

Atossa Therapeutics, Inc.

Q4 inline. Breast cancer clinical trials milestones and CAR-T M&A in 2023 should be catalysts for stock. Lowering P/T to \$5.50.

COMPANY UPDATE

Rating: BUY

Ticker: ATOS

Price: \$0.66

Target: \$5.50
(from \$6.00)

Q4 about inline: Atossa recently (on March 22) reported its Q4 2022 (ending December) results. Net loss was \$7.5 million or EPS of \$(0.06), compared with our estimates of \$(0.06). There was no Q4 guidance or consensus. Atossa is a clinical stage drug development company so it generates no revenue.

Operating expenses: Operating expenses were \$8.1 million, about flat from \$8.1 million in Q3 2022 as higher clinical activities are continuing.

No guidance: Management did not provide forward guidance, but we believe ~\$8 million to be a reasonable near term quarterly cash burn rate.

Lowering estimates: We are lowering our 2023 EPS estimate to \$(0.25) from \$(0.22).

Focused on 2 drugs in development: Atossa has two main therapeutic drug candidates, one for lung oncology and one for breast cancer (for 2 settings).

Focusing away from COVID-19: In July, the company announced a shift in focus for AT-H201 away from COVID-19 and towards oncology due to wide spread COVID-19 vaccine and therapeutics options. In October, Atossa has stopped its other COVID-19 drug under development, AT-301.

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.

3 clinical trial in progress: In December 2021, Atossa began to enroll patients in its clinical study 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.

Potential CAR-T acquisition: In July, the company entered into an agreement to negotiate to acquire a pre-clinical stage private company (Dynamic Cell Therapies, Inc.) developing novel Chimeric Antigen Receptor (CAR) T-cell therapies. Atossa has invested \$5 million for 19% of the company.

Clinical data and M&A 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 and the pending acquisition will likely be 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.

Trading less than cash value: We note that Atossa share price is trading below cash value. The current market cap of the company is ~\$84 million while it has ~\$111 million in cash.

Current valuation attractive: We are maintaining our BUY rating, but lowering our 12-month price target to \$5.50 from \$6.00 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.

United States
Healthcare

March 27, 2023

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Stock Data

Exchange:	NasdaqCM
52-week Range:	\$0.50 – 1.47
Shares Outstanding (million):	127
Market cap (\$million):	\$84
EV (\$million):	\$(27)
Debt (\$million):	\$0
Cash (\$million):	\$111
Avg. Daily Trading Vol. (\$million):	\$1
Float (million shares):	119
Short Interest (million shares):	9
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2023E</u> <u>(Cur.)</u>	<u>2023E</u> <u>(Old)</u>	<u>2024E</u> <u>(Cur.)</u>	<u>2024E</u> <u>(Old)</u>
Q1 Mar	0E		0E	
Q2 Jun	0E		0E	
Q3 Sep	0E		0E	
Q4 Dec	<u>0E</u>		<u>0E</u>	
Total	0E		0E	
EV/Revs	N/A		N/A	

Earnings per Share (pro forma)

	<u>2023E</u> <u>(Cur.)</u>	<u>2023E</u> <u>(Old)</u>	<u>2024E</u> <u>(Cur.)</u>	<u>2024E</u> <u>(Old)</u>
Q1 Mar	(0.06)E		(0.06)E	
Q2 Jun	(0.06)E		(0.06)E	
Q3 Sep	(0.06)E		(0.06)E	
Q4 Dec	<u>(0.06)E</u>		<u>(0.06)E</u>	
Total	<u>(0.26)E</u>	<u>(0.22)E</u>	<u>(0.25)E</u>	
P/E	N/A		N/A	

Important Disclosures

Ascendant 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 12.

Exhibit 1: Atossa Therapeutics, Inc.

