Atossa Therapeutics, Inc.

Q3 inline. Recent positive data from 2 Phase 2 studies. Positive breast cancer clinical trials (5 Phase 2) milestones and key data over the next year should be strong catalysts for stock. Raising P/T to $7.00.

United States
Healthcare

December 7, 2024

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COMPANY UPDATE

Rating: BUY

Ticker: ATOS

Price: $1.22

Target: $7.00
(from $6.50)

Q3 inline: Atossa recently (on November 12) reported its Q3 2024 (ending September) results. Net loss was $7.2 million or EPS of $(0.06), compared with our and consensus estimates of $(0.06). There was no Q3 guidance. Atossa is a clinical stage drug development company so it generates no revenue.

Operating expenses: Operating expenses were $6.4 million, down from $7.1 million in Q2.

No guidance: Management did not provide forward guidance, but we believe ~$7 million to be a reasonable near term quarterly cash burn rate.

Adjusting estimates: We are maintaining our 2024 EPS estimate of $(0.22).

Endoxifen in development: Atossa has one main therapeutic drug candidate, Endoxifen for breast cancer (for 2 settings).

Breast cancer: Atossa's breast cancer drug under development is its proprietary form of Endoxifen which is being developed primarily in two settings: 1) to reduce tumor cell activity in breast cancer patients in the "window of opportunity" between diagnosis of breast cancer and surgery; and 2) for women with high mammographic breast density ("MBD") to reduce the density and/or to act as an adjunct to mammography.

5 clinical trial in progress: In December 2021, Atossa began to enroll patients in its clinical study (Karisma) of Endoxifen in Sweden. In February 2023, the first patient has been dosed in the Phase 2 EVANGELINE (Endoxifen Versus exemestane + goserelin) study. In March 2023, Atossa announced that endoxifen will be evaluated in a new study arm of the ongoing I-SPY 2 clinical trial. In conjunction with Quantum Leap Healthcare Collaborative, Atossa announced in August the first patient dosed in (Z)-endoxifen in combination with abemaciclib (VERZENIO) as part of I-SPY 2.

Positive Topline data from KARISMA-Endoxifen Phase 2 study: In November, Atossa released positive topline data from the KARISMA-Endoxifen Phase 2 study of (Z)-endoxifen in premenopausal women with mammographic breast density (MBD). The study, which was conducted through the Karolinska Institute in Stockholm, Sweden, demonstrated that low doses of (Z)-endoxifen significantly reduced MBD and was well tolerated.

Positive initial data from Phase 2 I-SPY 2 Trial: In November, Atossa released a preliminary analysis from its Phase 2 trial of (Z)-endoxifen in ER+/HER2- breast cancer, showing that (Z)-endoxifen meet the primary endpoint with 95 percent (19/20) of patients. The data showed a rapid reduction in key breast cancer biomarkers, including a 69 percent reduction in Ki-67 and a 30.4% reduction in functional tumor volume after three weeks.

Clinical data can be catalysts: Atossa anticipates finishing or making significant milestones in its various clinical trials over the next year. We believe achieving key clinical milestones and data will likely be strong catalysts for the stock.

Positive high risks versus high rewards: Overall, concerns outweighed by growth prospects and valuation. Atossa's drugs still have long development roads left and the high risks of clinical trials failures, but we believe the ~billion dollars market potential presents high rewards for the risks.

Current valuation attractive: We are maintaining our BUY rating, but raising our 12-month price target to $7.00 from $6.50 based on a NPV analysis. This represents significant upside from the current share price. We believe this valuation appropriately balances out the company's high risks with the company's high growth prospects and large upside opportunities.

Company Description

Based in Seattle, WA, Atossa Therapeutics is a clinical-stage biopharmaceutical company focused on COVID-19 and breast cancer drugs development.

Stock Data

Exchange:	NasdaqCM
52-week Range:	$0.70 – 2.31
Shares Outstanding (million):	126
Market cap ($million):	$154
EV ($million):	$79
Debt ($million):	$0
Cash ($million):	$75
Avg. Daily Trading Vol. ($million):	$2
Float (million shares):	118
Short Interest (million shares):	12
Dividend, annual (yield):	$0 (NA%)

Revenues (US$ million)

	2024E (Cur.)	2024E (Old)	2025E (Cur.)	2025E (Old)
Q1 Mar	0A		0E	
Q2 Jun	0A		0E	
Q3 Sep	0A	0E	0E	
Q4 Dec	0E		0E	
Total	**0E**		**0E**	
EV/Revs	N/A		N/A	

Earnings per Share (pro forma)

	2024E (Cur.)	2024E (Old)	2025E (Cur.)	2025E (Old)
Q1 Mar	(0.05)A		(0.06)E	
Q2 Jun	(0.05)A		(0.06)E	
Q3 Sep	(0.06)A	(0.06)E	(0.06)E	
Q4 Dec	(0.06)E		(0.06)E	
Total	**(0.22)E**		**(0.25)E**	
P/E	N/A		N/A	

Important Disclosures

Ascendiant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 14.

Exhibit 1: Atossa Therapeutics Investment Highlights

Investor Highlights

- Lead compound, (Z)-endoxifen being investigated in multiple ongoing and completed Phase 2 trials for breast cancer / breast conditions
- Deep intellectual property portfolio
- Large, unaddressed / underserved market opportunities in breast cancer prevention and treatment settings
- $94M cash at 9/30/23, approximately three-year operating runway
- Experienced management team with extensive life sciences background
- World class R&D collaborators

Source: Company reports

Exhibit 2: Accomplishments and Upcoming Milestones (as of May 2024)

