

Azitra, Inc.

(AZTR: NYSE American)

AZTR: Updated Valuation Reflects Cosmetic and EGFRi Rash Programs

Azitra's valuation relies on a DCF model and a 15% discount rate applied to our cash flow estimates for commercialization of ATR-COSF in wrinkle reduction and ATR-04 in EGFRi associated rash. We apply a success probability of 23% to the portfolio. The model includes contributions from the United States and the developed world.

Current Price (9/25/2026) **\$0.17**
Valuation **\$0.34**

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. Its lead program is ATR-04 in EGFRi rash followed by ATR-COSF for cosmetic use. Each is topically formulated. Azitra paused its ATR-12 Netherton syndrome program & is preparing an IND for ATR-01.

Proof of concept work will begin soon for ATR-COSF in parallel with efforts to identify an established cosmetics company to commercialize it. ATR-04 began enrollment in 3Q:25 & continues to add patients. Topline data from ATR-04's first cohort is expected before year-end 2026.

Azitra additionally offers a preclinical recombinant protein platform. It features TEV Protease and T7 RNA Polymerase seeking markets in biotech research and manufacturing.

We expect news flow to center on ATR-04 & ATR-COSF as they advance towards later stage clinical trials and potentially attract partner interest.

SUMMARY DATA

52-Week High **1.09**
52-Week Low **0.10**
One-Year Return (%) **-76.6**
Beta **-1.1**
Average Daily Volume (sh) **1,855,392**

Shares Outstanding (mil) **103.0**
Market Capitalization (\$mil) **17.5**
Short Interest Ratio (days) **0.3**
Institutional Ownership (%) **11.2**
Insider Ownership (%) **0.3**

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 2026 Estimate **N/A**
P/E using 2027 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)
2025	\$0.0 A	\$0.0 A	\$0.0 A	\$0.0 A	\$0.0 A
2026	\$0.0 A	\$0.0 A	\$0.0 E	\$0.0 E	\$0.0 E
2027					\$0.0 E
2028					\$0.0 E

Earnings per Share

	Q1	Q2	Q3	Q4	Year
2025	-\$1.55 A	-\$1.18 A	-\$0.67 A	-\$0.27 A	-\$2.25 A
2026	-\$0.25 A	-\$0.17 A	-\$0.02 E	-\$0.02 E	-\$0.20 E
2027					-\$0.06 E
2028					-\$0.06 E

WHAT'S NEW

Azitra, Inc. (NYSE American: AZTR) reported second quarter 2026 financial and operational results on August 12th, 2026 and provided a business update. Year to date 2026, Azitra has raised gross proceeds of approximately \$10.5 million in capital that will support the launch of a new initiative in cosmetics and cosmeceuticals along with its other clinical programs. The company is moving away from its ATR-12 Netherton syndrome program and emphasizing its cosmetics work and ATR-04 skin rash program. It has also participated in the BIO International convention, presented a poster at the Annual Meeting of the American Society of Gene & Cell Therapy (ASGCT) and secured a new patent for ATR-12.

We update our valuation to reflect the pause in the ATR-12 program and emphasize the opportunity for the cosmetics and ATR-04 skin rash initiatives. We discuss the assumptions behind our updated target price in the valuation section of this report. Based on our estimates, our model generates a valuation of \$0.34 per share.

Operational and Financial Results

Azitra's second quarter 2026 results were presented in a [press release](#) and [Form 10-Q](#) filing with the SEC on August 12th. For the quarter ending June 30th, 2026 and versus the prior year's comparable period, no revenues were reported. Net loss for the three-month period totaled \$3.3 million or \$0.17 per share.¹ Below, we detail 2Q:26 financial results compared to the same prior year period:

