Income (loss)	*$ (564)*	*$ (958)*	$ (67,401)	$ (80,429)	**$ (92,104)**	**$ (32,625)**
Interest income from trust account	*(2)*	*(1,524)*	-	-	**-**	**-**
Non-cash interest expense	-	-	301	635	**1,440**	**1,000**
Stock-based compensation	-	-	646	832	**4,000**	**5,000**
Non-cash debt issuance costs		-	-	627		
Loss on issuance of warrant	-	-	884	2,301	**884**	**-**
Non-cash stock issuances	-	-	358	577	**1,200**	**1,500**
Loss in connection with backstop forward purchase agreemnt asset	-	-	12,676	12,676	**12,676**	**-**
Loss on extinguishment of debt	-	-	13,595	14,856	**13,595**	**-**
Change in fair value of backstop forward purchase agreement asset	-	-	26,934	32,562	**26,934**	**-**
Non-cash transaction costs in excess of businuess combination proceeds	-	-	7,429	7,429	**7,429**	**-**
Cash earnings (loss)	*(567)*	*(2,482)*	(4,578)	(7,934)	**(23,946)**	**(25,125)**
Changes In:						
Prepaid expenses	*(474)*	*385*	-	-	**-**	**-**
Accounts payable and accrued expenses	*34*	*290*	1,445	182	**8,560**	**4,000**
Accrued expenses - related party	*212*	*1,060*	482	319	**1,055**	**1,500**
(Increase)/decrease in Working Capital	*(228)*	*1,735*	1,927	501	**9,615**	**9,500**
Net cash (used) provided by operations	*(794)*	*(747)*	(2,651)	(7,433)	**(14,331)**	**(15,625)**
Cash Flows from Investing Activities						
Investment of cash in trust account	*(107,100)*	*(2,100)*	-	-	**-**	**-**
Cash Flows from Investing Activities	*(107,100)*	*(2,100)*	-	-	**-**	**-**
Cash Flows from Financing Activities						
Proceeds from IPO, net of underwriting discounts	*103,688*	-	-	-	**-**	**-**
Proceeds from private placement warrants	*5,411*	-	-	-	**-**	**-**
Proceeds from founder shares	*25*	-	-	-	**-**	**-**
Proceeds from issuance of promissory not to related party	*190*	*2,100*	-	-	**-**	**-**
Payment to backstop parties for backstop forward purchase agreeement	-	-	(51,606)	(51,606)	**(51,606)**	**-**
Payment to backstop parties for share consolidation	-	-	(12,676)	(12,676)	**(12,676)**	**-**
Issuance of common stock pursuant to the backstop forward purchase agreement and subscription agreement	-	-	14,260	14,260	**14,260**	**-**
Proceeds from reverse capitalization	-	-	52,070	52,070	**52,070**	**-**
Proceeds from backstop forward purchase agreement	-	-	-	1,444	**1,100**	**-**
Securities Purchase Agreement	-	-	-	-	**7,600**	**15,000**
Payment of deferred offering costs	*(154)*	-	-	-	**-**	**-**
Payment of promissory note to related party	*(190)*	-	-	-	**-**	**-**
Proceeds (repayment) of short-term loans, net	-	-	875	6,068	**6,060**	**-**
Net cash provided by (used in) Financing	*108,970*	*2,100*	2,923	9,560	**16,808**	**15,000**
Net change in Cash	*1,076*	*(747)*	272	2,127	**2,477**	**(625)**
Cash Beginning of Period	-	*1,076*	34	34	**306**	**2,783**
Cash End of Period - includes restricted cash	*$ 1,076*	*$ 328*	$ 306	$ 2,161	**$ 2,783**	**$ 2,158**

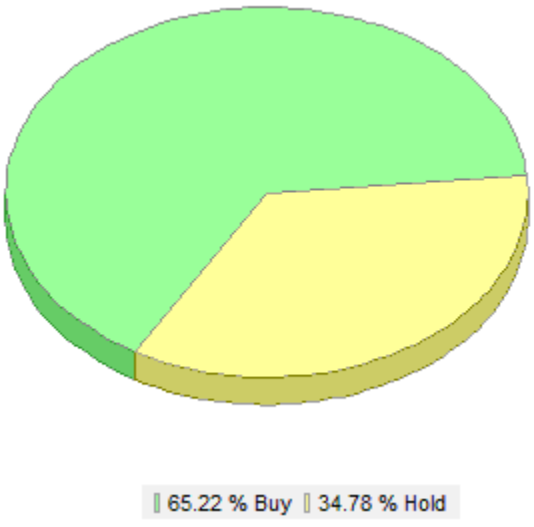
* Reflects the 10K SEC filing that reflects the Blank Check Company - Aesther Healthcare Acquisition Corp.
** Reflects OCEA results from it 10Q filing on May 24, 2023

Source: Company reports and Taglich Brothers estimates

Price Chart

Closing Price Sep 18, 2023: $4.12

Taglich Brothers Current Ratings Distribution



Investment Banking Services for Companies Covered in the Past 12 Months

Rating	#	%
Buy	4	22
Hold		
Sell		
Not Rated		

Important Disclosures

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I, Howard Halpern, the research analyst of this report, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities and issuers; and that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report.

Public Companies mentioned in this report:

Bristol-Myers Squibb Company	(NYSE: BMY)	Merck & Co., Inc.	(NYSE: MRK)
Regeneron Pharmaceuticals, Inc.	(NASDAQ: REGN)	AstraZeneca PLC	(NASDAQ: AZN)
BridgeBio Pharma, Inc.	(NASDAQ: BBIO)	GSK plc	(NYSE: GSK)

Meaning of Ratings

Buy – The growth prospects, degree of investment risk, and valuation make the stock attractive relative to the general market or comparable stocks.

Speculative Buy – Long-term prospects of the company are promising but investment risk is significantly higher than it is in our BUY-rated stocks. Risk-reward considerations justify purchase mainly by high risk-tolerant accounts. In the short run, the stock may be subject to high volatility and could continue to trade at a discount to its market.

Neutral – Based on our outlook the stock is adequately valued. If investment risks are within acceptable parameters, this equity could remain a holding if already owned.

Sell – Based on our outlook the stock is significantly overvalued. A weak company or sector outlook and a high degree of investment risk make it likely that the stock will underperform relative to the general market.

Discontinued – Research coverage discontinued due to the acquisition of the company, termination of research services (includes non-payment for such services), diminished investor interest, or departure of the analyst.

Some notable Risks within the Microcap Market

Stocks in the Microcap segment of the market have many risks that are not as prevalent in Large-cap, Blue Chips or even Small-cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company-specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the microcap segment of the market.

From time to time our analysts may choose to withhold or suspend a rating on a company. We continue to publish informational reports on such companies; however, they have no ratings or price targets. In general, we will not rate any company that has too much business or financial uncertainty for our analysts to form an investment conclusion, or that is currently in the process of being acquired.