

Atossa Therapeutics, Inc.

Q2 inline. Breast cancer clinical trials (5 Phase 2) milestones and key data over the next year should be catalysts for stock. Raising P/T to \$6.50.

Q2 inline: Atossa recently (on August 12) reported its Q2 2024 (ending June) results. Net loss was \$6.0 million or EPS of \$(0.05), compared with our and consensus estimates of \$(0.06). There was no Q2 guidance. Atossa is a clinical stage drug development company so it generates no revenue.

Operating expenses: Operating expenses were \$7.1 million, flat with \$7.0 million in Q1.

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 adjusting our 2024 EPS estimate to \$(0.22) from \$(0.24).

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 October 2023, Quantum Leap Healthcare Collaborative announced the initiation of the Phase 2 DCIS: Re-Evaluating Conditions for Active Surveillance Suitability as Treatment (RECAST) study.

Clinical progress with two key data in 2H 2024: The company has completed the Pharmacokinetic Run-In Cohort in Phase 2 EVANGELINE Clinical Trial. The company had announced (in May 2024) the last patient has been dosed in ongoing Phase 2 Karisma-Endoxifen Clinical Trial. Data is expected in 2H 2024. Full enrollment in Phase 2 I-SPY 2 Clinical Trial was in February 2024. Data is expected in 2H 2024.

New trial: In April, the company announced the initiation of a new study to evaluate Endoxifen in combination with abemaciclib (VERZENIO), a cyclin-dependent kinase (CDK) 4/6 inhibitor marketed by Eli Lilly and Company, in women with ER+/HER2- breast cancer.

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 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.

New CFO: In July, Heather Rees was promoted as the company's new CFO. Ms. Rees most recently Atossa's SVP of Finance and Principal Accounting Officer.

Current valuation attractive: We are maintaining our BUY rating, but raising our 12-month price target to \$6.50 from \$6.25 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.

COMPANY UPDATE

Rating: BUY

Ticker: ATOS

Price: \$1.46

Target: \$6.50
(from \$6.25)

Stock Data

Exchange:	NasdaqCM
52-week Range:	\$0.62 – 2.31
Shares Outstanding (million):	126
Market cap (\$million):	\$184
EV (\$million):	\$104
Debt (\$million):	\$0
Cash (\$million):	\$80
Avg. Daily Trading Vol. (\$million):	\$2
Float (million shares):	118
Short Interest (million shares):	13
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

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

Earnings per Share (pro forma)

	<u>2024E</u> <u>(Cur.)</u>	<u>2024E</u> <u>(Old)</u>	<u>2025E</u> <u>(Cur.)</u>	<u>2025E</u> <u>(Old)</u>
Q1 Mar	(0.05)A		(0.06)E	
Q2 Jun	(0.05)A	(0.06)E	(0.06)E	
Q3 Sep	(0.06)E	(0.06)E	(0.06)E	
Q4 Dec	(0.06)E	(0.06)E	(0.06)E	
Total	(0.22)E	(0.24)E	(0.25)E	
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 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	Key Metrics
<ul style="list-style-type: none"> • Mammographic Breast Density <ul style="list-style-type: none"> - Density reduction data available 2H '24 • I-Spy <ul style="list-style-type: none"> - 10mg neoadjuvant data available 2H '24 • EVANGELINE <ul style="list-style-type: none"> - 80mg PK run-in cohort completion 2Q '24 - Treatment arm initiated – 2H '24 • DCIS <ul style="list-style-type: none"> • Enrollment updates throughout '24 • Combinations <ul style="list-style-type: none"> • CDK 4/6 - enrollment updates throughout '24 • ADC – clinical start TBD 	<ul style="list-style-type: none"> • Cash (as of 12/31/23) <ul style="list-style-type: none"> • \$88.5M – represents approx. three years working capital • Zero debt • Nasdaq: ATOS (as of 4/26/24) <ul style="list-style-type: none"> • Market Cap - \$192M • Share Price - \$1.53 • 52 Week Range - \$0.59 - \$2.31 • Outstanding Warrants / Options (as of 12/31/23) <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 • 13.7M options exercisable at average \$2.04/share