Corporate Summary

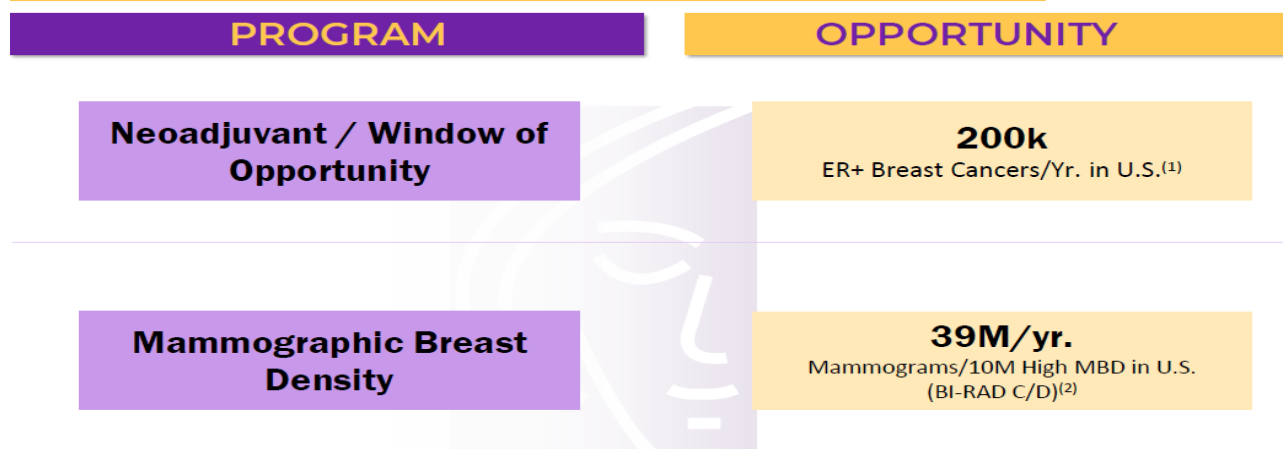


Company	Atossa Therapeutics, Inc. (NASDAQ: ATOS)	
Our Mission	To develop innovative proprietary medicines to address significant unmet needs in cancer	
Debt	None (December 31, 2022)	
Cash	\$111M (December 31, 2022)	
Capital (Dec. 31, 2022)	<ul style="list-style-type: none">• 126.62M shares common stock• 165k shares preferred stock, as converted basis	<ul style="list-style-type: none">• 11.0M warrants exercisable at \$1.00 or \$1.05/share• 10.5M warrants exercisable at \$2.88/share• 10.3M options exercisable at ave. \$2.59/share
Corporate HQ	Seattle, Washington, USA	

