Zacks Small-Cap Research

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Atossa Genetics (ATOS-NASDAQ)

ATOS: Two important deals will accelerate revenue growth; there is still enough room for further price appreciation – Outperform

Current Recommendation	**Outperform**
Prior Recommendation	N/A
Date of Last Change	12/16/2014
Current Price (02/26/15)	$1.99
Twelve- Month Target Price	**$5.50**

OUTLOOK

Atossa is a pure play breast health testing company with a focused growth strategy. The Company has three products/tests on the market now.

We see total revenue growing at 230% CAGR from 2014 to 2020, with the Company turning profitable in 2019 with EPS of $0.15. We see EPS at $0.36 in 2020.

We think downside risk is low while upside potential is high at this time. We rate Atossa shares Outperform.

SUMMARY DATA

52-Week High	**$2.51**
52-Week Low	**$0.82**
One-Year Return (%)	**-12.34**
Beta	**0.15**
Average Daily Volume (sh)	**2,318,380**
Shares Outstanding (mil)	**25**
Market Capitalization ($mil)	**$49**
Short Interest Ratio (days)	**0.49**
Institutional Ownership (%)	**3**
Insider Ownership (%)	**22**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2012 Estimate	**N/A**
P/E using 2013 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**N/A**
Type of Stock	**N/A**
Industry	**Med Instruments**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2013	0.18 A	0.33 A	0.08 A	0.05 A	0.63 A
2014	0.02 A	0.01 A	0.00 A	0.10 E	0.14 E
2015					1.81 E
2016					5.50 E

Earnings per Share
(EPS is operating earnings before non recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2013	-$0.14 A	-$0.17 A	-$0.22 A	-$0.15 A	-$0.70 A
2014	-$0.10 A	-$0.13 A	-$0.13 A	-$0.11 E	-$0.47 E
2015					-$0.48 E
2016					-$0.36 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

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WHAT'S NEW

Two Deals: Key Steps toward the Official Launch of FullCYTE Breast Aspirator

In Feb, 2015, Atossa (ATOS) announced two important deals with the two large, prestigious diagnostic companies in the US as the company prepares for the official launch of its FullCYTE Breast Aspirator nationwide.

The deal with **Thermo Fisher Scientific** was announced in early Feb and the deal with **Henry Schein Medical** was announced in late Feb.

While the agreement with Thermo allows for Thermo to distribute FullCYTE Breast Aspirator in a **hospital setting** including breast clinics and women's health centers, the agreement with Henry allows for the company to distribute FullCYTE Breast Aspirator in OB/GYNs offices and smaller healthcare facilities.

Access to both the hospital market and smaller healthcare facilities is a critical part of Atossa's launch strategy for the FullCYTE Breast Aspirator in the US.

We are very pleased to see that management is able to secure these two critical deals in a very short period of time as the company approaches the official date of launch which is slated to be **in March**. This gives us confidence that launch is likely to be successful and initial sales ramp for FullCYTE Breast Aspirator may be better than we thought before.

There is Still Room for Share Price Appreciation

We maintain our Outperform rating for Atossa Genetics and reiterate our 12-month price target of $5.50 per share.

Since our re-initiation of coverage of Atossa in late December, share price has appreciated approximately 100%. We believe there is still enough room for further appreciation of Atossa's share price.

Atossa is an emerging medical diagnostics company with a focus on breast care. The Company currently has three sources for revenue generation: pharmacogenetics testing, FullCYTE breast aspirator and ForeCYTE breast aspirator distribution in the EU.

Atossa also holds 148 issued patents and 19 pending patent applications directed to its products, services, and technologies. This strong intellectual property position provides long term growth for the Company in the years to come.

We think revenue will accelerate in the coming years thanks to its focused marketing strategy and continued new products/services offering. We see total revenue growing at an impressive 230% compound annual growth rate (CAGR) from fiscal 2014 to 2020 according to our financial model. We model that the Company will become profitable in fiscal 2019 with earnings per share (EPS) of $0.15 based on total revenue of $38.5 million. We forecast EPS will grow to $0.36 per share based on revenue of $55 million in fiscal 2020. This is impressive considering the relatively short history of the operations and the small size of the Company.