Source: Company reports

Exhibit 3: Atossa Market Opportunities

Large Market Opportunities

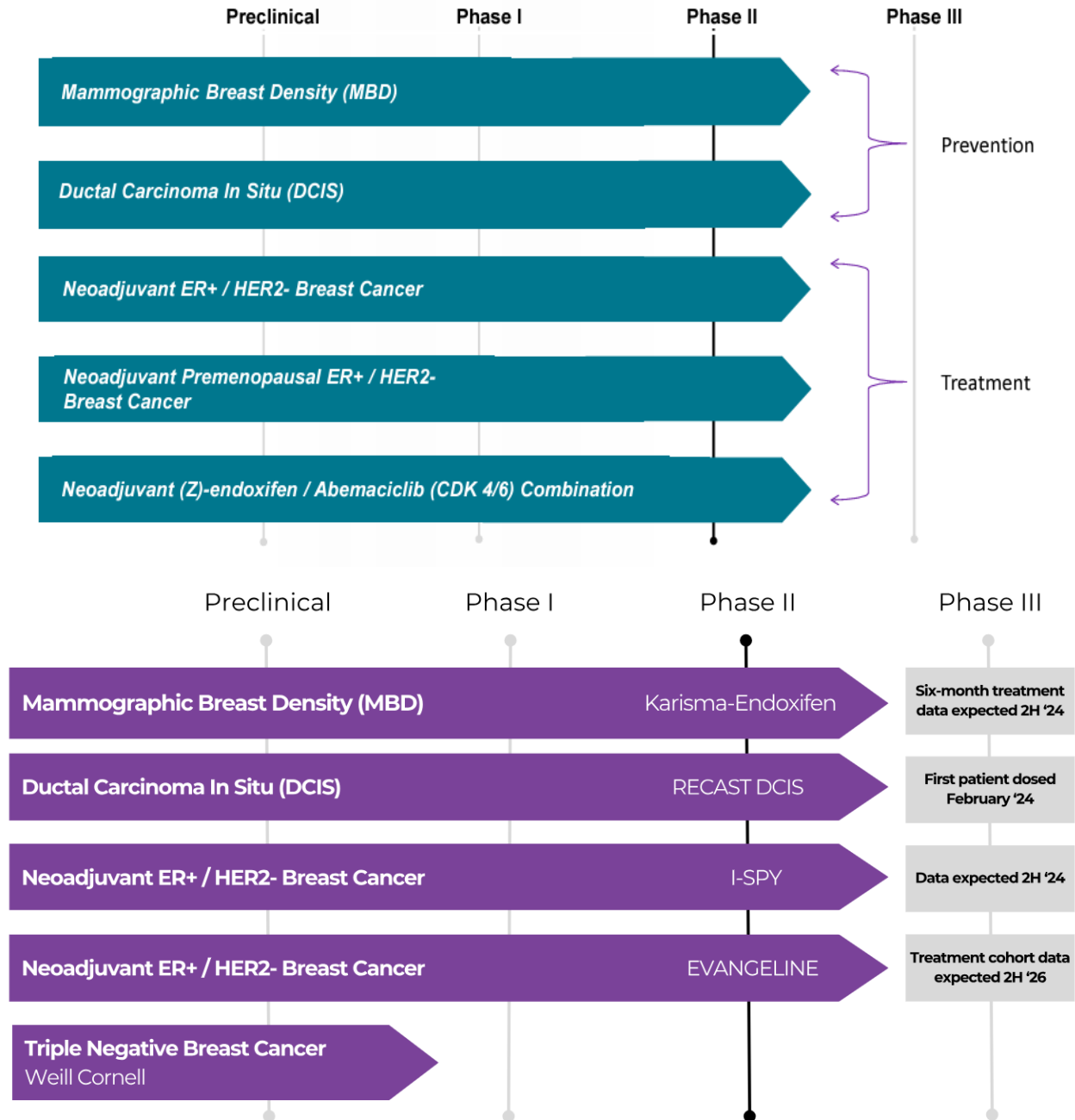


PROGRAM	OPPORTUNITY
Mammographic Breast Density	27 Million Women in U.S. with dense breasts ¹
Ductal Carcinoma In Situ (DCIS)	60,000 DCIS diagnoses annually in U.S. ²
Neoadjuvant	250,000 ER+ Breast Cancers/Yr. in U.S. ²

Source: Company reports.