- General and administrative expenses totaled \$2.1 million, up 41% from \$1.5 million due to higher payroll and benefits related to retention bonuses, greater legal fees, increased accounting costs, and greater use of business consultants along with more overhead expenses. These were partially offset by lower insurance, public relations and software and equipment costs;
- Research and development expenses decreased by 4% to \$1.4 million on lower ATR-12 and ATR-04 spending. The use of clinical consultants declined, also contributing to the change. These were partially offset by greater payroll and benefits related to retention bonuses, greater spending on lab supplies and an increase in the use of chemistry, manufacturing and controls (CMC) consultants along with higher miscellaneous costs;
- Net interest income was \$73,000 compared to \$15,000 due to greater interest income from higher cash balances;
- Other expense was \$1,788 compared with \$32,688;
- Net loss was \$3.3 million or \$0.17 per share vs. \$2.9 million or \$1.18 per share;²

As of June 30th, 2026, cash and equivalents totaled \$6.7 million. This compares with the \$2.1 million at the end of 2025. There is no debt. Cash burn for the first six months of 2026 was \$5.8 million, on par with the \$5.9 million in the same prior year period. Cash from financing was \$10.6 million representing proceeds from a private placement, equity line of credit and warrant-exercise proceeds.

ASGCT Poster Featuring ATR-01

Azitra [presented](#) its poster entitled "An Engineered Human Filaggrin Secreting *Staphylococcus epidermidis* Strain for the Topical Treatment of Ichthyosis Vulgaris" at the 2026 Annual Meeting of the American Society of Gene & Cell Therapy (ASGCT 2026). Roger Léger, Ph.D., Azitra's Vice President of Chemistry, Formulation and Development delivered the address.

The poster highlighted Azitra's engineered live biotherapeutic ATR-01. The candidate is designed to treat ichthyosis vulgaris (IV) by delivering recombinant human filaggrin directly into the skin using a modified *Staphylococcus epidermidis* strain. IV is a common genetic skin disorder caused by filaggrin deficiency, leading to impaired skin barrier function and increased transepidermal water loss.

The data presented at ASGCT 2026 highlighted ATR-01's mechanism of action and translational potential, including its ability to elicit robust secretion of a recombinant human filaggrin domain. The bacteria achieve peak production 6

¹ We update per share amounts in this report to reflect the 1:6.66 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.

to 8 hours following application. In an *ex vivo* pig skin model, ATR-01 significantly reduced transepidermal water loss across all dose levels ($p < 0.001$), with levels returning near baseline within 20 hours. In parallel, studies in re-constructed human epidermis showed restoration of key structural features such as increased filaggrin levels and co-localization with keratin proteins, supporting functional integration into the skin barrier.

ATR-01 Cosmeceutical Derivatives

At the March 2026 BIO conference, COO Travis Whitfill introduced a new initiative in cosmeceuticals. Azitra's ATR-COSF is produced by inserting a gene fragment that encodes filaggrin into *S. epidermidis* to be 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 in clinical trials.

Azitra reported updated information for the program in July 2026. We discuss the details in the next section. Management has guided towards a Human Cosmetic Application study slated for 2H:26.

Filaggrin Background for Skin Smoothing Treatment

Filaggrin's role in reducing the appearance of lines and wrinkles is mostly indirect. The structural protein helps keep the stratum corneum (SC) hydrated, compact and mechanically resilient, so skin looks smoother and less creased. As filaggrin is broken down, it generates a natural moisturizing factor, which helps retain water and maintain the skin barrier. Loss of filaggrin is associated with dry, scaly, more visibly lined skin.^{3,4}

Filaggrin accumulates keratin filaments in the outer epidermis, helping corneocytes flatten and pack tightly, which supports barrier strength and the physical smoothness of skin. Its degradation products become natural moisturizing factors, which help hold water in the stratum corneum and support an optimal skin pH. When filaggrin is reduced, water loss rises and the skin tends to look drier and more lined, especially in chronically dry or aging skin.⁵

Filaggrin is not a collagen or elastin replacement, so it does not directly rebuild the dermis or erase established wrinkles. Rather, it can improve the appearance of fine lines by improving hydration, barrier integrity and surface texture, which makes them less noticeable. Filaggrin-supportive approaches emphasize smoothing and moisture retention as opposed to true wrinkle reversal.⁶