Based on Atossa's strong fundamentals, we think the Company is undervalued. Currently, Atossa shares are trading at about $2.00 per share which values the Company at $50 million in terms of market cap based on 25 million shares outstanding. This is a deep discount compared to its peers. Based on our financial model, revenue will grow at amazing 230% CAGR from 2014 to 2020. Atossa will become profitable in 2019. We think Atossa shares should trade at 38 x P/E multiple which is similar to the

biotech industry average P/E ratio. If we use this P/E multiple, coupled with our estimated EPS of $0.36 in 2020, discounted at 20% for five years, we come up with a price target of $5.50 per share.

One wild card for Atossa valuation is that the Company could be an acquisition target for big players. The clinical lab testing industry is quite fragmented currently, and merger & acquisition activity is looming. We all know that big players LabCorp and Quest Diagnostics are increasingly acquiring smaller players in this field. Qiagen NV, a research service company based in Netherland, entered into molecular diagnostics market in 2007 by acquiring Digene Corp. Since then, Qiagen has been quite aggressive in acquisition of other small genetic/molecular testing companies.

With the increased activity in M&A in the industry, Atossa could be an easy target for acquisition. If acquired by big players, share price of Atossa may soar.

We are optimistic about the Company's prospect. With a rapidly growing market worldwide, combined with its unique technology and broad range of product offering, the Company is well positioned to boost its top line and bottom line in the coming years. We think at this time, downside risk for Atossa is still relatively low while upside potential is high.

KEY POINTS

- We are re-initiating coverage of Atossa Genetics (ATOS) with an Outperform rating. Our 12-month price target is $5.50 per share.
- Atossa is targeting the rather large clinical lab testing market with a focus on breast health testing services, which has been growing rapidly in recent years due to rapid advancement in genomics and proteomics research. This market continues to grow dramatically due to the rapid growth of personalized medicine.
- Currently, Atossa provides pharmacogenetics and cytology testing through its subsidiary the National Reference Laboratory for Breast Health, Inc. (the NRLBH) in the US. The company also plans to launch FullCYTE Breast Aspirator in the US in early 2015 and ForeCYTE Breast Aspirator in the EU in 1Q2015.
- Atossa holds 148 issued patents and 19 pending applications and has built a strong portfolio which provides long term growth potential in the years to come.
- We believe revenue growth will accelerate in the coming years thanks to the focused marketing strategy and continued new products/services offering. We model the top line will grow at an impressive CAGR of 230% from 2014 to 2010. We model Atossa will become profitable in 2019 with EPS of $0.15, which will grow to $0.36 per share in 2020.
- Atossa has an appropriate growth strategy in place. Recent developments within the Company have made us believe this strategy will be well executed and we have a high confidence in management's ability to lead Atossa to the next level of growth in the next five years.
- Based on the Company's strong fundamentals, we think its shares are undervalued. We believe downside risk is low at this point and upside potential is high. We encourage investors to accumulate Atossa shares at current level.

INVESTMENT THESIS

Pharmacogenetics Testing Will Generate Meaningful Revenue for Atossa in 2015

Atossa's subsidiary, the National Reference Laboratory for Breast Health, Inc. (the NRLBH), is offering **pharmacogenetics (PG) testing** for patients. Results from PG test can help doctors prescribe drugs and doses best suited for each person based on an analysis of their genetics.

The PG test was launched in late October 2014. Since then, more than 500 tests have been processed for patients in the US with an average retail price of approximately $1,700 per patient. The NRLBH is also in the process of offering the test in select European markets.

Current capacity at NRLBH can process approximately 5,000 pharmacogenetics tests per month and can increase capacity by hiring additional employees and adding additional equipment to its facility.

In order to accelerate the growth of the PG test, Atossa has retained BioVentive Inc. as its sales and marketing partner for the pharmacogenetics tests in the US. Going forward, BioVentive's experienced sales and marketing team of over 85 women's health sales representatives will greatly raise the visibility of the PG tests for Atossa.