Exhibit 4: Atossa Drug Development Pipeline

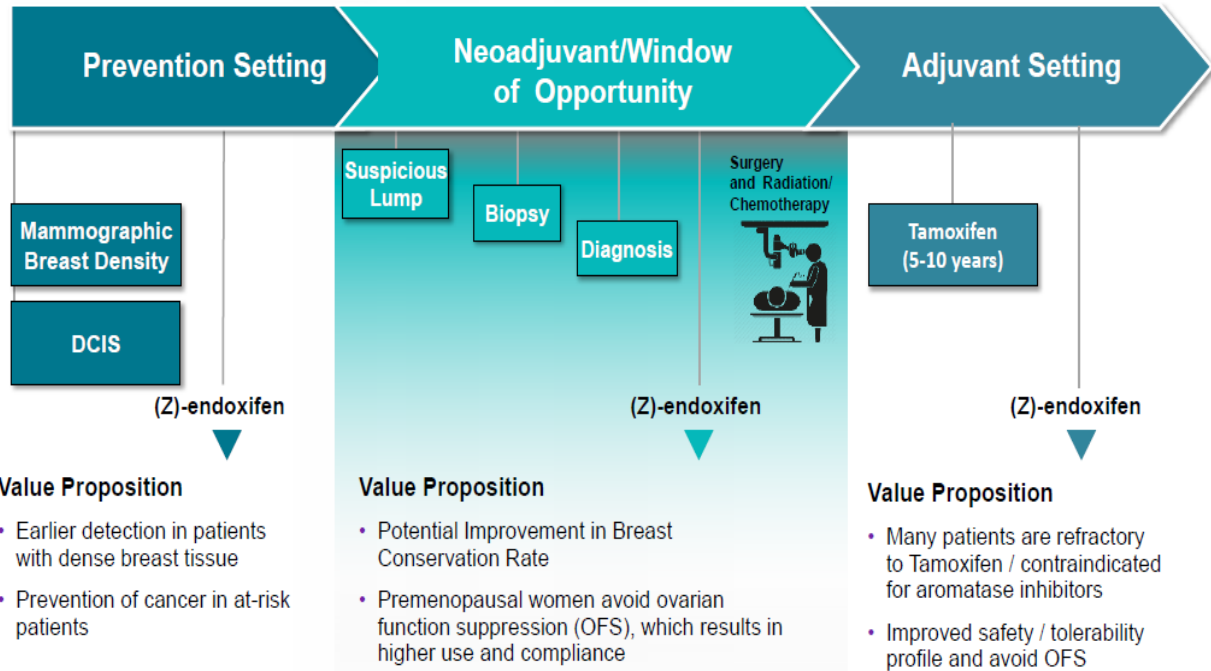
Development Pipeline



Source: Company reports

Exhibit 5: ENDOXIFEN

Clinical Positioning In Breast Cancer



(Z)-endoxifen may also play an important role in the metastatic setting

6

The Breast Cancer Problem



50% of women have dense breasts ¹	1 in 8 women experience breast cancer ²	310,000 women diagnosed in US annually ²	80% of US Breast cancer is ER+ ²
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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

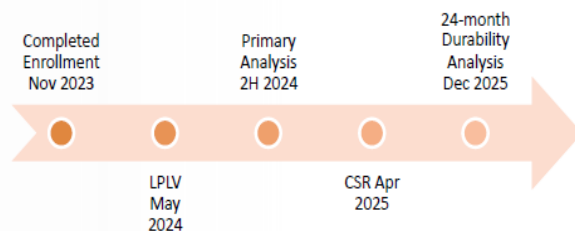
- Phase 2, randomized, double-blind, placebo-controlled, study of (Z)-endoxifen in premenopausal women with Measurable Breast Density (MBD)
 - (Z)-endoxifen 1 or 2 mg/day (or PBO) for 6 months
 - Endpoints – change from baseline in MBD at 3 and 6 months and durability of change at 24 months
 - Fully 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 PKC β 1 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 trial 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: Q2 2024 Results and Recent Company Highlights (as of August 12, 2024)