Near Term Catalysts / Capital Table

Near Term Catalysts

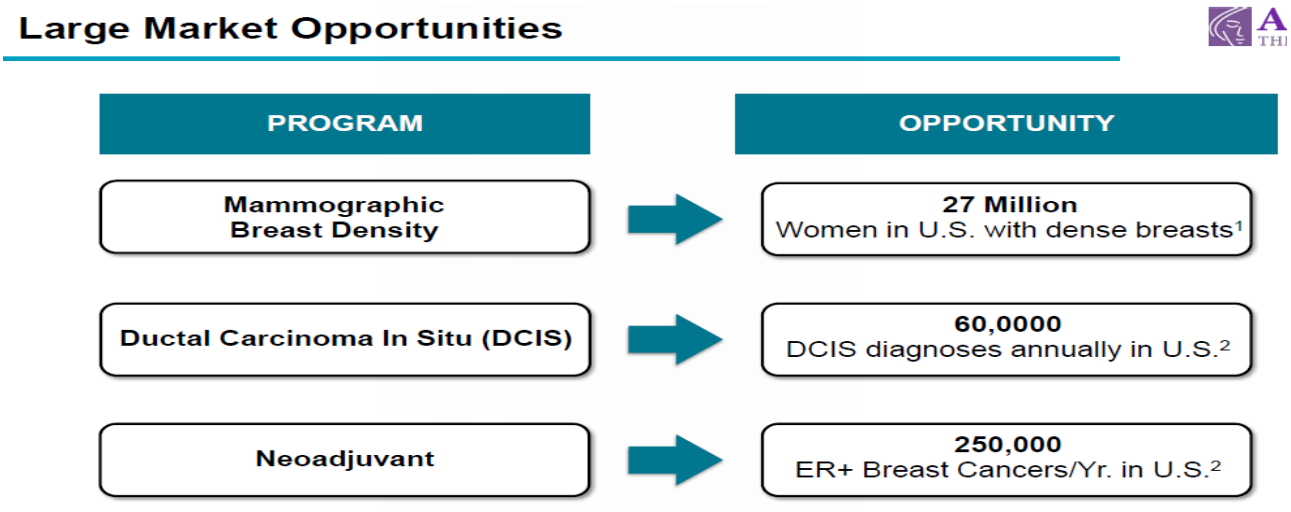
- Mammographic Breast Density
  - Density reduction data available 2H '24
- I-Spy
  - 10mg neoadjuvant data available 2H '24
- EVANGELINE
  - 80mg PK run-in cohort completion 2Q '24
  - Treatment arm initiated – 2H '24
- DCIS
  - Enrollment updates throughout '24
- Combinations
  - CDK 4/6 - enrollment updates throughout '24
  - ADC – clinical start TBD

Key Metrics

- Cash (as of 12/31/23)
  - $88.5M – represents approx. three years working capital
  - Zero debt
- Nasdaq: ATOS (as of 4/26/24)
  - Market Cap - $192M
  - Share Price - $1.53
  - 52 Week Range - $0.59 - $2.31
- Outstanding Warrants / Options (as of 12/31/23)
  - 11.0M warrants exercisable at $1.00 or $1.05/share
  - 10.5M warrants exercisable at $2.88/share
  - 13.7M options exercisable at average $2.04/share

