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Azitra, Inc. (AZTR: NYSE)

AZTR: New Site for ATR-04 Trial

Azitra's valuation relies on a DCF model and a 15% discount rate applied to our cash flow estimates for commercialization of ATR-12 in Netherton syndrome. We apply a success probability of 20% to the program. The model includes contributions from the United States and the developed world.

Current Price (3/3/2026)	$0.17
Valuation	**$1.70**

OUTLOOK

Azitra is developing genetically engineered bacteria for therapeutic use in dermatology. The company possesses a microbial library of 1,500 unique bacterial strains that are candidates for a variety of indications. Azitra's lead candidate is ATR-12 for the rare disease Netherton syndrome (NS). A second candidate is ATR-04 targeting EGFRi-associated rash and a third, ATR-01, ichthyosis vulgaris. Each one is topically formulated.

Preclinical work has shown effective and safe use of ATR-12 as a potentially disease-modifying therapy able to colonize the skin and replace the missing subunit of the LEKTI protein. Azitra is running a Phase I study for NS. ATR-04 began to enroll its first patients in 3Q:25.

ATR-12 provides the missing active protein segment for NS and, if successful, will be a disease modifying therapy. The therapy is not a cure and patients will require ongoing treatment.

We expect clinical trials for NS will follow an expedited pathway as NS is a rare disease that affects children. Our forecasts call for Ph2 and pivotal trials leading to a Biologics License Application (BLA) submission in 2029 and approval the following year. ATR-12 may also qualify for a rare pediatric disease priority review voucher.

SUMMARY DATA

52-Week High	**2.67**
52-Week Low	**0.15**
One-Year Return (%)	**-92.1**
Beta	**-1.6**
Average Daily Volume (sh)	**1,236,531**
Shares Outstanding (mil)	**16.2**
Market Capitalization ($mil)	**2.8**
Short Interest Ratio (days)	**0.3**
Institutional Ownership (%)	**2.1**
Insider Ownership (%)	**5.1**
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 2025 Estimate	**N/A**
P/E using 2026 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**Above Average**
Type of Stock	**Small-Growth**
Industry	**Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue

(In millions of USD)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024	$0.0 A	$0.8 A	$0.0 A	$0.0 A	$0.8 A
2025	$0.0 A	$0.0 A	$0.0 A	$0.0 A	$0.0 A
2026					$0.0 E
2027					$0.0 E

Earnings per Share

	Q1	Q2	Q3	Q4	Year
2024					-$15.78 A
2025	-$1.55 A	-$1.18 A	-$0.67 A	-$0.27 A	-$2.25 A
2026					-$0.71 E
2027					-$0.55 E

WHAT'S NEW

Azitra, Inc. (NYSE: AZTR) reported full year 2025 financial and operational results in a February 27th press release and provided a business update. Since our previous quarterly dispatch in November, Azitra has announced a new, world-class cancer center site for the ATR-04 program, attended several investor and partnering conferences, and raised additional capital. The company also raised the possibility of entering into the cosmeceutical space to address fine lines and wrinkles in its latest presentation. Other highlights for 2025 are the presentation of ATR-04 data at ASCO, the announcement of preclinical data from the ATR-01 program and a report of safety data from the ATR-12 Phase Ib trial.

Operational and Financial Results

Azitra reported 2025 results in a press release and Form 10-K filing with the SEC on February 27th. For the year ending December 31st, 2025 and versus the prior year's comparable period, no revenues were reported. Net loss for the twelve-month period totaled ($11.0) million or ($2.25) per share.[1] Operating expenses were essentially flat year over year as slightly lower general and administrative (G&A) expenses were offset by slightly higher research and development (R&D) expenses. Below, we detail 2025 financial results compared to the prior year period:

- No revenues were recognized compared with $8,000 related to the Bayer Joint Development Agreement;
- Research and development expenses increased by 2% to $4.8 million from $4.7 million stemming from greater clinical trial costs related to the ATR-04 and ATR-01 programs. Higher laboratory supplies were partially offset by lower payroll and benefits, reduced consultant expenditures and a fall in other costs;
- General & Administrative expenses totaled $6.1 million, down 2% from $6.3 million due to a reduction in legal fees, salaries and benefits, listing costs, insurance expense and other overhead. These declines were partially offset by an increase in the use of business consultants, public relations expenditures, software and equipment and accounting costs;
- Net interest income was $63,000 compared to $11,000 with the prior year dominated by interest income related to a higher cash balance;
- Other expense was $43,000 compared with income of $2.0 million;
- Net loss was ($11.0) million or ($2.25) per share vs. ($9.0) million or ($15.78) per share;[2]