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

August 12, 2024 12:30 PM EDT

- Presented data showing 100% disease control rate after 24-week treatment with (Z)-Endoxifen in 40mg cohort of Phase 2 EVANGELINE study at the American Association for Cancer Research (AACR) Annual Meeting
- Completed enrollment in 80mg PK Run-in Cohort for EVANGELINE trial
- Completed Phase 2 Karisma-Endoxifen clinical trial dosing
- Updated protocol for (Z)-Endoxifen and abemaciclib clinical trial
- Ended second quarter 2024 with \$79.5 million in cash and cash equivalents and no debt

SEATTLE, Aug. 12, 2024 (GLOBE NEWSWIRE) -- Atossa Therapeutics, Inc. (Nasdaq: ATOS) ("Atossa" or the "Company") today announced financial results for the fiscal quarter ended June 30, 2024, and provided an update on recent company developments. Atossa is a clinical-stage biopharmaceutical company developing proprietary innovative medicines in areas of significant unmet medical need in oncology, with a focus on women's breast cancer and other breast conditions.

Key developments from Q2 2024 and the year to date include:

- **Completed enrollment in 80mg PK Run-in Cohort for EVANGELINE trial** - fully enrolled the 12-patient 80mg pharmacokinetic Run-in Cohort in the Phase 2 EVANGELINE study evaluating (Z)-endoxifen as a neoadjuvant treatment for estrogen receptor-positive (ER+)/ Human Epidermal Growth Factor Receptor 2 negative (HER2-) breast cancer.
- **Completed Phase 2 Karisma-Endoxifen clinical trial dosing** - the last patient received the final dose in the 240-person trial investigating (Z)-endoxifen in premenopausal women with measurable mammographic breast density (MBD).
- **Supported Phase 2 study of AI breast cancer risk assessment model** - announced support for the SMART study, a Phase 2 trial to validate an AI-driven breast cancer risk assessment model for identifying women at highest risk of developing breast cancer within two years.
- **Presented data from 40mg cohort of Phase 2 EVANGELINE clinical trial at AACR** - demonstrated 100% disease control rate after 24-weeks of treatment with (Z)-endoxifen.
- **Initiated new study evaluating (Z)-endoxifen in combination with abemaciclib (VERZENIO®) with Quantum Leap Healthcare Collaborative™** - new study arm is part of the ongoing I-SPY 2 Endocrine Optimization Pilot Protocol (EOP), which targets patients with newly diagnosed ER+ invasive breast cancer.
- **Joined Russell 3000® Index** - Atossa Therapeutics was included in the Russell 3000® Index effective June 28, 2024.
- **Appointed Heather Rees as Chief Financial Officer** - announced the promotion of Heather Rees, formerly Senior Vice President of Finance and Principal Accounting Officer, to the position of CFO.

"The second quarter of 2024 was highlighted by significant advancements in our clinical programs and strategic development initiatives as we seek to maximize our (Z)-endoxifen platform to address areas of unmet need across the breast cancer treatment continuum," said Steven Quay, M.D., Ph.D., Atossa's President and Chief Executive Officer. "Over the next several months, we anticipate key data readouts from both the Phase 2 Karisma-Endoxifen clinical trial and the monotherapy arm of our Phase 2 I-SPY 2 clinical trial, setting the stage for what is expected to be a milestone-rich period for Atossa. These potential value drivers are supported by a strong financial foundation, including a cash balance of \$79.5 million, which we believe positions Atossa for continued growth through the second half of 2024 and beyond. This is a very exciting time for Atossa."