Atossa plans to utilize its third-party reimbursement firms, FedMed, MultiPlan, Xifin and HealthSmart, to maximize the amount and speed of collections and help ensure that insurance companies that are members of these organizations pay for this test for their covered patients.

It's our belief that the new PG test will generate meaningful revenue for Atossa beginning in fiscal 2015. Pharmacogenetics testing is a subgroup of molecular testing. PG test has become an emerging market with great potential for growth over the next 10 years. Pharmacogenetics involves testing an individual's genetic make-up to determine which drug regimen will best benefit his or her condition.
According to a study by Kalorama Information, pharmacogenetics testing represents just 2% of molecular testing at this time. The PG testing will eventually represent the largest segment in terms of dollar volume.

The PG testing at Atossa already has gained traction since its launch in late October 2014. With the help of BioVentive, Atossa can maximize the revenue and profitability of the pharmacogenetics testing to help finance the company's broader business. Revenue from the pharmacogenetics testing should add substantially to the company's bottom line and help finance its therapeutic development and device business in a **non-dilutive** manner.

The ForeCYTE Breast Aspirator Device Serves as Second Source for Revenue Generating

In October 2014, Atossa received **CE Mark** from the European Medical Device Directive (MDD) for its **ForeCYTE Breast Aspirator**, which allows for Atossa to distribute the device in the European Union and its member states.

The ForeCYTE Breast Aspirator device is a reusable, hand-held pump device intended for the collection of a small amount of nipple aspirate fluid (NAF) from a woman's breast for cytological testing. The CE Mark verifies that the ForeCYTE Breast Aspirator device meets the applicable regulatory requirements for the European Union.

To facilitate the planned launch of ForeCYTE Breast Aspirator in select European markets in **the first quarter of 2015**, Atossa contracted in early December 2014 with **Rhenus Advanced Services BV** to provide comprehensive logistics services and support in European markets. Rhenus will provide Atossa with logistics services and support throughout European markets from its facilities located in Tilburg, The Netherlands, including warehousing, packaging, shipping, invoicing and collections.

Rhenus is one of the largest logistics firms in Europe and manages logistics operations for many of Europe's leading medical device and healthcare companies. Contracting with Rhenus is a critical step in Atossa's European launch, which provide **second revenue source** for Atossa.

In mid-December 2014, Atossa announced that it had hired **Pieter van der Poel** as Vice President of European Commercial Operations. Mr. Van der Poel brings over 20 years of global medical device markets and business development experience for leading medical companies, including Philips Medical Systems, Hewlett-Packard Medical (now Philips Healthcare) and GE Healthcare. He brings broad experience in change management, corporate strategy, up and downstream marketing and continuous process improvement gained while at GE Healthcare in Milwaukee.

Focus Shifted in the US to FullCYTE Breast Aspirator

Background

In October 2013 Atossa initiated a voluntary recall of the ForeCYTE Breast Health Test and Mammary Aspirate Specimen Cytology Test (MASCT) device from the US market. This was in response to concerns the FDA had made that Atossa had made changes in the device that required submission of a new 510(k) Pre-Market Notification.
In December 2013 Atossa submitted a new 510(k) for the ForeCYTE device but in September 2014 the FDA determined that it did not meet the criteria for substantial equivalence. Atossa intends to request a pre-submission meeting with the FDA to reach agreement on the new clinical studies FDA is seeking and then intends to perform those studies and submit a new 510(k) notification for the ForeCYTE Breast Aspirator to the FDA.

Focus Shifted to FullCYTE Test in the US

With the delay of ForeCYTE breast aspirator re-launch in the US market, Atossa plans to now commercialize in the US an alternative breast aspirator, called the **FullCYTE Breast Aspirator**. The FullCYTE Breast Aspirator is an FDA-cleared device that was acquired by Atossa in 2012 and is a subset of Atossa's FullCYTE Microcatheter which Atossa has been preparing for commercialization over the past 12 months. Atossa will now prioritize the commercial launch of the FullCYTE Breast Aspirator in the US market, which serves as the **third revenue source** for Atossa in 2015 and onwards.

The FullCYTE Breast Aspirator is designed to collect a nipple aspirate specimen for cytological testing. .