As of December 31st, 2025, cash recognized on the balance sheet totaled $2.1 million. This compares with the $4.6 million balance in cash at the end of 2024. There is no debt. Cash burn for 2025 was $11.4 million, slightly higher than the $10.6 million consumed in the prior year period. Cash from financing was $8.9 million representing proceeds from public offerings, a private placement and the equity line of credit with Alumni Capital. This was partially offset by principal payments on finance leases. We expect that Azitra will regularly access the equity line to continue funding its pipeline activities. Post year end, Azitra raised $0.2 million with the equity line of credit.

ATR-12 Clinical Trials

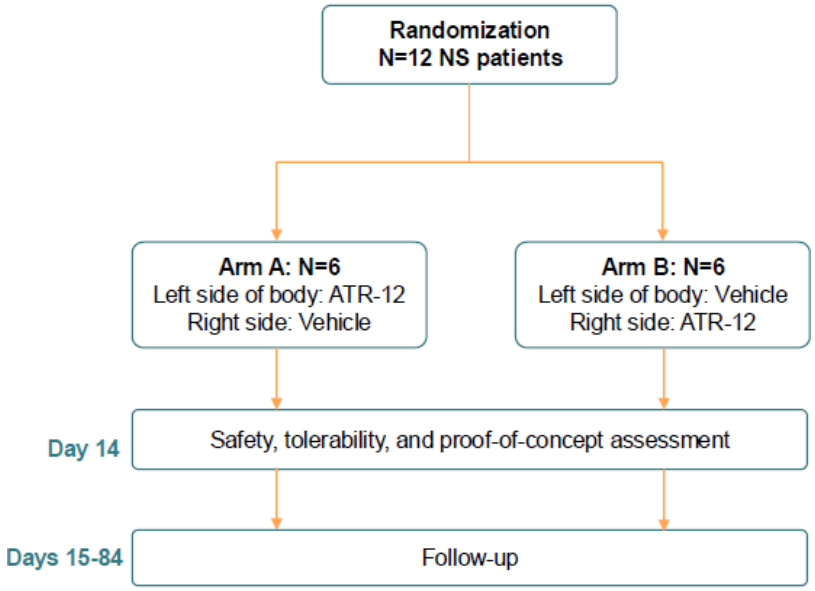
Azitra received investigational new drug (IND) clearance for its Netherton syndrome candidate, ATR-12, in 2023. The company has since launched a Phase Ib clinical trial under the identifier NCT06137157 and expects to enroll 12 adult patients. Primary endpoints will examine safety and tolerability while secondary and exploratory endpoints will assess efficacy signals and biomarkers. ATR-12 will be topically administered twice daily. Clinical sites at Yale University and Stanford University have been established. As of September 30th, 2025, six patients were enrolled in the ATR-12 study; no update on the number has been provided as of March 2026.

ATR-12 Trial Details
The study will apply ATR-12 to lesions on one side of a subject's body and apply the vehicle to the other. Application of ATR-12 and the vehicle will be performed twice daily for two weeks. Patients will be randomized to receive ATR-12 on either the right or left side. Initially, the FDA required that patients be dosed one at a time and sequentially to provide an initial safety profile before allowing parallel enrollment; however, this restriction was lifted last June. The study requires that the young patients stay at the location for two weeks for treatment. The trial's primary endpoint is adverse events at 84 days as well as quantifying and qualifying incidence, severity, seriousness and re-

[1] We update per share amounts in this report to reflect the 15:100 reverse stock split that took place on August 21st, 2025.
[2] We use financial statement data as originally reported and apply a 1:6.66 reverse stock split ratio for periods prior to August 21st, 2025. Prior year numbers in our reporting may not match Azitra's current period comparisons.

latedness of adverse events. Secondary endpoints include investigators' and patients' global assessment of severity, concentration of recombinant human lymphoepithelial Kazal-type related inhibitor (rhLEKTI) in the plasma and on the skin following topical application. Biomarkers will be evaluated including KLK5, KLK7, IL-36, TARC/CCL17, trypsin-like activity and chymotrypsin-like activity.