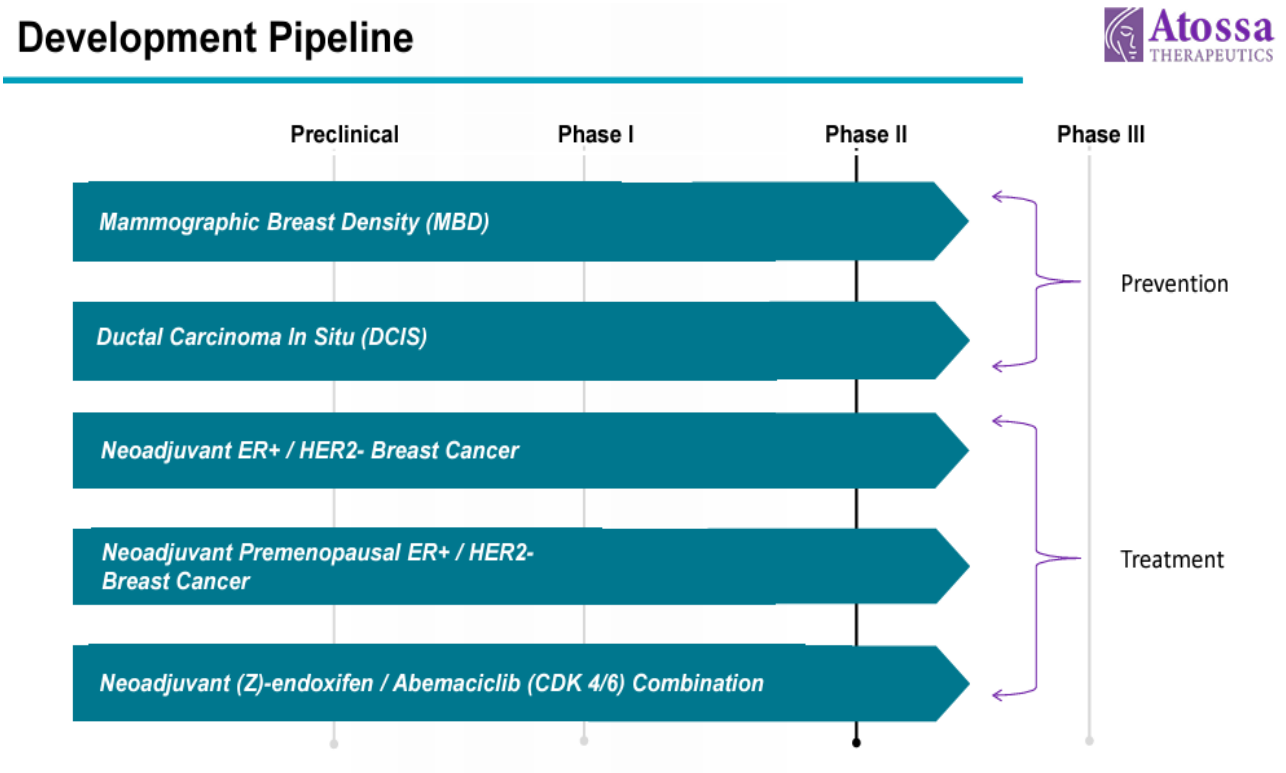
Source: Company reports

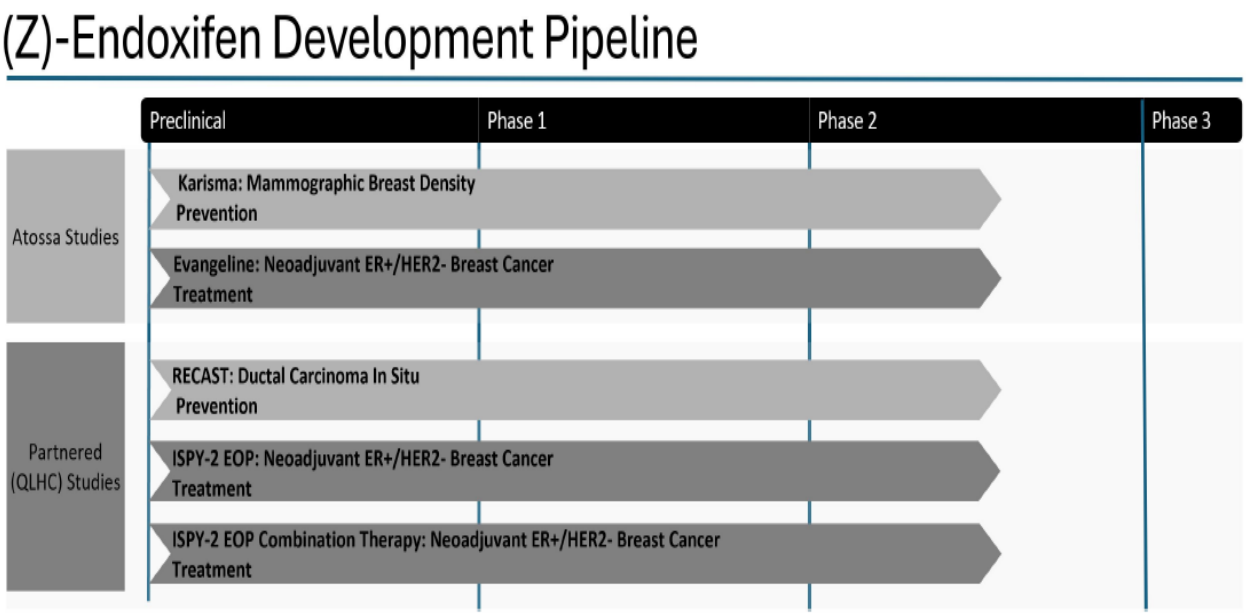
Exhibit 3: Atossa Market Opportunities



Source: Company reports.

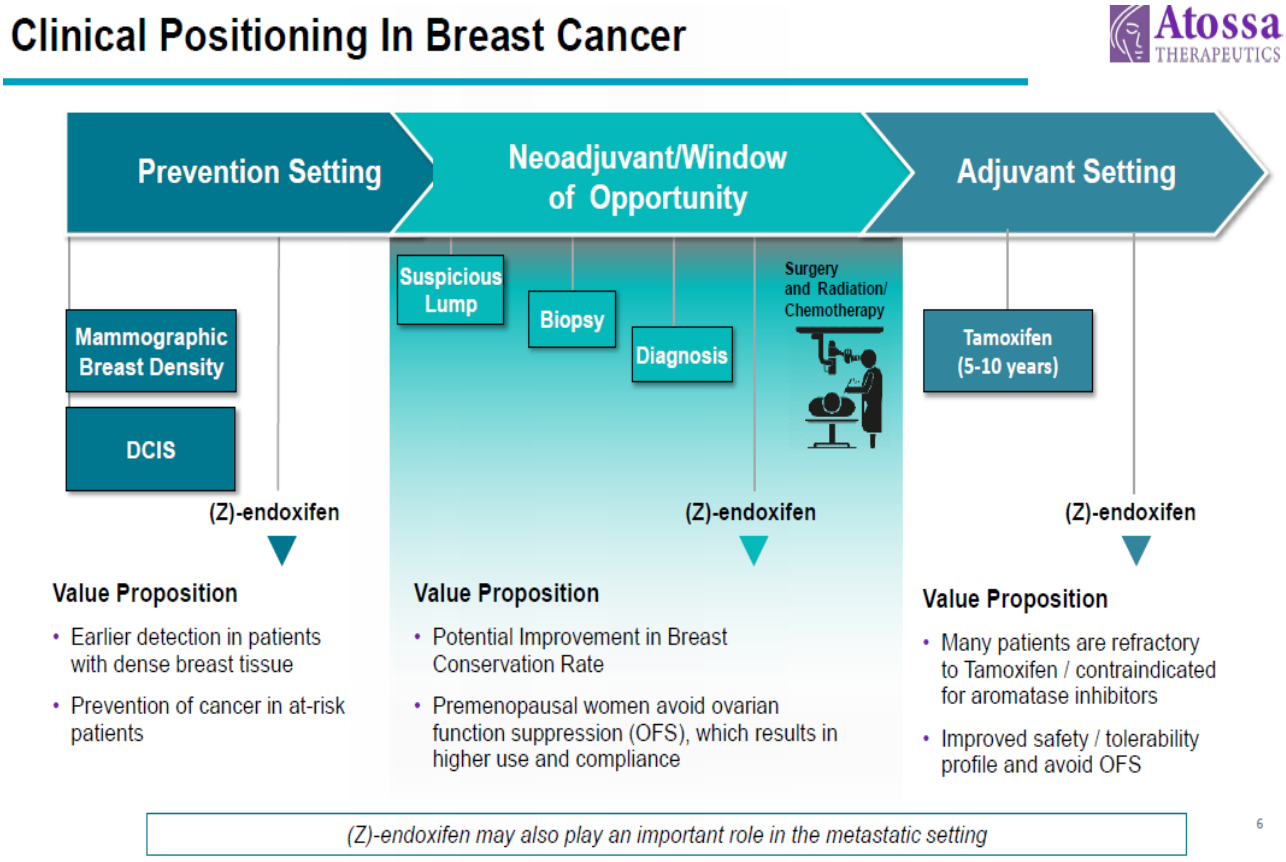
Exhibit 4: Atossa Drug Development Pipeline (as of May 2024)