The FullCYTE **Microcatheter** involves collecting **ductal lavage samples** from each of the five to seven individual breast milk ducts using the Company's patented and FDA-cleared **Mammary Ductal Microcatheter System** and analyzing the samples by cytological examination.

The aspirator device is comprised of a rigid polycarbonate cup which is placed around the breast nipple. The polycarbonate cup is attached to a user supplied standard syringe, which is used to pull a gentle vacuum to express breast ductal fluid. This fluid can be placed directly into a non-gyn liquid-based cytology fixative for transport to a pathology laboratory. The FullCYTE Breast Aspirator device is intended for single patient use only.

FullCYTE was acquired in April 2012 from **Hologic, Inc.** Atossa paid an up-front fee and is obliged to pay royalties between 2% and 6% on aggregate net sales in the countries with issued patents.

The company plans to launch FullCYTE Breast Aspirator **in March 2015**.

Strong Balance Sheet

As of September 30, 2014, Atossa held $11.4 million in cash.

In Jan 2014, Atossa closed a public offering of 5,834,234 units at a price of $2.40 per unit. The Company has received approximately $14.0 million in gross proceeds. Each unit consists of one share of common stock and one warrant to purchase 0.20 of a share of common stock.

Current cash can last through the end of 2015 according to our financial model.

OVERVIEW

Atossa Genetics is a healthcare company focused on improving breast health through the development of a suite of laboratory services, medical devices and therapeutics.

The company's laboratory services are being developed by its subsidiary, The National Reference Laboratory for Breast Health, Inc. (the NRLBH), and are intended to address each of the four stages of the breast health care path:

- the cytological analysis of nipple aspirate fluid (NAF);
- the cytological analysis of ductal lavage fluid collected from each individual breast duct with its proprietary microcatheters;
- the profiling of newly diagnosed breast cancers through the determination of gene expression profiles in breast cancer biopsy tissue;
- and the monitoring of breast cancer survivors for pre-clinical recurrence through a blood test for circulating tumor cells.

The NRLBH has developed and is currently marketing NAF cytology tests and pharmacogenomics tests.

Atossa's medical devices include the **ForeCYTE Breast Aspirator** for distribution outside the United States (already received CE mark in the EU) and the **FullCYTE Breast Aspirator** for the U.S. market (FDA cleared). These devices are intended for the collection of NAF for cytological testing at a laboratory. Other devices under development include intra ductal microcatheters for the collection of ductal lavage fluid and for the potential administration of a targeted therapeutic, and various tools for potential use by breast surgeons.

Atossa plans to develop certain medical devices and laboratory tests so that they can be used in clinical settings, including potentially as companion diagnostics to pharmaceutical therapies. These programs are in the early pre-clinical stage and will require testing and are likely to require approval and/or clearance from the FDA prior to commercialization in the United States. These programs include:

- ***The ArgusCYTE CTC Test:*** A blood sample test being developed for breast cancer survivors which provides information on the presence of circulating tumor cells.

- ***The NextCYTE Breast Cancer Test:*** A test being developed for women newly diagnosed by their physician as having breast cancer that is a qualitative in vitro diagnostic test service, performed in a single laboratory, using the gene expression profile of formalin-fixed, paraffin embedded breast cancer tissue samples to assess a patient's risk for distant metastasis, chemotherapy response and lymph node involvement. It uses the Affymetrix GeneChip 2.0 and proprietary software to quantify and analyze the tumor genetic transcriptome, which represents genes that are being actively expressed within the tumor.

Atossa Genetics was incorporated in Delaware in April 2009 and is headquartered in Seattle, Washington. The Company went public on November 9, 2012 and its shares are traded on NASDAQ Capital Market.

Acquisition Further Expands Product Portfolio and Pipeline

In September 2012, Atossa acquired the assets of **Acueity Healthcare, Inc**. The assets included six 510(k)-cleared medical devices, 35 issued patents (18 issued in the U.S. and 17 issued in foreign countries) and 41 patent applications (32 in the U.S. and 9 in foreign countries).