Exhibit I – ATR-12 Trial Design



Source: : March 2026 Corporate Presentation

June 2025 Interim Update
An interim Phase Ib update reported safety data. A June 17th press release reported no severe or serious adverse events. Application site reactions have been transient and self-resolving and included mild to moderate localized itch, redness, and a burning sensation with application. Such reactions have been observed bilaterally, suggesting this is not a drug effect. The trial remains blinded, and data regarding the effect of the drug is not yet available.

ATR-04

In late February 2026, Azitra announced that it had added MD Anderson Cancer Center in Houston, Texas as a clinical site for its Phase I/II trial evaluating ATR-04 in EGFR inhibitor-associated skin rash. Six sites are now listed on the clinicaltrials.gov website for the trial listed under NCT06830863 and include cancer centers and hospitals in Arkansas, Connecticut, New York, Ohio and Virginia. Enrollment for the ATR-04 trial has been slow due to onco-dermatologists working with oncologists to prophylactically administer antibiotics and steroids. The administration of antibiotics and steroids are exclusion criteria for enrollment in the trial. There is a strong desire by physicians to reduce the use of antibiotics to avoid broad resistance to these antibiotics. Physicians also recognize the risk of topical steroid use which can cause thinning of the skin, precipitate other types of rash and increase the risk of infection. Azitra will communicate the benefits of ATR-04 more broadly throughout the oncology care team at the sites where it is running the trial. Management has also opened the MD Anderson site which is more attuned to employing new modalities. We expect that these changes will improve the enrollment rate.

ATR-04 Background
Preclinical work for ATR-04 was completed and an investigational new drug (IND) application was submitted to the FDA in 2024. In an August 22nd, 2024 press release, Azitra announced that the IND had been cleared which allows the company to begin its Phase I/II study of ATR-04 for moderate to severe EGFRi associated dermal toxicity. On August 27th, 2025 a press release reported that the first patient had been dosed.

Epidermal growth factor receptor inhibitors (EGFRi) are targeted cancer therapies that have been effective in breast, colon, lung and pancreatic cancer. EGFR is a protein found on the surface of cells, and it plays a role in cell growth and division. In some cancers, such as certain types of lung cancer and colorectal cancer, the EGFR gene is mutated or overexpressed, leading to uncontrolled cell growth. EGFR inhibitors work by blocking the activity of this protein, thereby slowing or stopping cancer cell growth.

In the skin, EGFR regulates multiple keratinocyte functions including proliferation, adhesion and migration, survival, and differentiation. Consequently, inhibition of EGFR in the skin results in adverse skin reactions, which make it dif-

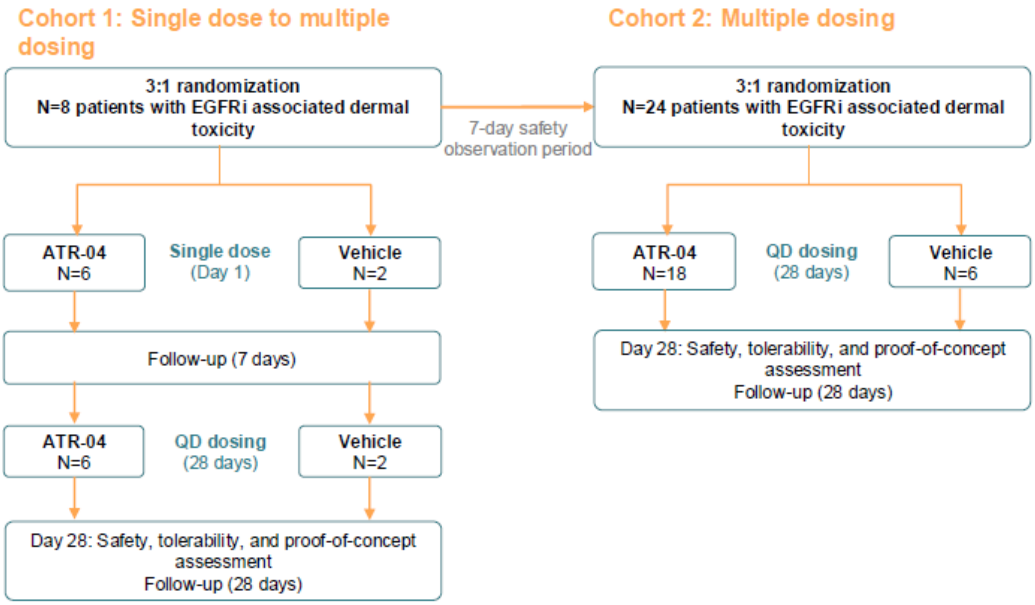
ficult for patients to continue therapy. Two of the leading EGFR inhibitors, erlotinib and gefitinib, carry FDA labels that warn of rash and skin reactions in over 20% of patients. In many cases it is severe enough for the individual to stop EGFRi therapy. The skin reaction, which is referred to as an acneiform or papulopustular rash, can vary in intensity. Mild rash is treated with topical medications and oral antibiotics; however, in severe cases a doctor may stop treatment.