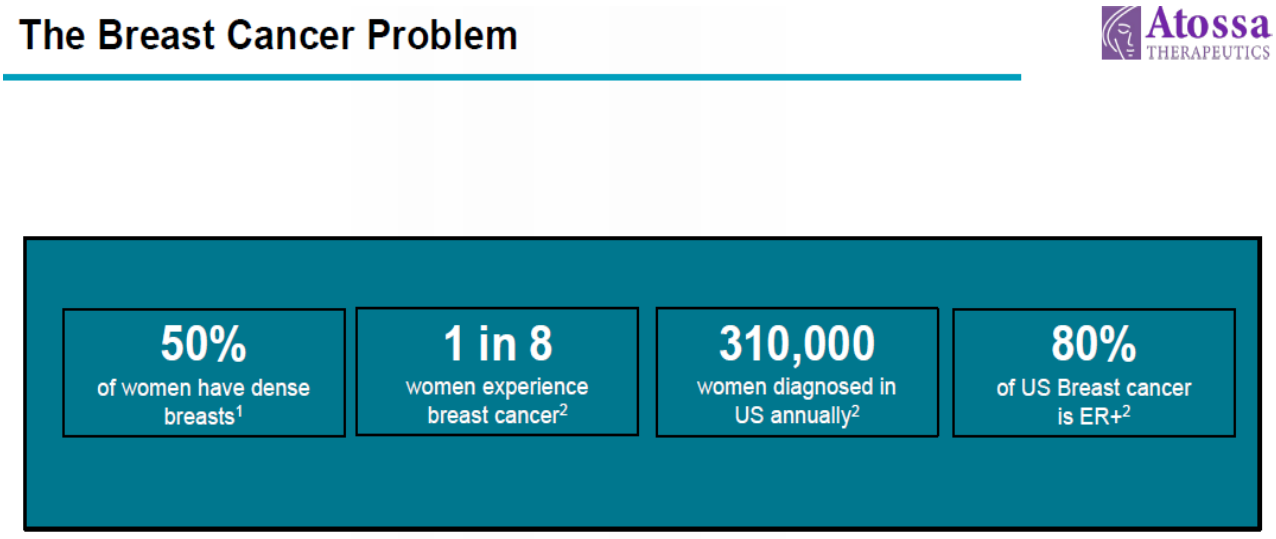




Source: Company reports

Exhibit 5: ENDOXIFEN





Source: Company reports

Exhibit 6: Endoxifen Clinical Trials

Karisma-Endoxifen Study

Issue

- 50% of the women in the world have dense breast tissue
  - Elevated density is a significant independent risk factor for developing breast cancer
  - Elevated density make mammograms less effective
  - Federal legislation goes into effect Sept. '24 requiring notification of density

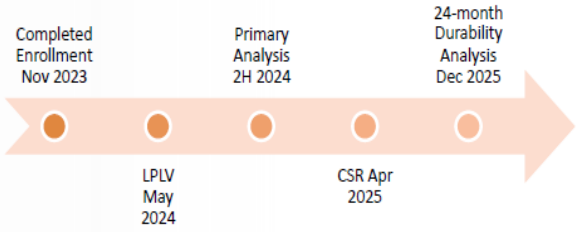
Study

- Phase 2, randomized, double-blind, placebo-controlled, study of (Z)-endoxifen in premenopausal women with Measurable Breast Density (MBD)
  - (Z)-endoxifen 1 or 2 mg/day (or PBO) for 6 months
  - Endpoints – change from baseline in MBD at 3 and 6 months and durability of change at 24 months
  - Fully enrolled (n=240) Nov. '23
  - Six-month density reduction data 2H '24

(Z)-endoxifen Evaluated as an Agent to Reduce Breast Density

KARISMA*

- Phase 2, randomized, double-blind, placebo-controlled, dose-response study of oral (Z)-endoxifen in premenopausal women with Measurable Breast Density (MBD)
  - Initial mammography screening
    - n=240 planned (current enrollment 80%)
  - (Z)-endoxifen 1 or 2 mg/day (or PBO) for 6 months
  - Longitudinal mammography monitoring
  - Primary Endpoint:
    - To determine the dose-response relationship of daily oral (Z)-endoxifen by measurement of mammographic breast density area (cm2) reduction
    - Change from baseline in MBD at 3 and 6 months
    - Durability of change at 24 months



Source: Company reports

Exhibit 7: Endoxifen Clinical Trials

EVANGELINE – Neoadjuvant

Issue

- No effective neoadjuvant therapies for premenopausal ER+ BC
  - Endocrine therapies require ovarian suppression in premenopausal women
  - Adverse event profile leads to compliance challenges
  - Lack of safe and effective neoadjuvant treatment options reduces effectiveness of surgery and increases risk of recurrence

Study

- Phase 2 study of (Z)-endoxifen in premenopausal women with ER+ / HER2- BC
  - Participants receive (Z)-endoxifen daily for six months
  - Began with PK run-in to determine optimal dose to target PKCβ1 inhibition
  - 40mg PK run-in cohort completed in '23
  - Endpoints – Ki-67 reduction and objective response – assessed by MRI and pathology
  - 40mg safety and efficacy data presented at AACR (April 2024)
  - 80mg PK data expected Q2 '24

U.S. Phase 2 Study - EVANGELINE

- Open-label, randomized, Phase 2 study in premenopausal women with Grade 1 or 2 ER+/HER2- breast cancer – first patient was enrolled in February 2023
- Subjects are enrolled with the intent of surgical treatment in the involved breast(s) after completing neoadjuvant study treatment
- Expected to enroll approximately 175 patients at up to 25 sites across the United States
- Primary objective is to evaluate the endocrine sensitive disease rate, measured by Ki-67 compared to treatment with current standard of care
- Current SOC includes medication given to block the ovaries from making estrogen, which in premenopausal women is associated with significant morbidity and inadequate compliance, which compromises efficacy and increases the risk of mortality

Source: Company reports

Exhibit 8: Endoxifen Clinical Trials

I-SPY 2 – Neoadjuvant Combination

Issue

- Women with high clinical stage but less proliferative tumors are particularly challenging to treat
  - High risk of late recurrence
  - Currently approved CDK 4/6 combination therapies have sub-optimal safety profile

Study

- Phase 2 neoadjuvant study of (Z)-endoxifen in combination with *abemaciclib* (VERZENIO) in women diagnosed with ER+ / HER2- invasive breast cancer
  - Co-sponsored by Atossa and Eli Lilly & Company
  - Part of the largest and most successful platform trail in history
  - Participants receive 40mg (Z)-endoxifen and 150mg *abemaciclib* daily for six months
  - Endpoints – Ki-67 reduction and objective response – assessed by MRI and pathology
  - Initiated April '24

U.S. Phase 2 Study – I-SPY 2

- Ground-breaking platform trial for neoadjuvant treatment of locally advanced breast cancer
- (Z)-endoxifen is being evaluated in the Endocrine Optimization Pilot Protocol targeting patients with newly diagnosed ER+ invasive breast cancer for whom chemotherapy is expected to provide little or no benefit
- These patients have substantial risk for recurrence
- Approximately 20 patients will be treated with (Z)-endoxifen for up to 24 weeks prior to surgery
- Enrolling patients at all 41 I-Spy sites across the United States

Source: Company reports

Exhibit 9: Q3 2024 Results and Recent Company Highlights (as of November 12, 2024)

Atossa Therapeutics Announces Third Quarter 2024 Financial Results and Provides Corporate Update

November 12, 2024 1:30 PM EST

- *Announced positive topline results from KARISMA-Endoxifen Phase 2 study which demonstrated that low doses of (Z)-endoxifen significantly reduced mammographic breast density (MBD), addressing a key breast cancer risk factor*
- *Released a preliminary analysis from I-SPY 2 Endocrine Optimization Pilot (EOP) Phase 2 trial of (Z)-endoxifen which met the primary endpoint with 95 percent (19/20 patients) receiving > 75 percent of planned treatment*
- *Announced the dosing of the first patient in a clinical trial conducted in partnership with Quantum Leap Healthcare Collaborativeã evaluating Atossa's proprietary (Z)-endoxifen in combination with abemaciclib (VERZENIO)*
- *Received a new patent (U.S. Patent No. 12,071,391) covering certain compositions of (Z)-endoxifen in free base or salt forms with enteric material, as well as methods of administering these compositions*
- *Ended third quarter 2024 with $74.8 million in cash and cash equivalents and no debt*

SEATTLE, Nov. 12, 2024 (GLOBE NEWSWIRE) -- Atossa Therapeutics, Inc. (Nasdaq: ATOS) ("Atossa" or the "Company") a clinical-stage biopharmaceutical company developing innovative medicines for breast cancer, today announced financial results for the fiscal quarter ended September 30, 2024, and provided an update on recent company developments.