The FDA-cleared, patented medical devices consist of the Viaduct Miniscope and accessories, the Manoa Breast Biopsy system, the Excisor Bioptome, the Acueity Medical Light Source, the Viaduct Microendoscope and accessories. The microendoscopes are less than 0.9 mm outside diameter and can be inserted into a milk duct. This permits a physician to pass a microendoscope into the milk duct system of the breast and view the duct system via fiberoptic video images. Abnormalities that are visualized can then be biopsied from inside the duct with the biopsy tools that are inserted adjacent to the microendoscope. The patents relate to intraductal diagnostic and therapeutic devices and methods of use. Atossa did not, however, acquire an inventory of these diagnostic tools, manufacturing capabilities or any personnel to market and sell the tools.

This asset purchase is not expected to have any impact on the development and commercialization timetables of the Company's existing product lines.

We think this acquisition was necessary to expand Atossa's diagnostic tools portfolio. The acquisition of the Acueity assets will be a nice complement to Atossa's current business at some point in the future.

From Cancer Detection to Intraductal Treatment

In addition to diversified diagnostic/detection tools, Atossa is also developing **intraductal treatment programs.**

The Company's intraductal treatment research programs comprise its patented **microcatheter-delivery technology** and its patented pharmaceutical formulations for the intraductal **treatment of breast pre-cancerous changes, ductal carcinoma in situ (DCIS), and breast cancers.** The method uses the Company's Mammary Ductal Microcatheter System to administer proprietary pharmaceutical formulations into milk ducts that display pre-cancerous changes, with high local concentrations of the drugs in order to promote greater efficacy and limited systemic exposure, potentially lowering the overall toxicity of the treatment.

Intraductal treatment could be especially useful for women with premalignant lesions or those at high risk of developing breast cancer, thus drastically improving upon their other, less attractive options of breast-removal surgery or surveillance. Atossa initially intends to target the **neoadjuvant therapy in DCIS,** a patient population of about 63,300 women per year, and to begin preclinical and clinical studies in the second half of 2015.

We think the Company's intraductal treatment programs are a natural extension of its diagnostic tools. They further expand the Company's pipeline and provide sustainable growth for the Company.

Atossa Targets the Large Medical Diagnostic Market

Atossa is a pure play medical testing service provider specifically focused on breast health testing. Recent advances in the genomic and proteomic research, combined with the complete sequencing of the human genome, have made sophisticated new scientific testing tools to diagnose and treat diseases possible, and therefore boosted the lab testing market dramatically.

Currently, the medical diagnostic/testing market consists of three primary segments:

- Clinical Pathology (CP) lab testing,
- Anatomic Pathology (AP) testing, and
- Genetic/Molecular Diagnostic (GM) testing

CP testing is typically engaged in high volume, highly automated, lower complexity tests on easily procured specimens such as blood and urine. Clinical lab tests often involve testing of a less urgent nature such as cholesterol testing and testing associated with routine physical exams. CP testing yields relatively low average revenue per test.

AP testing involves the diagnosis of cancer and other medical conditions through the examination of tissues (biopsies) and the analysis of cells (cytology) taken from patients. Generally, the anatomic pathology process involves the preparation of slides by trained histo-technologists or cytologists and the review of those slides by anatomic pathologists. AP testing usually seeks to answer the question: is it cancer? The most widely performed AP procedures include the preparation and interpretation of pap smears, skin biopsies, and tissue biopsies. AP tests are typically more labor and technology intensive than CP lab tests and have higher average revenue per test than clinical lab tests.

GM testing typically involves analyzing chromosomes, genes or DNA/RNA sequences for abnormalities. The past decade has witnessed the rapid progress in this emerging market due to the tremendous advances made in genomics and proteomics research, as well as the completion of human genome project. New tests continue to be developed at an accelerated pace in recent years, thus this segment continues to expand rapidly. Genetic and molecular testing requires highly specialized equipment and credentialed individuals (typically MD or PhD level) to certify results and typically yields the highest reimbursement levels of the three market segments. GM testing represents one of the fastest growing segments of the clinical lab diagnostics market.