Source: Company reports

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



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

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

	Revenue (mils)			EPS	
	2024E	2025E		2024E	2025E
Q1 Mar	\$0A		Q1 Mar	\$(0.05)A	
Q2 Jun	\$0E		Q2 Jun	\$(0.06)E	
Q3 Sep	\$0E		Q3 Sep	\$(0.06)E	
Q4 Dec			Q4 Dec		
Total	\$0E	\$0E	Total	\$(0.23)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 Ascendant 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	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	1.5	3.4	5.2	5.0	15.1	3.5	3.7	4.5	5.7	17.3	3.7	3.6	5.0	5.0	17.3	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
<u>Restructuring and other</u>					<u>0.0</u>					<u>0.0</u>					<u>0.0</u>					<u>0.0</u>
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	8.0	8.0	30.1	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)	(8.0)	(8.0)	(30.1)	(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	0.0	0.0	2.2	0.0	0.0	0.0	0.0	0.0
<u>Other income (expense)</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>(3.0)</u>	<u>(0.0)</u>	<u>0.0</u>	<u>(3.1)</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>
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)	(8.0)	(8.0)	(27.9)	(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)	(4.8)	(6.7)	(8.0)	(7.5)	(27.0)	(6.3)	(9.8)	(6.2)	(7.8)	(30.1)	(5.9)	(6.0)	(8.0)	(8.0)	(27.9)	(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)	(4.8)	(6.7)	(8.0)	(7.5)	(27.0)	(6.3)	(9.8)	(6.2)	(7.8)	(30.1)	(5.9)	(6.0)	(8.0)	(8.0)	(27.9)	(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	126.3
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	126.3
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
YY % change																				
Total Revenue																				
Gross margin																				
Research and development	9%	-10%	134%	173%	64%	134%	8%	-13%	13%	15%	7%	-4%	12%	-12%	0%	33%	41%	0%	0%	16%
General and administrative	51%	-1%	3%	5%	11%	11%	29%	-1%	7%	11%	-10%	-13%	0%	-11%	-9%	-7%	-16%	0%	0%	-6%
Operating income (loss)	34%	-6%	59%	69%	35%	50%	18%	-9%	11%	13%	-2%	-9%	7%	-11%	-4%	15%	13%	0%	0%	6%
Net income (loss)	35%	-5%	54%	55%	31%	31%	47%	-22%	4%	12%	-6%	-38%	28%	3%	-7%	36%	32%	0%	0%	15%
EPS Diluted (pro forma)	-1%	-9%	54%	55%	21%	31%	47%	-22%	4%	12%	-5%	-38%	28%	3%	-7%	35%	32%	0%	0%	14%

Source: Company reports and Ascendant Capital Markets estimates.

Atossa Therapeutics, Inc.

Balance Sheet (\$ mils)	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3E	Q4E	Q1E	Q2E	Q3E	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	72.0	64.3	56.7	49.0	41.4	33.7
Short term investments											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 rebate receiv:		0.9	0.6	0.7	0.7	0.7	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
Prepaid expenses and other	5.3	6.9	5.3	6.5	6.2	5.8	3.5	3.6	3.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Total current assets	136.8	133.4	123.4	118.2	110.9	106.0	97.6	92.2	87.1	81.7	74.2	66.5	58.9	51.2	43.6	35.9
Property and equipment, net											0.0	0.0	0.0	0.0	0.0	0.0
Intangibles, net											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
Other	0.6	0.6	3.3	5.3	5.3	2.4	4.0	4.0	4.0	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Total assets	137.5	134.0	126.7	123.5	116.2	108.4	101.7	96.3	91.1	85.9	78.3	70.7	63.0	55.4	47.7	40.1
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	1.1	1.1	1.1	1.1	1.1	1.1
Accrued expenses	0.7	1.7	1.2	2.6	0.6	2.3	2.7	2.6	1.6	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Deferred income tax											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
Other	0.0	0.0	0.0	0.0	0.9	0.0	0.0	1.8	2.5	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Short term debt											0.0	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	5.7	5.7	5.7	5.7	5.7	5.7
Deferred income taxes											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
Other long term liabilities											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
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	0.0
Common stock	22.8	22.8	22.8	22.8	22.8	22.8	22.8	22.8	22.829	22.9	23.2	23.6	23.9	24.3	24.6	25.0
Additional paid-in capital	245.8	247.6	249.2	250.8	252.4	253.8	253.4	254.5	255.096	255.5	255.5	255.5	255.5	255.5	255.5	255.5
Retained earnings	(134.0)	(140.7)	(148.7)	(156.2)	(162.5)	(172.3)	(178.5)	(186.3)	(192.166)	(198.2)	(206.2)	(214.2)	(222.2)	(230.2)	(238.2)	(246.2)
Accumulated other comprehensive income			(0.1)								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	72.6	65.0	57.3	49.7	42.0	34.4
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	78.3	70.7	63.0	55.4	47.7	40.1