Source: Company reports

Exhibit 2: Atossa Market Opportunities

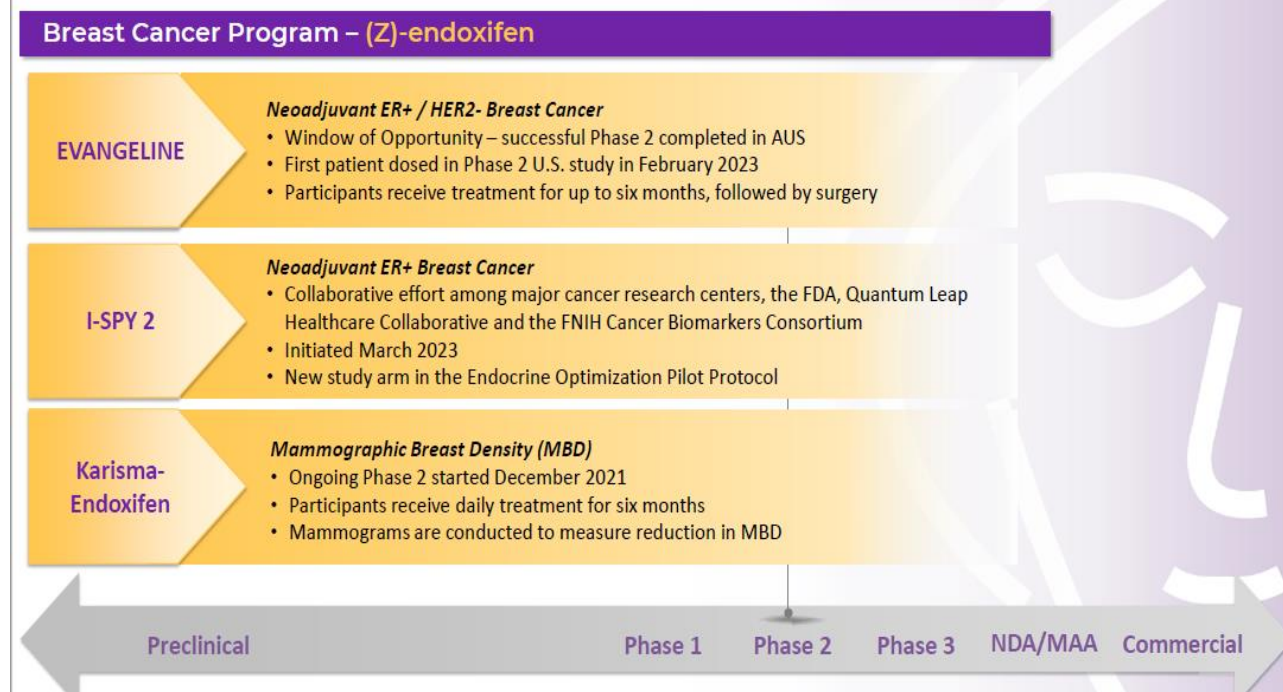
Large Market Opportunities



Source: Company reports.