ATR-COSF Ex Vivo Results

On July 15th, Azitra [announced](#) *ex vivo* results from its ATR-COSF program demonstrating controlled distribution of the rHD filaggrin⁷ into the stratum granulosum (SG) in increased amounts over prior single dose experiments in human skin. The experiments established improvements in elasticity and reduced the appearance of fine lines and wrinkles in human skin. Two studies were evaluated. The first evaluated *ex vivo* fresh, healthy human explants to measure recombinant human derived (rHD) filaggrin delivery. The second *ex vivo* model used defatted human skin explants to evaluate the effect of the lyophilized rHDFilaggrin supernatant in a hydrogel formulation on human skin elasticity.

Study I

Study I showed that the ATR-COSF supernatant provided a positive penetration and distribution profile for rHDFilaggrin using multiple doses of a 2% lyophilized supernatant in a hydrogel formulation. The functional unit of filaggrin protein was delivered through the SC and into the SG layers (see following exhibit for reference). The amount delivered was greater than what had been achieved in single dose previous work. Drug concentration was also greater in the SC and SG layers.

³ Murphy, G.F. [Aging Skin: A Dermatitis To Which All Flesh Is Heir?](#) Journal of Cutaneous Pathology. January 2026.

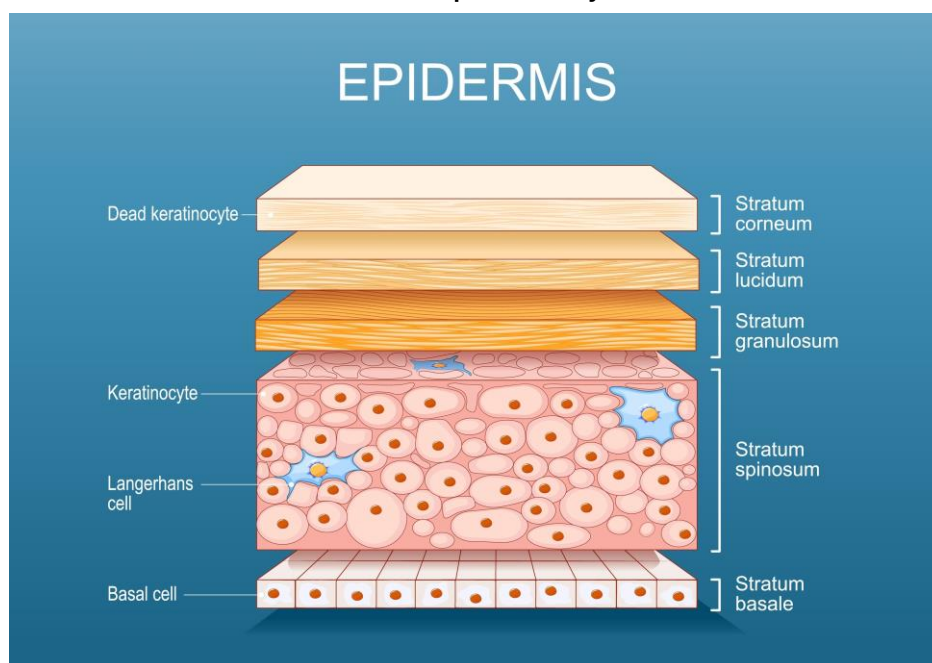
⁴ Medline Plus. [FLG Gene, Filaggrin](#). Accessed May 2026.

⁵ Kim, Y., Lim, K.M. Skin barrier dysfunction and filaggrin. Archives of Pharmaceutical Research. January 2021.

⁶ Harding, C.R. *et al.* [Filaggrin – Revisited](#). International Journal of Cosmetic Science. March 2013.