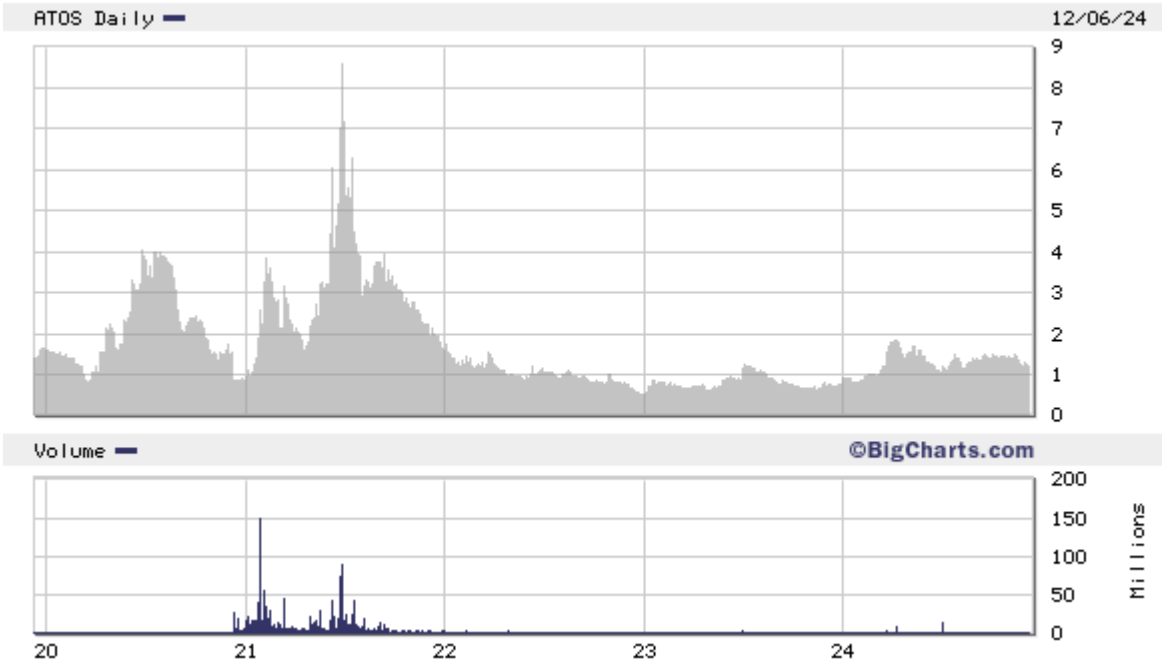
Key developments from Q3 2024 include:

- **Positive Topline Data from KARISMA-Endoxifen Phase 2 Study:** Atossa reported topline results from its KARISMA-Endoxifen Phase 2 study conducted at the Karolinska Institute in Sweden, evaluating (Z)-endoxifen in premenopausal women with mammographic breast density (MBD). The study demonstrated significant MBD reductions of 19.3 percent and 26.5 percent in the 1 mg and 2 mg treatment arms, respectively, compared to placebo, over a six-month period. The treatment was well tolerated, with minimal side effects and no significant safety concerns. Although vasomotor symptoms slightly increased in active treatment groups, they were not a major reason for discontinuation. The Company believes that these findings support the potential of (Z)-endoxifen as a preventative therapy for women with dense breast tissue, an independent risk factor for breast cancer.
- **Promising Preliminary Analysis from Phase 2 I-SPY 2 EOP Trial:** Atossa released a preliminary analysis from its Phase 2 trial of (Z)-endoxifen in ER+/HER2- breast cancer, showing that (Z)-endoxifen met the primary endpoint with 95 percent (19/20) of patients completing >75 percent of planned treatment. The data showed a rapid reduction in key breast cancer biomarkers, including a 69 percent reduction in Ki-67 and a 30.4 percent reduction in functional tumor volume after three weeks. The treatment was well tolerated, with mild side effects and no dose reductions or treatment discontinuations.
- **Initiation of Combination Trial with Quantum Leap Healthcare Collaborative™:** Atossa, in collaboration with Quantum Leap Healthcare Collaborative™, announced that the first patient was dosed in their clinical trial evaluating (Z)-endoxifen in combination with abemaciclib (VERZENIO®) as a neoadjuvant treatment for high-risk women with newly diagnosed ER+/HER2- breast cancer. Part of the ongoing I-SPY 2 Endocrine Optimization Pilot Protocol (EOP), the trial targets patients whose tumors are predicted to be sensitive to endocrine therapy but unlikely to benefit from chemotherapy. The study is expected enroll approximately 80 participants, with pre- and postmenopausal women receiving daily (Z)-endoxifen and abemaciclib for 24 weeks prior to surgery. The trial aims to assess the efficacy and safety of this combination, with results anticipated in 2026.
- **New U.S. Patent Granted for (Z)-Endoxifen Compositions:** The United States Patent and Trademark Office (USPTO) granted Atossa a new patent covering certain compositions of (Z)-endoxifen in free base or salt forms with enteric material, as well as methods of administering these compositions. This fourth issued patent for (Z)-endoxifen broadens Atossa's protection and validates its intellectual property strategy.
- **Appointment of New Vice President of Investor and Public Relations:** Atossa appointed Michael Parks as Vice President of Investor and Public Relations. With nearly 30 years of experience in investor relations and corporate communications, Mr. Parks leads Atossa's corporate, executive, and digital communications, investor relations, and branding.
- **Appointment of Claudia Lopez, DVM, MSc, as Vice President, Clinical Product Development**: Dr. Lopez brings over 20 years of clinical development experience, including leadership roles at Landos Biopharma, Arena Pharmaceuticals, and Takeda Pharmaceuticals. Her expertise in global clinical programs and regulatory strategy will support Atossa's efforts to advance its clinical pipeline and develop next-generation cancer treatments.