Exhibit 3: Atossa Drug Development Pipeline

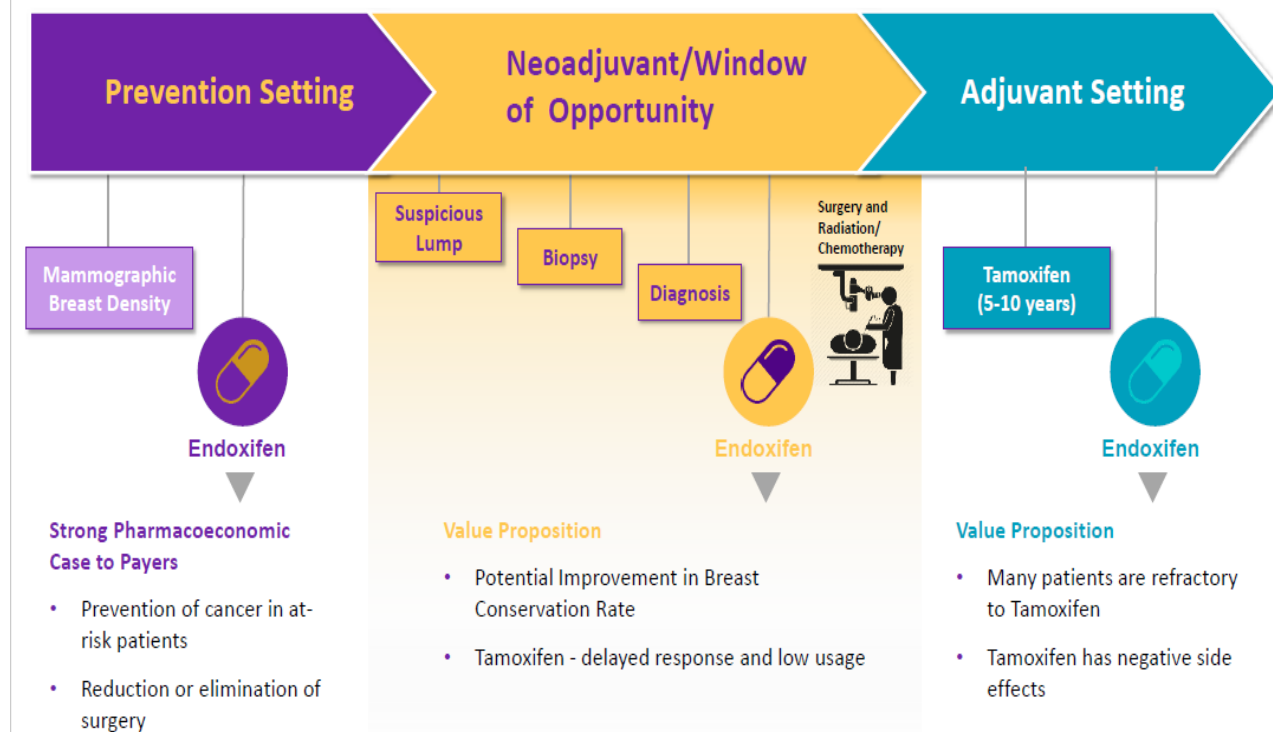
Clinical Development Pipeline



Source: Company reports

Exhibit 4: ENDOXIFEN

Clinical Positioning In Breast Cancer



The Breast Cancer Problem



- 1 in 8** women experience breast cancer
- 281,000** women diagnosed in US annually
- 2nd** leading cause of cancer death in American women

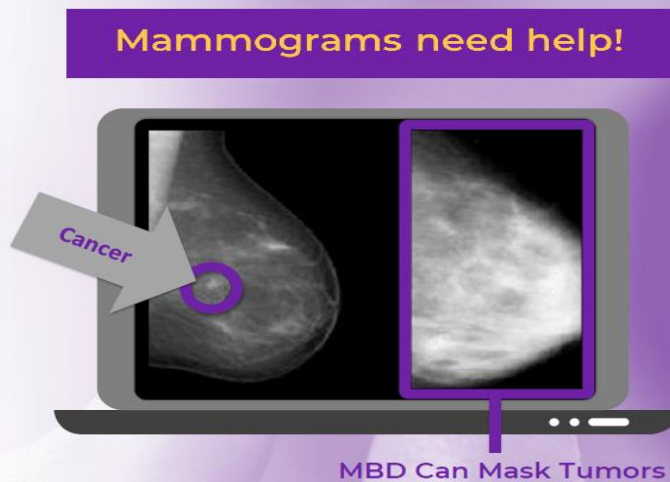
Source: Company reports

Exhibit 5: Endoxifen Clinical Trials

(Z)-endoxifen Phase 2 Study in Stockholm



- Being conducted in Stockholm by So. Gen. Hospital – Per Hall, M.D., Ph.D., Head of the Department of Medical Epidemiology and Biostatistics at Karolinska Institute
- Primary objective – PD study to determine the dose-response relationship of daily endoxifen on MBD reduction
- Randomized, double-blinded and placebo-controlled
- 240 pre-menopausal women with measurable MBD dosed for six months
- Full enrollment expected by the end of 2023

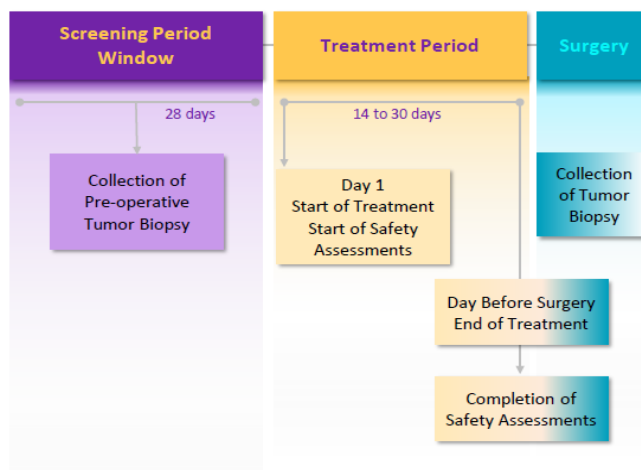


(Z)-endoxifen – Successful Phase 2 Study in AUS



Phase 2 Open Label Study Of (Z)-endoxifen In Patients With Invasive Breast Cancer (WoO Study)