The clinical medical testing industry consists primarily of three types of providers: hospital-based laboratories, physician office laboratories and independent clinical laboratories. The total medical testing market is a multi-billion dollar business with estimated total revenue of about $57 billion in 2010 and hospital affiliated labs account for 50% of the market share.

Atossa is an independent lab testing provider and it targets both the **AP and GM segments** with a focus on **breast specimen diagnostics.** It is estimated that the genetic/molecular testing segment is growing 20% to 25% per year as new applications are developed and commercialized. The market for cancer testing is also growing rapidly due to the following key factors:

- Cancer is the leading cause of death in the US (it overtakes heart disease as number one killer in 2011), and one in 4 deaths in the United States is due to cancer. About 1,660,290 new cancer cases were estimated to be diagnosed in 2013 and about 580,350 Americans were estimated to die of cancer according to American Cancer Society.
- Cancer is primarily a disease of the elderly and now that the baby boomer generation has started to turn sixty, the U.S. is experiencing a significant increase in the number of senior citizens; The American Cancer Society estimates that one in four senior citizens will develop some form of cancer during the rest of their lifetime;
- Every year more and more genes are implicated in development and/or clinical course of cancer. These associations fuel the development of new genetic or molecular tests.

The total cancer testing market is about $10 billion to $12 billion in the US, and grows very rapidly. Atossa currently addresses approximately $2.8 billion of the breast cancer testing market. This market is expected to grow at a healthy compound annual rate of 5.4% despite the present economic uncertainty, impending healthcare reform, and cost/reimbursement issues.

Early Detection is Key to Lower Breast Cancer Morbidity and Mortality

According to the American Cancer Society (ACS), breast cancer is the most common cancer among women (except for non-melanoma skin cancers) accounting for more than 1 in 4 cancers diagnosed in the US women. About 1 in 8 (12.5%) women in the US will develop invasive breast cancer during their lifetime. ACS estimates that in 2013 about 232,340 new cases of invasive breast cancer were diagnosed in women and about 64,640 new cases of carcinoma in situ (CIS) were diagnosed (CIS is non-invasive and is the earliest form of breast cancer). About 39,620 women died from breast cancer in 2013.

However, due to the increased awareness, availability, and adoption of highly effective breast cancer screening technologies, the average 5-year relative survival rate for early stage, localized breast cancer now approaches 100%, emphasizing the importance of early breast cancer detection and diagnosis.

As the population continues to age and the number of new breast cancer cases increases, the renewed importance on lowering healthcare costs will result in increased utilization of cost-effective, accurate, early cancer detection and prevention technologies. As a result, we think minimally invasive biopsy and genetic testing will continue to flourish. Minimally invasive biopsy systems will be increasingly preferred over open biopsy due to the ability to lessen patient disfigurement and pain. At the same time, the genetic testing products market will benefit from several factors including the ability to assist clinicians in recommending preventive care for women at high risk of contracting breast cancer, while sparing existing breast cancer patients unnecessary painful or ineffective chemotherapy by aiding in the selection of the most appropriate treatment plan.

Atossa's focused breast health tests are the ideal diagnostic tools for early detection of breast cancer and precursors to breast cancer.

Strong Intellectual Property

Currently, Atossa owns 148 issued patents (45 in the US, 103 in foreign countires) and 19 pending patent applications (11 in the United States, 8 pending foreign applications and 1 pending International Patent Cooperation Treaty (PCT) application) directed to its products, services, and technologies. The Company has eleven 510(k)-cleared medical devices and two 510(k)-exempt medical devices.

This strong IP position provides the Company with long term growth potential.