"We are energized by the substantial progress Atossa has made this quarter, particularly the positive results from our KARISMA-Endoxifen Phase 2 study, which demonstrated that low doses of (Z)-endoxifen elicited significant reductions in mammographic breast density—an important risk factor for breast cancer," said Steven Quay, M.D., Ph.D., Atossa's President and Chief Executive Officer. "Combined with the promising preliminary data from the I-SPY 2 EOP trial of (Z)-endoxifen showing rapid reductions in Ki-67 and tumor volume, we believe these results further validate the substantial potential of our programs and demonstrate our commitment to developing innovative therapies that can meaningfully impact breast cancer treatment and prevention."

Source: Company reports

Exhibit 10: Atossa Therapeutics, Inc. Stock Price (5-years)



Source: https://bigcharts.marketwatch.com/

Exhibit 11: Consensus Expectations (as of November 12, 2024)

	Revenue (mils)			EPS	
	2024E	2025E		2024E	2025E
Q1 Mar	$0A		Q1 Mar	$(0.05)A	
Q2 Jun	$0A		Q2 Jun	$(0.05)A	
Q3 Sep	$0E		Q3 Sep	$(0.06)E	
Q4 Dec	$0E		Q4 Dec	$(0.06)E	
Total	$0E	$0E	Total	$(0.22)E	$(0.27)E

**Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding*

Source: Company report, LSEG, and Ascendiant Capital Markets estimates

FINANCIAL MODEL

Atossa Therapeutics, Inc.

Income Statement ($ mils)	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Total Revenue	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Cost of Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross Profit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Research and development	1.5	3.4	5.2	5.0	15.1	3.5	3.7	4.5	5.7	17.3	3.7	3.6	3.4	5.0	15.7	5.0	5.0	5.0	5.0	20.0
General and administrative	3.2	3.2	3.0	3.2	12.6	3.6	4.1	3.0	3.4	14.0	3.2	3.6	3.0	3.0	12.8	3.0	3.0	3.0	3.0	12.0
Restructuring and other					0.0					0.0					0.0					0.0
Total operating expenses	4.7	6.6	8.2	8.1	27.7	7.1	7.8	7.5	9.0	31.4	7.0	7.1	6.4	8.0	28.5	8.0	8.0	8.0	8.0	32.0
Operating income (loss)	**(4.7)**	**(6.6)**	**(8.2)**	**(8.1)**	**(27.7)**	**(7.1)**	**(7.8)**	**(7.5)**	**(9.0)**	**(31.4)**	**(7.0)**	**(7.1)**	**(6.4)**	**(8.0)**	**(28.5)**	**(8.0)**	**(8.0)**	**(8.0)**	**(8.0)**	**(32.0)**
Interest income (expense)				0.9	0.9	0.9	1.0	1.3	1.2	4.3	1.1	1.1	1.0	0.0	3.2	0.0	0.0	0.0	0.0	0.0
Other income (expense)	(0.0)	(0.1)	0.2	(0.2)	(0.1)	(0.0)	(3.0)	(0.0)	0.0	(3.1)			(1.8)	0.0	(1.8)	0.0	0.0	0.0	0.0	0.0
Income before income taxes	(4.8)	(6.7)	(8.0)	(7.5)	(27.0)	(6.3)	(9.8)	(6.2)	(7.8)	(30.1)	(5.9)	(6.0)	(7.2)	(8.0)	(27.2)	(8.0)	(8.0)	(8.0)	(8.0)	(32.0)
Income taxes					0.0					0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (loss)	(4.8)	(6.7)	(8.0)	(7.5)	(27.0)	(6.3)	(9.8)	(6.2)	(7.8)	(30.1)	(5.9)	(6.0)	(7.2)	(8.0)	(27.2)	(8.0)	(8.0)	(8.0)	(8.0)	(32.0)
Nonrecurring/noncash adjustments					0.0					0.0					0.0					0.0
Net income (pro forma)	**(4.8)**	**(6.7)**	**(8.0)**	**(7.5)**	**(27.0)**	**(6.3)**	**(9.8)**	**(6.2)**	**(7.8)**	**(30.1)**	**(5.9)**	**(6.0)**	**(7.2)**	**(8.0)**	**(27.2)**	**(8.0)**	**(8.0)**	**(8.0)**	**(8.0)**	**(32.0)**
EBITDA																				
Shares, Basic	126.6	126.6	126.6	126.6	126.6	126.6	126.6	125.8	125.5	126.1	125.3	125.7	125.8	125.9	125.7	126.1	126.2	126.3	126.4	126.2
Shares, Diluted	126.6	126.6	126.6	126.6	126.6	126.6	126.6	125.8	125.5	126.1	125.3	125.7	125.8	125.9	125.7	126.1	126.2	126.3	126.4	126.2
EPS Basic (pro forma)	**($0.04)**	**($0.05)**	**($0.06)**	**($0.06)**	**($0.21)**	**($0.05)**	**($0.08)**	**($0.05)**	**($0.06)**	**($0.24)**	**($0.05)**	**($0.05)**	**($0.06)**	**($0.06)**	**($0.22)**	**($0.06)**	**($0.06)**	**($0.06)**	**($0.06)**	**($0.25)**
EPS Diluted (pro forma)	($0.04)	($0.05)	($0.06)	($0.06)	($0.21)	($0.05)	($0.08)	($0.05)	($0.06)	($0.24)	($0.05)	($0.05)	($0.06)	($0.06)	($0.22)	($0.06)	($0.06)	($0.06)	($0.06)	($0.25)
Margins																				
Gross margin																				
Research and development																				
General and administrative																				
Operating margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Tax rate, GAAP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Y/Y % change																				
Total Revenue																				
Gross margin																				
Research and development	9%	-10%	134%	173%	64%	134%	8%	-13%	13%	15%	7%	-4%	-24%	-12%	-9%	33%	41%	47%	0%	27%
General and administrative	51%	-1%	3%	5%	11%	11%	29%	-1%	7%	11%	-10%	-13%	-1%	-11%	-9%	-7%	-16%	1%	0%	-6%
Operating income (loss)	34%	-6%	59%	69%	35%	50%	18%	-9%	11%	13%	-2%	-9%	-15%	-11%	-9%	15%	13%	25%	0%	12%
Net income (loss)	35%	-5%	54%	55%	31%	31%	47%	-22%	4%	12%	-6%	-38%	16%	3%	-10%	36%	32%	11%	0%	18%
EPS Diluted (pro forma)	-1%	-9%	54%	55%	21%	31%	47%	-22%	4%	12%	-5%	-38%	16%	3%	-9%	35%	32%	10%	0%	17%

Source: Company reports and Ascendiant Capital Markets estimates.