- Population: ER+, HER2- invasive breast cancer requiring lumpectomy or mastectomy
- Daily oral dosing – time period between diagnosis and surgery
 - 6/7 pts had 65% reduction in Ki-67 and 7/7 <25% Ki-67 at surgery
- No adverse safety signals or laboratory findings
- Favorable results allowed early termination in Feb. 2021



Source: Company reports

Exhibit 6: Endoxifen Clinical Trials

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

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 7: Q4 2022 and Recent Company Highlights

Key developments from Q4 2022 and year to date include:

Initiation and First Patient Dosed in Phase 2 EVANGELINE Study – EVANGELINE (Endoxifen Versus exemestANe GosEreLIn), is our Phase 2 randomized non-inferiority study of (Z)-endoxifen compared to exemestane plus goserelin as a neoadjuvant treatment for premenopausal women with Grade 1 or 2 ER+ / HER2- breast cancer. Participants receive neoadjuvant treatment for up to six months, followed by surgery. Several FDA-approved neoadjuvant therapies exist for ER- breast cancers, but few exist for ER+ patients, which account for approximately 78% of breast cancers. We expect to enroll approximately 175 patients at up to 25 sites across the United States.

Continued Enrollment in Phase 2 Karisma-Endoxifen Study – The Karisma-Endoxifen study is our randomized, double-blind, placebo-controlled trial of healthy, pre-menopausal women with increased breast density. The treatment cohort receives daily doses of (Z)-endoxifen for six months, over the course of which mammograms will be conducted to measure reduction in mammographic breast density (MBD). Patients will also be given a mammogram at 24 months to assess the durability of the MBD changes. MBD affects more than 10 million women in the United States and many millions more worldwide. Increased MBD reduces the ability of mammograms to detect cancer. Studies have also shown that women with MBD have an increased risk of developing breast cancer and that the higher the MBD, the higher the incidence of breast cancer. We expect to fully enroll the study by the end of 2023.

Initiation of New Study Arm in the Ongoing Phase 2 I-SPY 2 Clinical Trial – (Z)-endoxifen is being evaluated in a new study arm of the ongoing I-SPY 2 clinical trial. The I-SPY 2 trial evaluates neoadjuvant treatments for locally advanced breast cancer and is a collaborative effort among academic investigators from major cancer research centers across the United States, Quantum Leap Healthcare Collaborative, the U.S. Food and Drug Administration, and the Foundation for the National Institutes of Health (FNIH) Cancer Biomarkers Consortium. Approximately 20 patients will be treated with (Z)-endoxifen for up to 24 weeks prior to surgery.

Investment in Dynamic Cell Therapies, Inc. (DCT) – DCT is a privately held, venture capital backed developer of CAR-T therapies in the pre-clinical phase of developing controllable CAR-T cells to address difficult-to-treat cancers. Its platform technology of dynamic control of engineered T-cells is designed to improve the safety, efficacy, and durability of CAR-T cell therapies. Our investment totaled \$4.7 million and resulted in Atossa owning approximately 19% of the outstanding capital stock of DCT.

Source: Company reports

Exhibit 8: Atossa Therapeutics, Inc. Stock Price (5-years)



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

FINANCIAL MODEL

Atossa Therapeutics, Inc.