⁷ Filaggrin means filament aggregating protein. It facilitates aggregation of keratin filaments

Exhibit I – Epidermis Layers

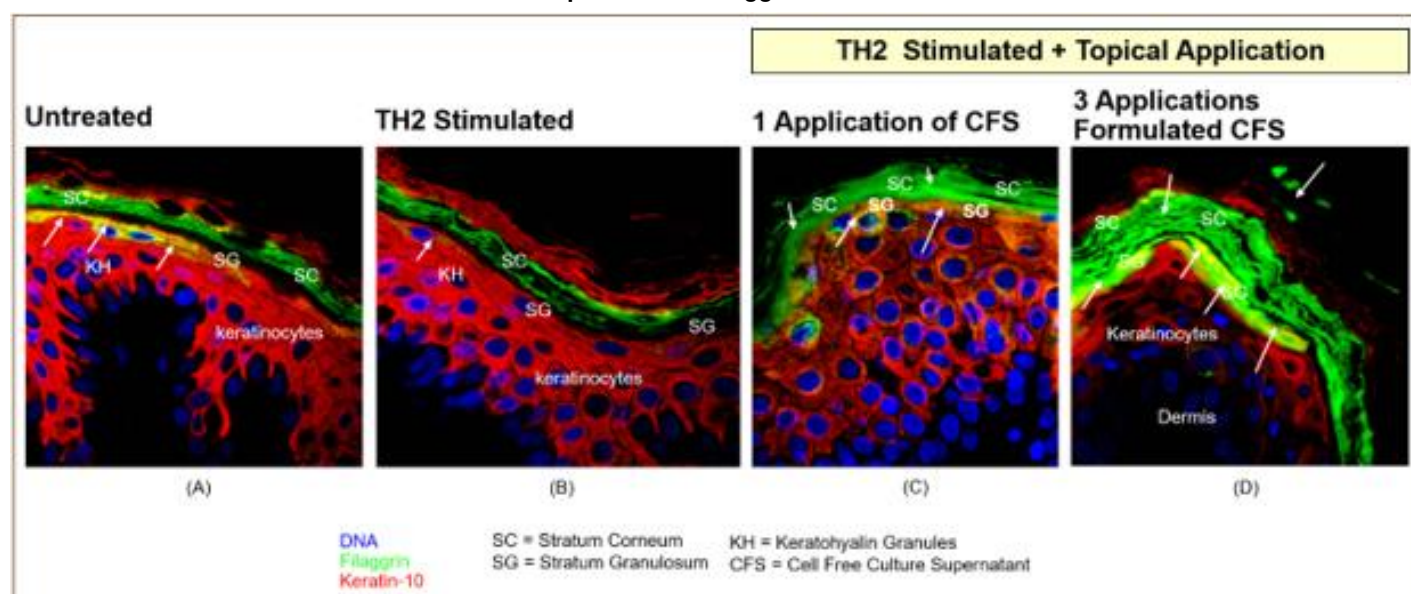


Source: Shutterstock Image #2453690763

Azitra asserts that this *ex vivo* model offers a biologically relevant system for evaluating skin penetration while preserving the architecture of human skin. The skin explants were stimulated with TH2 cytokines to reduce the levels of endogenous filaggrin in the samples. Researchers detected rHDFilaggrin penetration in the middle to lower SC following a single application of the 2% formulation. Additional applications of rHDFilaggrin produced increased amounts of the protein in the measured skin layers. Azitra's safety testing showed that the 2% supernatant formulation is non-irritating and non-corrosive to the skin and eyes. The methods used to measure this were not disclosed.

The following exhibit illustrates the penetration of filaggrin into the skin after single and multiple applications of the supernatant. Figure A shows explanted healthy skin prior to treatment. Native filaggrin is present, stained in green, in the SG layer. Figure B shows the skin sample after TH2 cytokine stimulation which seeks to reduce or eliminate native filaggrin in the SG layer. Figure C shows the penetration and distribution of rHD filaggrin into the SG layer after one application and Figure D shows penetration after three applications of the lyophilized cell-free supernatant in a hydrogel formulation.