Atossa Therapeutics, Inc.

Balance Sheet ($ mils) Fiscal Year End: December 31	Mar-22 Q1A	Jun-22 Q2A	Sep-22 Q3A	Dec-22 Q4A	Mar-23 Q1A	Jun-23 Q2A	Sep-23 Q3A	Dec-23 Q4A	Mar-24 Q1A	Jun-24 Q2A	Sep-24 Q3A	Dec-24 Q4E	Mar-25 Q1E	Jun-25 Q2E	Sep-25 Q3E	Dec-25 Q4E
Assets																
Cash and cash equivalents	131.5	125.5	117.4	110.9	103.9	99.4	94.0	88.5	84.0	79.5	74.8	67.6	60.4	53.1	45.9	38.6
Short term investments												0.0	0.0	0.0	0.0	0.0
Restricted cash	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Research and development tax rebate receiva		0.9	0.6	0.7	0.7	0.7	0.0					0.0	0.0	0.0	0.0	0.0
Deferred income taxes												0.0	0.0	0.0	0.0	0.0
Prepaid expenses and other	5.3	6.9	5.3	6.5	6.2	5.8	3.5	3.6	3.0	2.1	2.2	2.2	2.2	2.2	2.2	2.2
Total current assets	136.8	133.4	123.4	118.2	110.9	106.0	97.6	92.2	87.1	81.7	77.1	70.0	62.7	55.5	48.2	40.9
Property and equipment, net												(0.0)	(0.0)	0.0	0.0	0.0
Intangibles, net												0.0	0.0	0.0	0.0	0.0
Deferred income tax												0.0	0.0	0.0	0.0	0.0
Other	0.6	0.6	3.3	5.3	5.3	2.4	4.0	4.0	4.0	4.1	2.4	2.4	2.4	2.4	2.4	2.4
Total assets	**137.5**	**134.0**	**126.7**	**123.5**	**116.2**	**108.4**	**101.7**	**96.3**	**91.1**	**85.9**	**79.5**	**72.3**	**65.1**	**57.8**	**50.6**	**43.3**
Liabilities and stockholders' equity																
Accounts payable	1.6	2.1	1.7	3.0	1.4	1.2	0.7	0.8	1.2	1.1	1.6	1.6	1.6	1.6	1.6	1.6
Accrued expenses	0.7	1.7	1.2	2.6	0.6	2.3	2.7	2.6	1.6	1.9	1.7	1.7	1.7	1.7	1.7	1.7
Deferred income tax												0.0	0.0	0.0	0.0	0.0
Warrant liabilities												0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.9	0.0	0.0	1.8	2.5	2.7	2.5	2.5	2.5	2.5	2.5	2.5
Short term debt												0.0	0.0	0.0	0.0	0.0
Total current liabilities	**2.3**	**3.8**	**2.9**	**5.6**	**2.9**	**3.5**	**3.4**	**5.2**	**5.3**	**5.7**	**5.8**	**5.8**	**5.8**	**5.8**	**5.8**	**5.8**
Deferred income taxes												0.0	0.0	0.0	0.0	0.0
Warrant liabilities												0.0	0.0	0.0	0.0	0.0
Other long term liabilities												0.0	0.0	0.0	0.0	0.0
Long term debt												0.0	0.0	0.0	0.0	0.0
Total other liabilities	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Preferred stock	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.0				0.0	0.0	0.0	0.0	0.0
Common stock	22.8	22.8	22.8	22.8	22.8	22.8	22.8	22.8	22.829	22.9	22.9	23.6	24.4	25.1	25.9	26.6
Additional paid-in capital	245.8	247.6	249.2	250.8	252.4	253.8	253.4	254.5	255.096	255.5	256.2	256.2	256.2	256.2	256.2	256.2
Retained earnings	(134.0)	(140.7)	(148.7)	(156.2)	(162.5)	(172.3)	(178.5)	(186.3)	(192.166)	(198.2)	(205.4)	(213.4)	(221.4)	(229.4)	(237.4)	(245.4)
Accumulated other comprehensive income			(0.1)									0.1	0.1	0.1	0.1	0.1
Total stockholders' equity	**135.2**	**130.3**	**123.9**	**118.0**	**113.3**	**104.9**	**98.3**	**91.0**	**85.759**	**80.2**	**73.7**	**66.5**	**59.3**	**52.0**	**44.8**	**37.5**
Total stockholders' equity and liabil	**137.5**	**134.0**	**126.7**	**123.5**	**116.2**	**108.4**	**101.7**	**96.3**	**91.087**	**85.9**	**79.5**	**72.3**	**65.1**	**57.8**	**50.6**	**43.3**

Balance Sheet Drivers

	Mar-22 Q1A	Jun-22 Q2A	Sep-22 Q3A	Dec-22 Q4A	Mar-23 Q1A	Jun-23 Q2A	Sep-23 Q3A	Dec-23 Q4A	Mar-24 Q1A	Jun-24 Q2A	Sep-24 Q3A	Dec-24 Q4E	Mar-25 Q1E	Jun-25 Q2E	Sep-25 Q3E	Dec-25 Q4E
Book & Cash Value (per share)																
Book Value per Share (diluted)	$1.07	$1.03	$0.98	$0.93	$0.89	$0.83	$0.78	$0.73	$0.68	$0.64	$0.59	$0.53	$0.47	$0.41	$0.35	$0.30
Cash per Share (diluted)	$1.04	$0.99	$0.93	$0.88	$0.82	$0.78	$0.75	$0.70	$0.67	$0.63	$0.59	$0.54	$0.48	$0.42	$0.36	$0.31
Net cash per Share (diluted)	$1.04	$0.99	$0.93	$0.88	$0.82	$0.78	$0.75	$0.70	$0.67	$0.63	$0.59	$0.54	$0.48	$0.42	$0.36	$0.31

Source: Company reports and Ascendiant Capital Markets estimates

Atossa Therapeutics, Inc.