Income Statement (\$ mils)	Mar-21	Jun-21	Sep-21	Dec-21	2021	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
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1E	Q2E	Q3E	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
<u>Cost of Revenues</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
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	1.4	3.8	2.2	1.8	9.2	1.5	3.4	5.2	5.0	15.1	5.0	5.0	5.0	5.0	20.0	5.0	5.0	5.0	5.0	20.0
General and administrative	2.2	3.2	3.0	3.0	11.3	3.2	3.2	3.0	3.2	12.6	3.0	3.0	3.0	3.0	12.0	3.0	3.0	3.0	3.0	12.0
<u>Restructuring and other</u>					<u>0.0</u>					<u>0.0</u>					<u>0.0</u>					<u>0.0</u>
Total operating expenses	3.5	7.0	5.2	4.8	20.5	4.7	6.6	8.2	8.1	27.7	8.0	8.0	8.0	8.0	32.0	8.0	8.0	8.0	8.0	32.0
Operating income (loss)	(3.5)	(7.0)	(5.2)	(4.8)	(20.5)	(4.7)	(6.6)	(8.2)	(8.1)	(27.7)	(8.0)	(8.0)	(8.0)	(8.0)	(32.0)	(8.0)	(8.0)	(8.0)	(8.0)	(32.0)
Interest income (expense)					0.0				0.9	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<u>Other income (expense)</u>	<u>(0.0)</u>	<u>(0.0)</u>	<u>(0.0)</u>	<u>(0.0)</u>	<u>(0.1)</u>	<u>(0.0)</u>	<u>(0.1)</u>	<u>0.2</u>	<u>(0.2)</u>	<u>(0.1)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Income before income taxes	(3.5)	(7.0)	(5.2)	(4.8)	(20.6)	(4.8)	(6.7)	(8.0)	(7.5)	(27.0)	(8.0)	(8.0)	(8.0)	(8.0)	(32.0)	(8.0)	(8.0)	(8.0)	(8.0)	(32.0)
<u>Income taxes</u>					<u>0.0</u>					<u>0.0</u>					<u>0.0</u>					<u>0.0</u>
Net income (loss)	(3.5)	(7.0)	(5.2)	(4.8)	(20.6)	(4.8)	(6.7)	(8.0)	(7.5)	(27.0)	(8.0)	(8.0)	(8.0)	(8.0)	(32.0)	(8.0)	(8.0)	(8.0)	(8.0)	(32.0)
<u>Nonrecurring/noncash adjustments</u>					<u>0.0</u>					<u>0.0</u>					<u>0.0</u>					<u>0.0</u>
Net income (pro forma)	(3.5)	(7.0)	(5.2)	(4.8)	(20.6)	(4.8)	(6.7)	(8.0)	(7.5)	(27.0)	(8.0)	(8.0)	(8.0)	(8.0)	(32.0)	(8.0)	(8.0)	(8.0)	(8.0)	(32.0)
EBITDA																				
Shares, Basic	92.6	121.6	126.5	126.6	117.0	126.6	126.6	126.6	126.6	126.6	126.8	126.9	127.0	127.1	127.0	127.3	127.4	127.5	127.6	127.5
Shares, Diluted	92.6	121.6	126.5	126.6	117.0	126.6	126.6	126.6	126.6	126.6	126.8	126.9	127.0	127.1	127.0	127.3	127.4	127.5	127.6	127.5
EPS Basic (pro forma)	(\$0.04)	(\$0.06)	(\$0.04)	(\$0.04)	(\$0.18)	(\$0.04)	(\$0.05)	(\$0.06)	(\$0.06)	(\$0.21)	(\$0.06)	(\$0.06)	(\$0.06)	(\$0.06)	(\$0.25)	(\$0.06)	(\$0.06)	(\$0.06)	(\$0.06)	(\$0.25)
EPS Diluted (pro forma)	(\$0.04)	(\$0.06)	(\$0.04)	(\$0.04)	(\$0.18)	(\$0.04)	(\$0.05)	(\$0.06)	(\$0.06)	(\$0.21)	(\$0.06)	(\$0.06)	(\$0.06)	(\$0.06)	(\$0.25)	(\$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
YY % change																				
Total Revenue																				
Gross margin																				
Research and development	47%	130%	33%	-23%	39%	9%	-10%	134%	173%	64%	234%	46%	-3%	0%	33%	0%	0%	0%	0%	0%
General and administrative	8%	40%	60%	61%	41%	51%	-1%	3%	5%	11%	-8%	-5%	-1%	-5%	-5%	0%	0%	0%	0%	0%
Operating income (loss)	20%	78%	47%	14%	40%	34%	-6%	59%	69%	35%	69%	21%	-2%	-2%	16%	0%	0%	0%	0%	0%
Net income (loss)	20%	80%	49%	-60%	-8%	35%	-5%	54%	55%	31%	67%	20%	0%	7%	19%	0%	0%	0%	0%	0%
EPS Diluted (pro forma)	-88%	-86%	-88%	-95%	-91%	-1%	-9%	54%	55%	21%	67%	20%	0%	6%	18%	0%	0%	0%	0%	0%

Source: Company reports and Ascendant Capital Markets estimates.