The side effect is an unmet need that may be addressed using ATR-04, which is a genetically modified strain of *S. epidermidis*. The strain demonstrated properties of inhibiting IL-36γ, *S. aureus* and related biofilms. ATR-04 has been modified to be auxotrophic for D-alanine. The product is formulated as a topical application and may also help reduce the use of antibiotics, allow for better compliance with EGFRi regimens and improve patient quality of life.

Trial Design
ATR-04 or its vehicle will be applied to the face as well as affected areas on the neck, chest, back and areas around nailbeds in a 3:1 randomization. The key objectives of the study will be to assess the safety and tolerability of topical ATR-04 and to evaluate efficacy signals including severity of disease, pruritus, and pain. The bioavailability of the candidate and pharmacodynamic parameters will also be studied. This clinical study will establish the basis for continued clinical development of ATR-04.

ATR-04 will enroll eight patients in a single ascending dose Phase I study over 28 days. The Phase II portion will target 24 patients for this segment of the study. A contract research organization (CRO) is in place and six sites have been identified for use.

Exhibit II – ATR-04 Trial Design



Source: March 2026 Corporate Presentation

Rash Incidence Literature Review
We conducted a brief literature review on the incidence of rash in EGFRi patients and of side effects experienced by patients. References are included in the footnotes.[3,4,5,6] EGFRi treatment side effects are frequent with skin rash being the most common.

EGFR inhibitors belong to the kinase inhibitor or tyrosine kinase inhibitor (TKI) class and include such agents as Erbitux (cetuximab), Tarceva (erlotinib) and Iressa (gefitinib). EGFR is expressed in many tissues including epithelial tissue, skin, hair follicles and the gastrointestinal tract. Many of these sites are some of the most affected with EGFRi treatment. The condition is so severe that it may lead to the discontinuation of the therapy. The most common

[3] Fabbrocini, G., *et al*. Acneiform Rash Induced by EGFR Inhibitors: Review of the Literature and New Insights. Skin Appendage Disorders. February 2015.
[4] Pérez-Soler, R., Cutsem, E.V. Clinical Research of EGFR Inhibitors and Related Dermatologic Toxicities. Oncology. October 2007.
[5] Lacouture, M.E., *et al*. Dermatologic Toxicity Occurring During Anti-EGFR Monoclonal Inhibitor Therapy in Patients With Metastatic Colorectal Cancer: A Systematic Review. Clinical Colorectal Cancer. June 2018.
[6] Murphy-Rodríguez, E., *et al*. Cutaneous Toxicity Associated With Cetuximab Treatment in Metastatic Colorectal Cancer. Farmacia Hospitalaria. May 2011.

side effects are dose-dependent rashes or pustular lesions that appear on the face, scalp, chest and upper back. Researchers have noted a positive correlation between the appearance of rash and the clinical benefit of EGFRis.

Treatment for the dermatological toxicities include the use of emollient ointments and moisturizers, sun and irritant avoidance, and short showers. However, even with these approaches, many patients discontinue treatment preempting the benefits of the underlying drug. The relationship between toxicity and discontinuation is even more distinct when placed in the context of numerous studies that show a positive association between skin toxicity and efficacy. With this as background, it is clear that treating the rash will not only improve the quality of life in patients on EGFRi therapy but also improve outcomes for those who are able to avoid discontinuation.