Exhibit II – Expression of Filaggrin in Human Skin

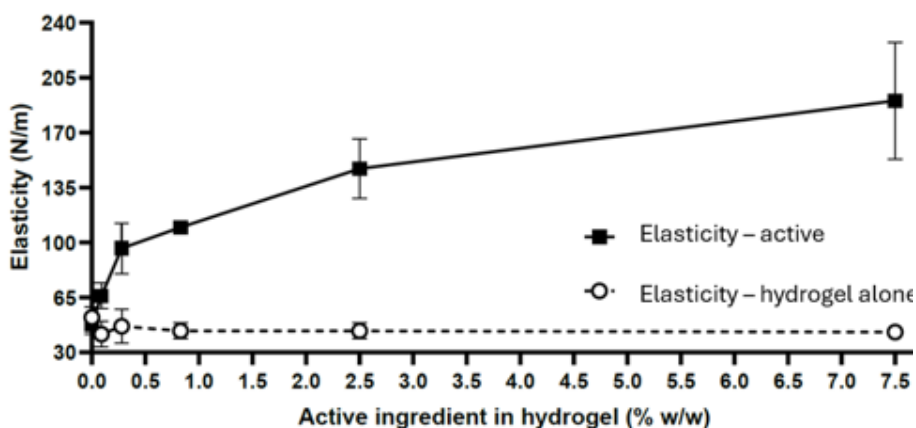


Source: Azitra July 15th, 2026 [Press Release](#)

Study II

The second *ex vivo* model sought to assess the effect of the lyophilized rHDFilaggrin supernatant in a hydrogel formulation on human skin elasticity. Supernatant concentrations in the hydrogel ranged from 0.0% to 7.5% by weight. Elasticity was measured at 20 hours post application. Skin samples were incubated at 30° Celsius. The exhibit below shows the results demonstrating a greater elasticity relationship with higher supernatant concentration. The press release did not disclose the method used for measuring elasticity.

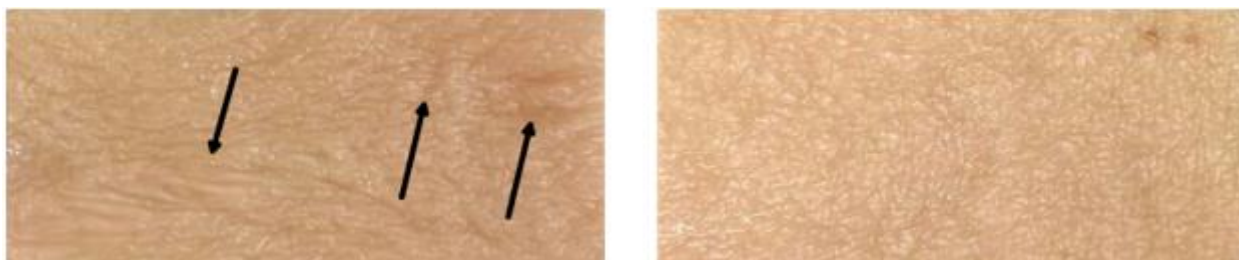
Exhibit III – Human Skin Elasticity Measurement vs Supernatant Concentration



Source: Azitra July 15th, 2026 [Press Release](#)

Minimum and maximum effects in elasticity enhancement were observed in hydrogels containing 0.09% weight/weight (w/w) (1.6-fold) and 7.5% w/w (4.4-fold) of active ingredient. Hydrogels containing 0.28% w/w of active ingredient restored *ex vivo* abdominoplasty skin elasticity to values historically observed in healthy skin. Photographs of the skin samples after the incubation period are shown in the following exhibit. On the left is the placebo treated skin and on the right is the 0.3% supernatant treated skin. The actively treated sample produced twice the elasticity of the placebo-treated skin sample according to Azitra's measurement methods.

Exhibit IV – Placebo Treated (Left) and Active Treated (0.3% Supernatant) (Right) Human Skin



Source: Azitra July 15th, 2026 [Press Release](#)

The preclinical work here is an encouraging first look at the effects of ATR-COSF and we are eager to see further analysis in a peer reviewed journal article.