Atossa Therapeutics, Inc.

Balance Sheet (\$ mils)	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																
Cash and cash equivalents	137.6	142.4	140.0	136.4	131.5	125.5	117.4	110.9	104.5	98.1	91.6	85.1	78.6	72.1	65.6	59.1
Short term investments									0.0	0.0	0.0	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 rebat	0.7	0.8	0.9	1.1	0.9	0.9	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Deferred income taxes									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prepaid expenses and other	2.6	2.5	1.9	3.7	5.3	6.9	5.3	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Total current assets	141.0	145.8	143.0	141.2	136.8	133.4	123.4	118.2	111.8	105.4	98.9	92.4	85.9	79.4	72.9	66.4
Property and equipment, net	0.0	0.0	0.0	0.0					0.0	0.0	0.0	0.1	0.1	0.2	0.2	0.2
Intangibles, net	0.0	0.0							0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income tax									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.6	0.6	3.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3
Total assets	141.1	145.9	143.0	141.3	137.5	134.0	126.7	123.5	117.2	110.7	104.3	97.8	91.4	84.9	78.5	72.0
Liabilities and stockholders' equity																
Accounts payable	0.7	0.5	0.7	1.7	1.6	2.1	1.7	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Accrued expenses	0.6	1.2	1.0	1.4	0.7	1.7	1.2	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Deferred income tax									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Warrant liabilities									0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short term debt									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total current liabilities	1.4	1.8	1.7	3.1	2.3	3.8	2.9	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Deferred income taxes									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Warrant liabilities									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long term debt									0.0	0.0	0.0	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	0.0	0.0	0.0	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Common stock	21.7	22.7	22.8	22.8	22.8	22.8	22.8	22.8	24.3	25.9	27.4	29.0	30.5	32.1	33.6	35.2
Additional paid-in capital	230.1	240.6	243.0	244.0	245.8	247.6	249.2	250.8	250.8	250.8	250.8	250.8	250.8	250.8	250.8	250.8
Retained earnings	(112.2)	(119.2)	(124.4)	(129.2)	(134.0)	(140.7)	(148.7)	(156.2)	(164.2)	(172.2)	(180.2)	(188.2)	(196.2)	(204.2)	(212.2)	(220.2)
Accumulated other comprehensive income							(0.1)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total stockholders' equity	139.7	144.1	141.3	138.1	135.2	130.3	123.9	118.0	111.5	105.1	98.6	92.1	85.7	79.2	72.8	66.3
Total stockholders' equity and liabil	141.1	145.9	143.0	141.3	137.5	134.0	126.7	123.5	117.1	110.6	104.2	97.7	91.3	84.8	78.3	71.9

Balance Sheet Drivers

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$1.51	\$1.19	\$1.12	\$1.09	\$1.07	\$1.03	\$0.98	\$0.93	\$0.88	\$0.83	\$0.78	\$0.72	\$0.67	\$0.62	\$0.57	\$0.52
Cash per Share (diluted)	\$1.49	\$1.17	\$1.11	\$1.08	\$1.04	\$0.99	\$0.93	\$0.88	\$0.82	\$0.77	\$0.72	\$0.67	\$0.62	\$0.57	\$0.51	\$0.46
Net cash per Share (diluted)	\$1.49	\$1.17	\$1.11	\$1.08	\$1.04	\$0.99	\$0.93	\$0.88	\$0.82	\$0.77	\$0.72	\$0.67	\$0.62	\$0.57	\$0.51	\$0.46

Source: Company reports and Ascendant Capital Markets estimates

Atossa Therapeutics, Inc.