Exhibit III – Incidence of Rash in EGFRi Patients

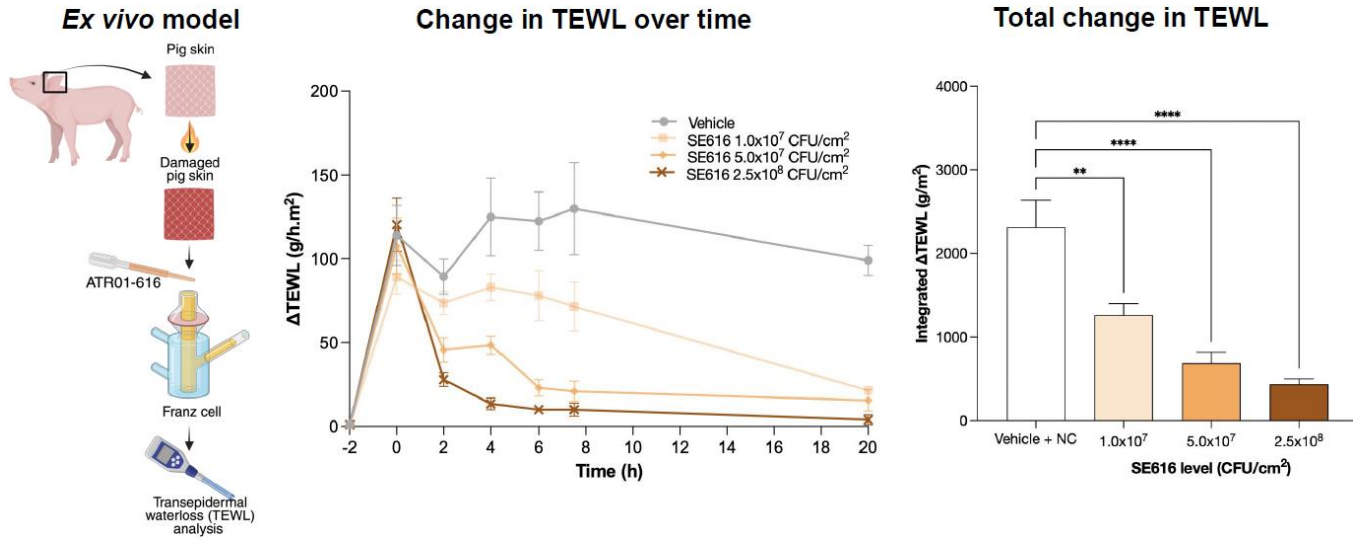
Drug Type	Examples	Incidence of Rash / Acneiform Eruption
EGFR TKIs	Erlotinib, Gefitinib, Afatinib, Osimertinib, Dacomitinib	60–90%
EGFR mAbs	Cetuximab, Panitumumab	75–90%
Severe Rash (Grade 3–4)	All agents	10–20%

Source: Compiled by Zacks Analyst

ATR-01 Preclinical Data

On October 20th, Azitra announced its upcoming presentation of ATR-01 data at the BIO-Europe conference. ATR-01 is a filaggrin-secreting strain of S. epidermidis for ichthyosis vulgaris. Ichthyosis[7] vulgaris is an inherited skin disorder that is characterized by dry, scaly skin that is similar in appearance to fish scales. The presentation emphasized that ATR-01 offers a positive pharmacology profile across multiple preclinical models. In *in vitro* models, ATR-01 secreted functional filaggrin, as measured by keratin binding assays. Furthermore, in *ex vivo* human skin, it was found to deliver filaggrin through the stratum corneum, as was measured with fluorescence immunohistochemistry. In this model, ATR-01 delivered filaggrin below the skin barrier ($p < 0.05$). Finally, in an *ex vivo* damaged pig skin model, ATR-01 was shown to significantly reduce transepidermal water loss compared to vehicle control ($p < 0.002$). Together, these data demonstrate positive pharmacological activity and biodistribution. Azitra plans to conduct additional investigational new drug (IND)-enabling studies and submit an IND in 2026.

Exhibit IV – ATR-01 Decreases Transepidermal Water Loss on *Ex Vivo* Damaged Skin



Source: Azitra November 2025 Corporate Presentation

[7] The root of the word Ichthys is Greek for fish (ἰχθύς).