PROJECTED INCOME STATEMENT

					2014E (Dec)	2015E (Dec)					2016E (Dec)	2017E (Dec)	2018E (Dec)	2019E (Dec)	2020E (Dec)
$ in million except per share data	Q1	Q2	Q3	Q4	FYE	Q1	Q2	Q3	Q4	FYE	FYE	FYE	FYE	FYE	FYE
Diagnostic Testing Services	$0.02	$0.01	$0.00	$0.10	$0.14	$0.25	$0.30	$0.45	$0.70	$1.70	$5.00	$10.00	$20.00	$35.00	$50.00
Product sales	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.02	$0.04	$0.05	$0.11	$0.50	$1.00	$2.50	$3.50	$5.00
Total Revenues	**$0.02**	**$0.01**	**$0.00**	**$0.10**	**$0.14**	**$0.25**	**$0.32**	**$0.49**	**$0.75**	**$1.81**	**$5.50**	**$11.00**	**$22.50**	**$38.50**	**$55.00**
YOY Growth	-86.8%	-97.0%	-95.5%	111.8%	-78.3%	936.3%	3140.5%	14202.4%	650.0%	1217.1%	203.9%	100.0%	104.5%	71.1%	42.9%
CoGS	0.00	0.00	0.00	0.00	0.00	0.05	0.06	0.10	0.15	0.36	1.10	2.20	4.50	7.70	11.00
Gross Income	**$0.02**	**$0.01**	**$0.00**	**$0.10**	**$0.14**	**$0.20**	**$0.26**	**$0.39**	**$0.60**	**$1.45**	**$4.40**	**$8.80**	**$18.00**	**$30.80**	**$44.00**
Gross Margin	100.0%	100.0%	100.0%	100.0%	100.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
SG&A	$2.01	$2.69	$2.33	$2.35	$9.37	$2.50	$2.75	$3.00	$3.25	$11.50	$12.50	$14.50	$17.50	$18.50	$19.50
% SG&A	8342.5%	27196.4%	67878.3%	2350.0%	6821.0%	1000.0%	859.4%	612.2%	433.3%	635.4%	227.3%	131.8%	77.8%	48.1%	35.5%
R&D	$0.42	$0.51	$0.92	$0.50	$2.36	$0.50	$0.50	$0.60	$0.70	$2.30	$2.50	$3.00	$4.00	$5.00	$6.00
% Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Income	**($2.4)**	**($3.2)**	**($3.2)**	**($2.8)**	**($11.6)**	**($2.8)**	**($3.0)**	**($3.2)**	**($3.4)**	**($12.4)**	**($10.6)**	**($8.7)**	**($3.5)**	**$7.3**	**$18.5**
Operating Margin	-	-	-	-	-	-	-	-	-	-	-	-79.09%	-15.56%	18.96%	33.64%
Other Net	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)
Pre-Tax Income	**($2.4)**	**($3.2)**	**($3.2)**	**($2.8)**	**($11.6)**	**($2.8)**	**($3.0)**	**($3.2)**	**($3.4)**	**($12.4)**	**($10.7)**	**($8.8)**	**($3.6)**	**$7.2**	**$18.4**
Income taxes(benefit)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.5	$1.5	$2.5
Tax Rate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reported Net Income	**($2.4)**	**($3.2)**	**($3.2)**	**($2.8)**	**($11.6)**	**($2.8)**	**($3.0)**	**($3.2)**	**($3.4)**	**($12.4)**	**($10.7)**	**($8.8)**	**($4.1)**	**$5.7**	**$15.9**
YOY Growth	-	-	-	-	-	-	-	-	-	-	-	-	-53.7%	-241.4%	177.7%
Net Margin	-	-	-	-	-	-	-	-	-	-					
Diluted Shares Out	24.4	24.4	24.5	24.8	24.5	25.0	25.5	26.0	27.0	25.9	30.0	35.0	40.0	45.0	50.0
Reported EPS	**($0.10)**	**($0.13)**	**($0.13)**	**($0.11)**	**($0.47)**	**($0.11)**	**($0.12)**	**($0.12)**	**($0.12)**	**($0.48)**	**($0.36)**	**($0.25)**	**($0.10)**	**$0.13**	**$0.32**
One time charge	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$1.00*	*$2.00*
Non GAAP Net Income	**($2.4)**	**($3.2)**	**($3.2)**	**($2.8)**	**($11.6)**	**($2.8)**	**($3.0)**	**($3.2)**	**($3.4)**	**($12.4)**	**($10.7)**	**($8.8)**	**($4.1)**	**$6.7**	**$17.9**
Non GAAP EPS	**($0.10)**	**($0.13)**	**($0.13)**	**($0.11)**	**($0.47)**	**($0.11)**	**($0.12)**	**($0.12)**	**($0.12)**	**($0.48)**	**($0.36)**	**($0.25)**	**($0.10)**	**$0.15**	**$0.36**