Cash Flow Statement (\$ mils)	Mar-21	Jun-21	Sep-21	Dec-21	2021	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	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Cash flow from operating activities																					
Net income	(3.5)	(7.0)	(5.2)	(4.8)	(20.6)	(4.8)	(6.7)	(8.0)	(7.5)	(27.0)	(8.0)	(8.0)	(8.0)	(8.0)	(32.0)	(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	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	
Debt related amortization expense	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	
Stock comp	0.6	1.2	1.8	1.6	5.3	1.8	1.8	1.7	1.5	6.8	1.5	1.5	1.5	1.5	6.2	1.5	1.5	1.5	1.5	6.2	
Deferred rent	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	
A/R reserves	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	
Deferred income taxes	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	
Change in fair value of warrant liability	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	
Writedowns and impairments	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	
Other gains/losses	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	
Other	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	
Changes in operating assets and liabilities:																					
Prepaid expenses & other curre	(0.7)	0.2	0.5	(0.6)	(0.7)	(1.4)	(1.4)	0.2	1.1	(1.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Research and development tax	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	0.4	(0.2)	0.3	(0.1)	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Income tax	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	
Other assets	0.6	0.0	0.1	(1.2)	(0.5)	(0.1)	(0.9)	1.4	(2.2)	(1.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Accounts payable	(0.9)	(0.2)	0.1	1.0	0.1	(0.1)	0.5	(0.4)	1.3	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Accrued expenses	(0.4)	0.6	(0.2)	0.4	0.3	(0.1)	0.7	(0.8)	1.1	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other liabilities	0.0	0.0	(0.0)	0.0	0.0	(0.6)	0.3	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net cash (used in) provided by	(4.4)	(5.3)	(3.1)	(3.7)	(16.5)	(4.9)	(5.9)	(5.4)	(4.5)	(20.8)	(6.5)	(6.5)	(6.5)	(6.5)	(25.8)	(6.5)	(6.5)	(6.5)	(6.5)	(25.8)	
Cash flow from investing activities																					
Purchases of property and equipment			(0.0)	0.0	(0.0)	(0.0)		(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)	(0.0)	(0.1)	(0.2)	
Purchases of short-term investments					0.0					0.0					0.0					0.0	
Acquisitions					0.0		(2.7)	(2.0)		(4.7)					0.0					0.0	
Other					0.0					0.0					0.0					0.0	
Net cash used in investing activ	0.0	0.0	(0.0)	0.0	(0.0)	(0.0)	0.0	(2.7)	(2.0)	(4.7)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)	(0.0)	(0.1)	(0.2)	
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	0.0	0.0	0.0	
Repayment of debt					0.0					0.0					0.0					0.0	
Issuance of stock	69.7			(0.0)	69.7					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Proceeds from stock option exe	32.8	10.2	0.7	0.0	43.6					0.0				0.0						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	102.4	10.2	0.7	0.0	113.3	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	
Effect of exchange rate on cash					0.0		(0.1)	0.1		0.0				0.0						0.0	
Net increase (decrease) in cash	98.0	4.9	(2.4)	(3.7)	96.8	(4.891)	(5.949)	(8.170)	(6.5)	(25.5)	(6.5)	(6.5)	(6.5)	(6.5)	(25.9)	(6.5)	(6.5)	(6.5)	(6.5)	(26.0)	
Beginning cash and equivalents	39.7	137.7	142.5	140.2	39.7	136.5	131.6	125.6	117.5	136.5	111.0	104.5	98.1	91.6	111.0	85.1	78.6	72.1	65.6	85.1	
Ending cash and equivalents	137.7	142.5	140.2	136.5	136.5	131.6	125.6	117.5	111.0	111.0	104.5	98.1	91.6	85.1	85.1	78.6	72.1	65.6	59.1	59.1	

Source: Company reports and Ascendant Capital Markets estimates

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Atossa Therapeutics, Inc.



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

Report	Report Date	Rating	Price 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

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Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of January 15, 2023)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
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Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	45	100%	18	40%

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