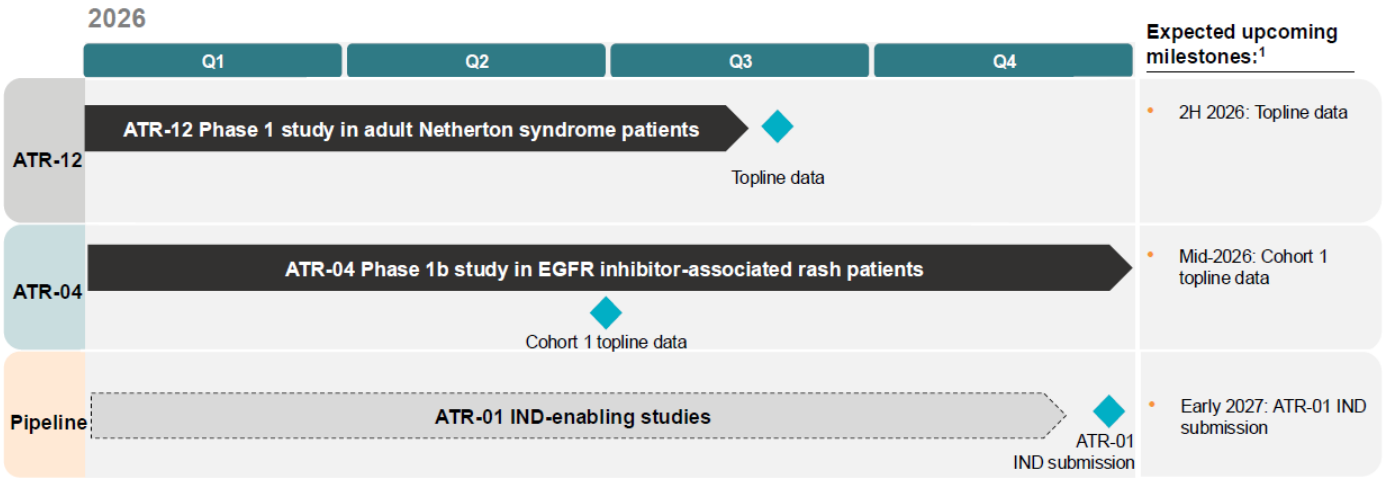
ATR-01 Cosmeceutical Derivatives

At the March BIO conference, COO Travis Whitfill introduced a new opportunity in cosmeceutical indications. The product is produced by inserting a gene fragment that encodes filaggrin into *S. epidermidis* to be later used in skin applications. The filaggrin is a byproduct of ATR-01 and may free amino acids and natural moisturizing factors that could improve the appearance of fine lines and wrinkles. One of the advantages of a cosmeceutical application is that the regulatory pathway is shorter and less costly. Additionally, there is substantial demand from cosmetics companies, especially in Asia, for new products that show benefits. This is an early stage initiative, but merits further review as it evolves.

Alumni Capital Share Purchase Agreement

In April, Azitra announced a share purchase agreement with Alumni Capital for up to $20 million to fund the clinical pipeline. Azitra controls the timing of the common stock sales and can put up to $750,000 of shares to Alumni at its own discretion and up to $4 million with Alumni's consent. Shares are sold at a discount to the lowest daily volume weighted price in the five days preceding the transaction. Warrants equal to 10% of the shares issued will also be granted to Alumni with an exercise price of 130% of the price paid for the common stock shares. As of February 26, 2026, Azitra has sold 9,255,823 shares, and issued 895,579 warrants to Alumni under the Equity Line of Credit Purchase Agreement with estimated gross proceeds of $6.2 million of which $0.2 million was received after December 31, 2025.

