

# Atossa Genetics

Atossa to raise \$4.0m in combined class offering

Equity offering

Pharma and biotech

Atossa intends to raise \$4.0m (gross proceeds), excluding over-allotments, in an equity offering of Class A and Class B units, consisting of 0.664m common shares (CS), 3,502 Series A convertible preferred shares (SACPS), and 5.33m common share warrants (CSW). The offering is expected to close on 3 April, subject to customary closing conditions, and we estimate that it will enable Atossa to fund its operations into Q417.

Year end	Revenue (\$m)	PBT* (\$m)	EPS* (\$)	DPS (\$)	P/E (x)	Yield (%)
12/14	0.0	(7.3)	(4.57)	0.0	N/A	N/A
12/15	0.0	(9.8)	(5.15)	0.0	N/A	N/A
12/16	0.0	(7.2)	(2.46)	0.0	N/A	N/A
12/17e	0.0	(14.2)	(3.57)	0.0	N/A	N/A

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles, share-based payments

Atossa announced on 29 March that it has priced an underwritten public equity offering with expected gross proceeds of \$4.0m. The offering consists of Class A units (comprising 0.664m CS and 0.664m CSW) and Class B units (comprising 3,502 SACPS of \$1,000 face value, each convertible into 1,333.33 CS, and 4.67m CSW). The CSW all have an exercise price of \$0.9375 and a five-year duration. Assuming full conversion of the SACPS (to 4.67m CS), but without considering any CSW exercise, this offering would increase CS outstanding by 141%, to 9.12m. This calculation also excludes the underwriter's option to purchase an additional 0.8m of CS and CSW to cover any over-allotments.

The proposed funding could shore up Atossa's balance sheet, given it had disclosed on 16 March that it only had two to four months of cash resources at the time. Atossa's 2016 operating cash burn rate was \$5.37m, although we anticipate a higher burn rate in 2017 given that in March Atossa started a 48-patient Phase I study for endoxifen (and plans to start a Phase II in H217), and enrolment is continuing in the ongoing [Phase II study](#) of intraductal microcatheter-delivered fulvestrant. Given its \$3.1m year-end 2016 net cash position and the announced financing, we expect Atossa's cash on hand following the offering to last into Q417.

30 March 2017

**Price** **\$0.79**  
**Market cap** **\$3m**

Net debt (\$m) at 31 December 2016 3.1  
 Shares in issue at 27 March 2017 3.79m  
 Free float 93%  
 Code ATOS  
 Primary exchange NASDAQ  
 Secondary exchange N/A

## Share price performance



## Business description

Based in Seattle, WA, Atossa Genetics is developing locally administered pharmaceuticals for the treatment of pre-cancer and breast cancer. Intraductal microcatheter-delivered fulvestrant is under investigation in a Phase II study, and oral endoxifen started a Phase I trial in March 2017.

## Analysts

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