Cash Flow Statement ($ mils)	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Cash flow from operating activities																				
Net income	(4.8)	(6.7)	(8.0)	(7.5)	(27.0)	(6.3)	(9.8)	(6.2)	(7.8)	(30.1)	(5.9)	(6.0)	(7.2)	(8.0)	(27.2)	(8.0)	(8.0)	(8.0)	(8.0)	(32.0)
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization					0.0					0.0					0.0					0.0
Debt related amortization expense					0.0					0.0					0.0					0.0
Stock comp	1.8	1.8	1.7	1.5	6.8	1.6	1.6	0.9	0.5	4.6	0.4	0.4	0.7	0.7	2.3	0.7	0.7	0.7	0.7	3.0
Deferred rent					0.0					0.0					0.0					0.0
A/R reserves					0.0					0.0					0.0					0.0
Deferred income taxes					0.0					0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in fair value of warrant liability					0.0					0.0					0.0					0.0
Writedowns and impairments					0.0		3.0			3.0			1.7		1.7					0.0
Other gains/losses					0.0					0.0	0.0	0.0	(0.0)		0.0					0.0
Other		0.0	0.0		0.0					0.0					0.0					0.0
Changes in operating assets and liabilities:																				
Prepaid expenses & other curre	(1.4)	(1.4)	0.2	1.1	(1.5)	(1.3)	(0.5)	2.3	2.2	2.8	0.7	0.9	(0.2)	0.0	1.4	0.0	0.0	0.0	0.0	0.0
Research and development tax	0.4	(0.2)	0.3	(0.1)	0.3	0.0	0.0	0.7	0.0	0.7					0.0					0.0
Income tax					0.0					0.0					0.0					0.0
Other assets	(0.1)	(0.9)	1.4	(2.2)	(1.8)	1.6	0.9	(1.7)	(2.4)	(1.7)		(0.1)	0.1	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
Accounts payable	(0.1)	0.5	(0.4)	1.3	1.2	(1.5)	(0.4)	(0.3)	0.1	(2.2)	0.4	(0.2)	0.5	0.0	0.8	0.0	0.0	0.0	0.0	0.0
Accrued expenses	(0.1)	0.7	(0.8)	1.1	0.9	(0.4)	0.2	0.4	(0.2)	(0.1)	(0.4)	1.3	(0.2)	0.0	0.7	0.0	0.0	0.0	0.0	0.0
Other liabilities	(0.6)	0.3	0.3	0.3	0.3	(0.7)	0.6	0.0	1.9	1.9	0.0	(0.7)	(0.2)	0.0	(0.9)	0.0	0.0	0.0	0.0	0.0
Net cash (used in) provided by	**(4.9)**	**(5.9)**	**(5.4)**	**(4.5)**	**(20.8)**	**(7.0)**	**(4.5)**	**(3.9)**	**(5.6)**	**(20.9)**	**(4.7)**	**(4.5)**	**(4.8)**	**(7.2)**	**(21.2)**	**(7.2)**	**(7.2)**	**(7.2)**	**(7.2)**	**(29.0)**
Cash flow from investing activities																				
Purchases of property and equi	(0.0)		(0.0)	(0.0)	(0.0)		(0.0)	(0.0)		(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Purchases of short-term investments					0.0					0.0					0.0					0.0
Acquisitions			(2.7)	(2.0)	(4.7)					0.0					0.0					0.0
Other					0.0					0.0					0.0					0.0
Net cash used in investing acti	**(0.0)**	**0.0**	**(2.7)**	**(2.0)**	**(4.7)**	**0.0**	**(0.0)**	**(0.0)**	**0.0**	**(0.0)**	**(0.0)**	**(0.0)**	**(0.0)**	**(0.0)**	**(0.0)**	**(0.0)**	**(0.0)**	**(0.0)**	**(0.0)**	**(0.1)**
Cash flow from financing activities																				
Issuance of debt					0.0					0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of debt					0.0					0.0					0.0					0.0
Issuance of stock					0.0			(1.5)		(1.5)				(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Proceeds from stock option exercises					0.0					0.0	0.2	0.1			0.3					0.0
Other					0.0					0.0					0.0					0.0
Dividends and distributions					0.0					0.0					0.0					0.0
Cash provided by (used in) fina	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(1.5)**	**0.0**	**(1.5)**	**0.2**	**0.1**	**0.0**	**(0.0)**	**0.3**	**(0.0)**	**(0.0)**	**(0.0)**	**(0.0)**	**(0.0)**
Effect of exchange rate on cash			(0.1)	0.1	0.0					0.0					0.0					0.0
Net increase (decrease) in cash	**(4.9)**	**(5.9)**	**(8.2)**	**(6.5)**	**(25.5)**	**(7.0)**	**(4.5)**	**(5.4)**	**(5.6)**	**(22.4)**	**(4.5)**	**(4.4)**	**(4.8)**	**(7.3)**	**(20.9)**	**(7.3)**	**(7.3)**	**(7.3)**	**(7.3)**	**(29.0)**
Beginning cash and equivalents	**136.5**	**131.6**	**125.6**	**117.5**	**136.5**	**111.0**	**104.0**	**99.5**	**94.1**	**111.0**	**88.6**	**84.1**	**79.6**	**74.9**	**88.6**	**67.6**	**60.4**	**53.1**	**45.9**	**67.6**
Ending cash and equivalents	**131.6**	**125.6**	**117.5**	**111.0**	**111.0**	**104.0**	**99.5**	**94.1**	**88.6**	**88.6**	**84.1**	**79.6**	**74.9**	**67.6**	**67.6**	**60.4**	**53.1**	**45.9**	**38.6**	**38.6**

Source: Company reports and Ascendiant Capital Markets estimates

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Atossa Therapeutics, Inc.

Source: https://bigcharts.marketwatch.com/

	Report Date		Price
Report	Date	Rating	Target
1	9/17/2020	Buy	7.00
2	11/15/2020	Buy	7.50
3	4/6/2021	Buy	7.75
4	5/31/2021	Buy	8.00
5	9/7/2021	Buy	8.50
6	11/20/2021	Buy	8.75
7	3/3/2022	Buy	8.00
8	5/29/2022	Buy	7.50
9	8/17/2022	Buy	7.00
10	11/12/2022	Buy	6.00
11	3/27/2023	Buy	5.50
12	5/23/2023	Buy	5.25
13	9/6/2023	Buy	5.50
14	12/22/2023	Buy	5.75
15	5/1/2024	Buy	6.00
16	6/5/2024	Buy	6.25
17	9/10/2024	Buy	6.50

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Total return is defined as price appreciation plus dividend yield.

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			Investment Banking Services Past 12 months	
Rating	**Count**	**Percent**	**Count**	**Percent**
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Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	59	100%	25	42%

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