Exhibit V – Timeline for Azitra Programs

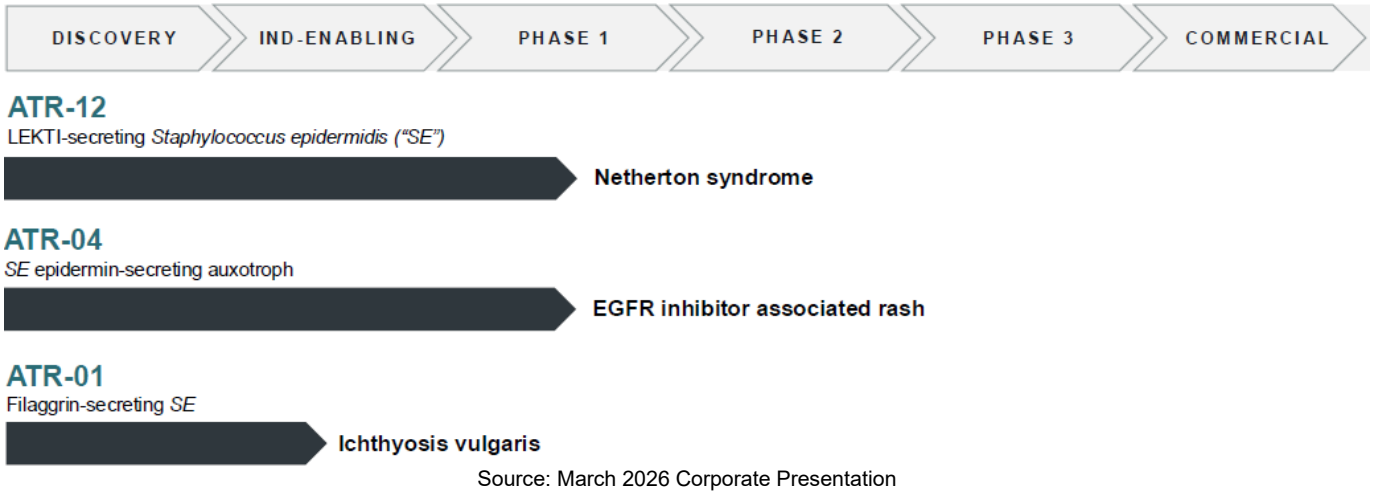


Source: March 2026 Corporate Presentation

Milestones

- Share purchase agreement with Alumni Capital – April 2025
- Presentation of ATR-04 data and clinical plan at ASCO – May 30 to June 3, 2025
- Initial safety data from Phase Ib ATR-12 – June 2025
- First patient dosed with ATR-04 for EGFRi rash (Phase I/II) – August 2025
- NYSE American issues deficiency letter for equity below $4 million – October 2025
- Report of ATR-01 preclinical data – October 2025
- Pricing of $1.5 million private placement – November 2025
- Notice of Acceptance of Listing Standards Compliance Plan from NYSE American – December 2025
- Presentation at Biotech Showcase – January 2026
- Presentation at BIO Investment & Growth Summit – March 2026
- Special Meeting of Shareholders – March 6th, 2026
- ATR-04 topline announcement – Mid-year 2026
- Topline report for Phase Ib ATR-12 trial – 2H:26
- ATR-01 IND submission – 4Q:26

Exhibit VI – Azitra Pipeline



Source: March 2026 Corporate Presentation

Summary

Azitra reported 2025 financial and operational results generating an operating loss of $11.0 million and cash burn of $11.4 million. The use of cash was funded by net cash from financing of $8.9 million from equity line of credit, private placement and public offering proceeds. Enrollment for the company's trials has slowed; however, action has been taken through the addition of a new clinical trial site at MD Anderson and increased education for the oncology teams that guide patients through treatment. Beyond the work Azitra has done with its three candidates, members of its management team have met with investors and other stakeholders at multiple conferences. As we look ahead, we see several milestones including topline results from the two clinical programs and, potentially, an IND submission before year end. We update our price target to reflect existing and anticipated shares outstanding over the next year. The result of this calculation generates a target price of $1.70 per share.