Source: Company filing and Zacks estimates

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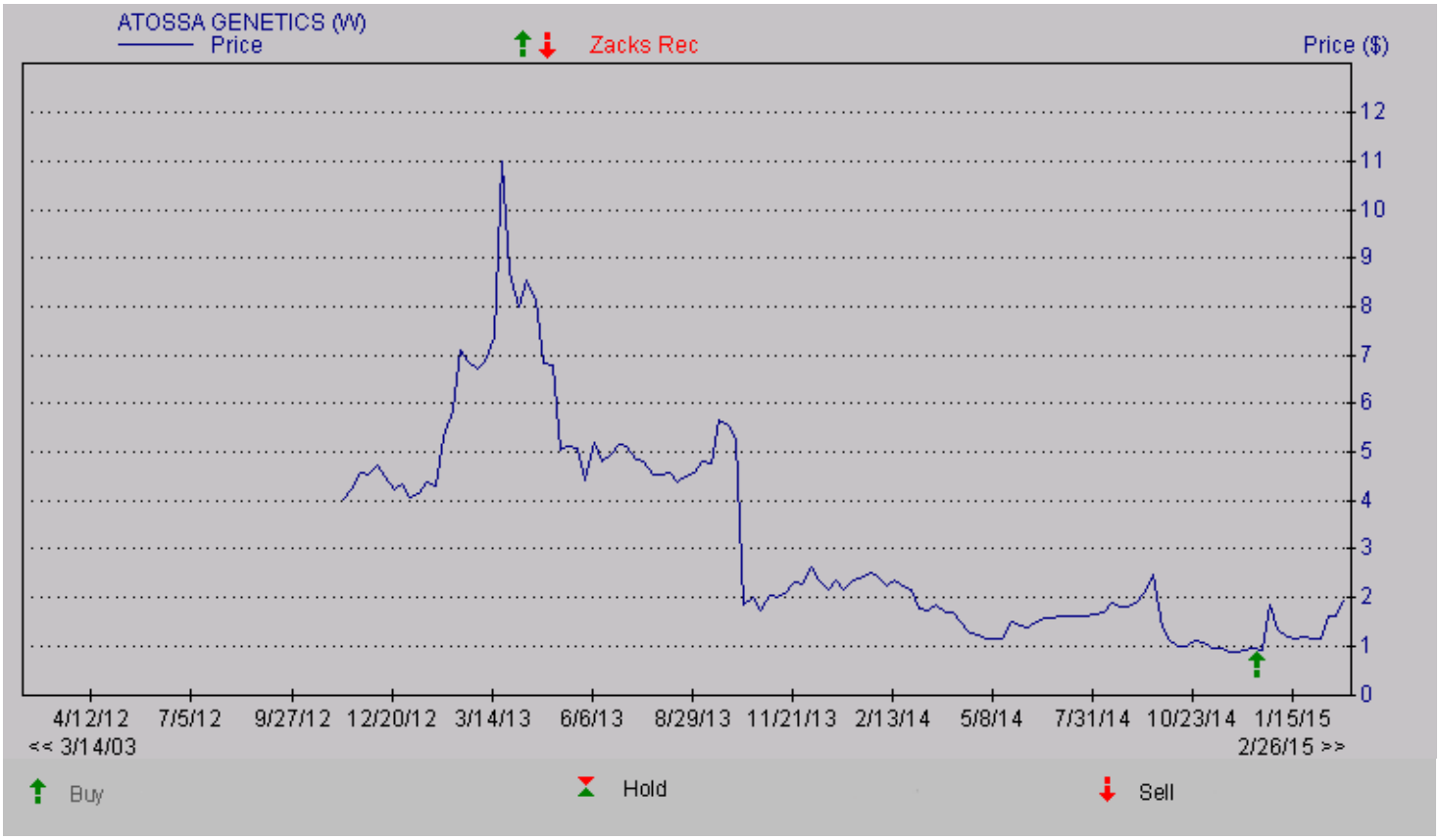

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