Balance Sheet Drivers

	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3E	Q4E	Q1E	Q2E	Q3E	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	\$0.58	\$0.52	\$0.45	\$0.39	\$0.33	\$0.27
Cash per Share (diluted)	\$1.04	\$0.99	\$0.93	\$0.88	\$0.82	\$0.78	\$0.75	\$0.70	\$0.67	\$0.63	\$0.57	\$0.51	\$0.45	\$0.39	\$0.33	\$0.27
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	\$0.57	\$0.51	\$0.45	\$0.39	\$0.33	\$0.27

Source: Company reports and Ascendant Capital Markets estimates

Atossa Therapeutics, Inc.

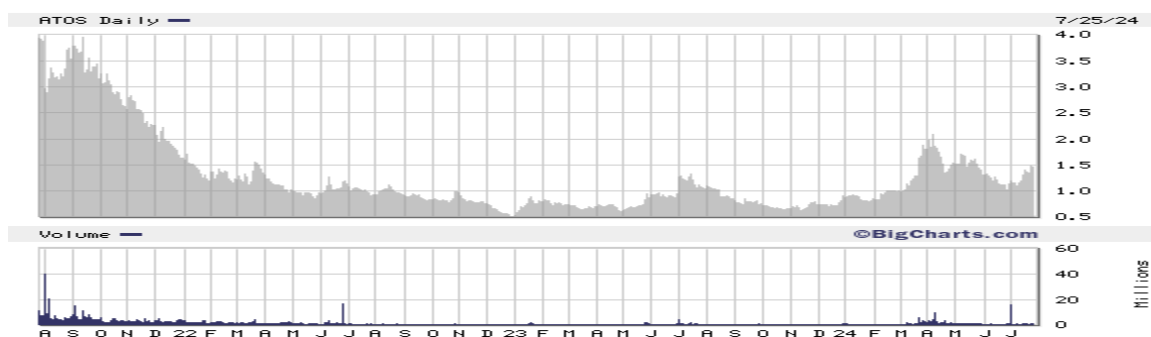
Cash Flow Statement (\$ mils)	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Cash flow from operating 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)	(8.0)	(8.0)	(27.9)	(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	0.4	0.4	1.5	0.4	0.4	0.4	0.4	1.4	
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	
Change in fair value of warrant liability					0.0					0.0					0.0					0.0	
Writedowns and impairments					0.0		3.0			3.0					0.0					0.0	
Other gains/losses					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	
Changes in operating assets and liabilities:																					
Prepaid expenses & other cur	(1.4)	(1.4)	0.2	1.1	(1.5)	(1.3)	(0.5)	2.3	2.2	2.8	0.7	0.9	0.0	0.0	1.6	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)	0.0	0.0	(0.1)	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)	0.0	0.0	0.3	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	0.0	0.0	0.9	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)	0.0	0.0	(0.7)	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)	(7.6)	(7.6)	(24.5)	(7.6)	(7.6)	(7.6)	(7.6)	(30.6)	
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)	(0.0)	
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 activ	(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)	(0.0)	
Cash flow from financing activities																					
Issuance of debt					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	
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)	(7.7)	(7.6)	(24.2)	(7.6)	(7.7)	(7.6)	(7.7)	(30.6)	
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	72.0	88.6	64.3	56.7	49.0	41.4	64.3	
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	72.0	64.3	64.3	56.7	49.0	41.4	33.7	33.7	

Source: Company reports and Ascendant 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

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Total return is defined as price appreciation plus dividend yield.

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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	59	100%	21	36%

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