PROJECTED FINANCIALS

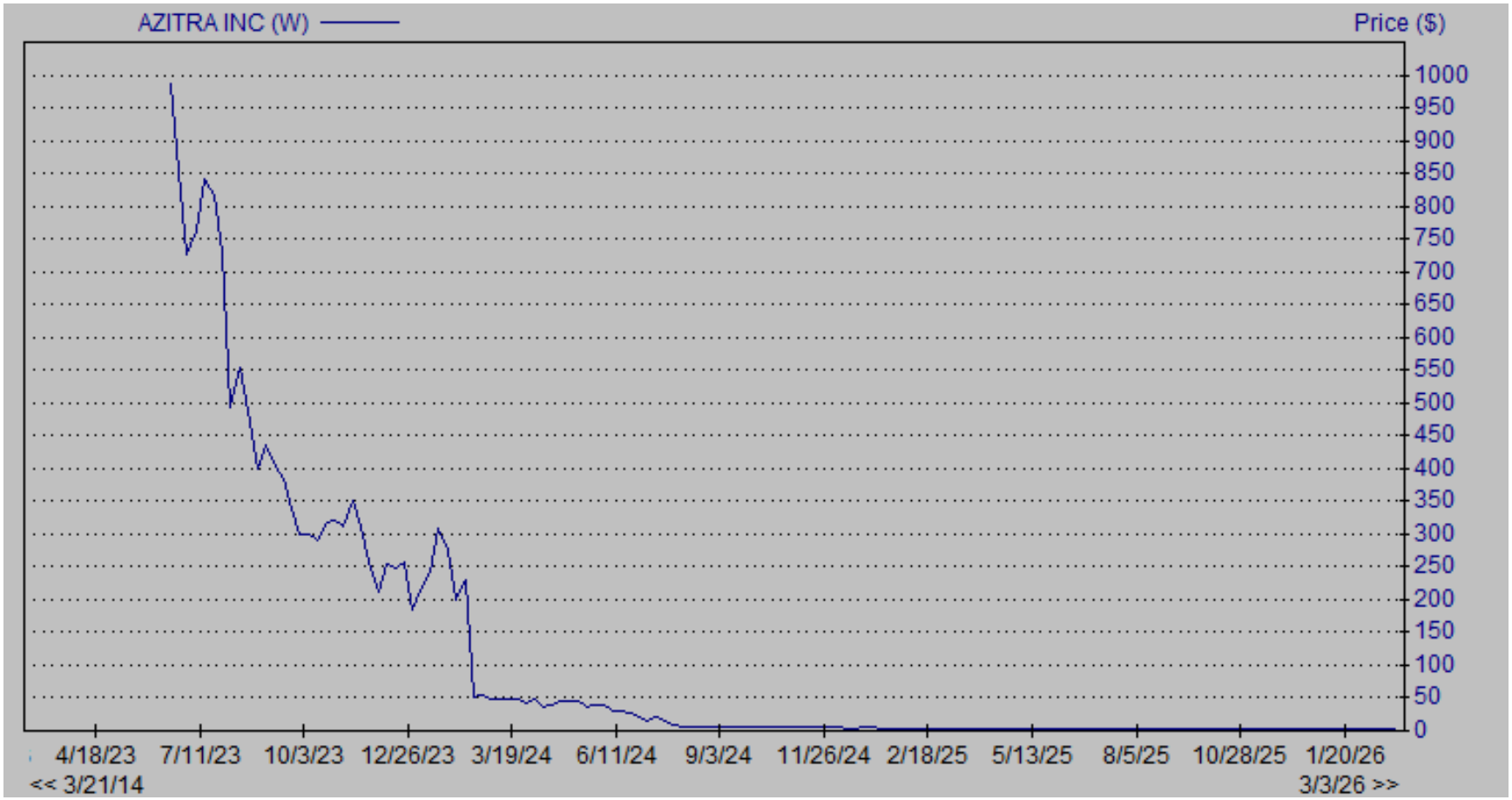
Azitra, Inc. - Income Statement

Azitra, Inc.	2024 A	Q1 A	Q2 A	Q3 A	Q4 A	2025 A	2026 E	2027 E
Revenues	**$8**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
General & Administrative	$6,269	$1,850	$1,470	$1,588	$1,223	$6,131	$5,500	$5,750
Research & Development	$4,723	$1,250	$1,402	$1,180	$1,004	$4,836	$9,100	$10,200
Operating Income	($10,985)	($3,100)	($2,871)	($2,768)	($2,227)	($10,967)	($14,600)	($15,950)
Operating Margin								
Interest Income, net	$110	$36	$15	$4	$7	$63	$0	$0
Other Income (Loss)	$1,916	($4)	($33)	($0)	($6)	($43)	$0	$0
Loss Before Income Taxes	($8,958)	($3,068)	($2,889)	($2,765)	($2,225)	($10,947)	($14,600)	($15,950)
Income Tax	($9)	$0	$0	$0	($8)	($8)	$0	$0
Net Loss	**($8,967)**	**($3,068)**	**($2,889)**	**($2,765)**	**($2,234)**	**($10,955)**	**($14,600)**	**($15,950)**
Preferred Stock Dividends	$0	$0	$0	$0	$0	$0	$0	$0
Net Loss Per Share	**($15.78)**	**($1.55)**	**($1.18)**	**($0.67)**	**($0.27)**	**($2.25)**	**($0.71)**	**($0.55)**
Weighted Average Shares	568	1,978	2,444	4,118	8,172	4,874	20,500	29,000

Source: Company Filing // Zacks Investment Research, Inc. Estimates

HISTORICAL STOCK PRICE

Azitra, Inc. – Share Price Chart



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