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 registered as [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 who prophylactically administer antibiotics and steroids. The administration of antibiotics and steroids are exclusion criteria for enrollment in the trial.

The medical community seeks to reduce the use of antibiotics to reduce the risk of antimicrobial resistance. Physicians also recognize the risk of topical steroid use which can cause thinning of the skin, precipitate other types of rashes and increase the risk of infection. Azitra will communicate these benefits that may come from ATR-04 more broadly throughout the oncology care team at the sites where it is running the trial. Management has also activated 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 allowed 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.

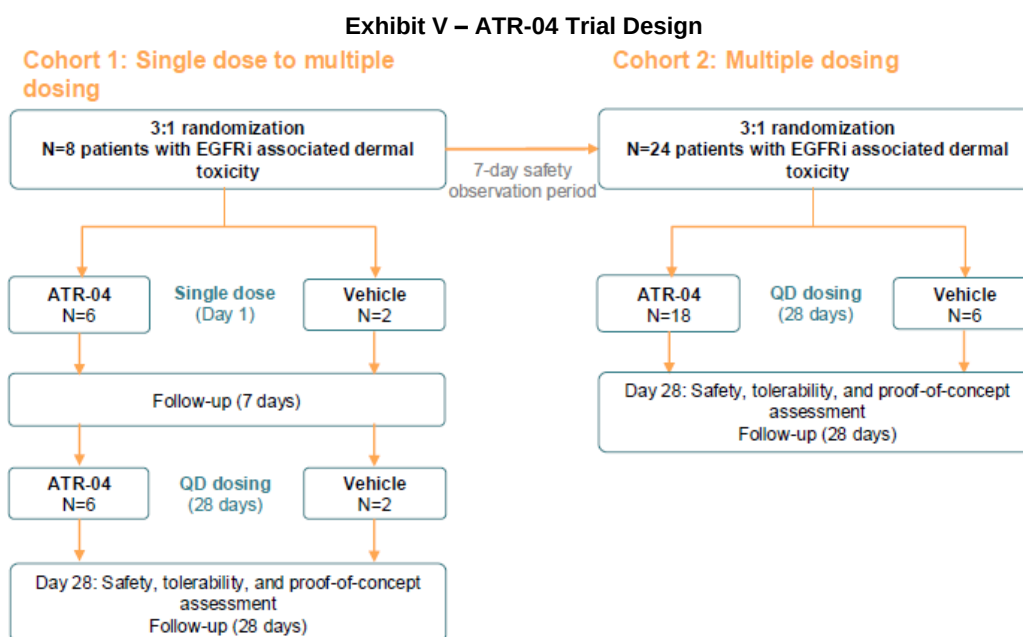
In the skin, EGFR regulates multiple keratinocyte functions including proliferation, adhesion and migration, survival, and differentiation. Consequently, inhibition of EGFR in the skin results in adverse skin reactions, which make it difficult for patients to continue therapy. Two of the leading EGFR 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 with ATR-04: a genetically modified strain of *S. epidermidis*. The strain has demonstrated properties of inhibiting IL-36γ, *S. aureus* and related biofilms. ATR-04 has been modified to be auxotrophic for D-alanine.⁸ 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 (NCT06830863)

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 multicenter, randomized, double-blind 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.

Azitra plans to enroll eight patients in the ATR-04 Phase I study with a single dose lead-in and observation for seven days. This will be followed by daily application of four grams of ATR-04 or vehicle over 28 days. The Phase II portion will evaluate 24 patients. The contract research organization (CRO) will enroll subjects at six sites. Management expects topline data from the first cohort of the study to be reported in 4Q:26.



Source: March 2026 Corporate Presentation

⁸ D-alanine auxotrophy serves as a built-in safety mechanism for ATR-04. This modification prevents the bacteria from synthesizing an essential nutrient on its own, creating a kill switch that limits its survival outside of its controlled formulation.

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.^{9,10,11,12} EGFRi treatment side effects are frequent with skin rash being the most common.

EGFR inhibitors are monoclonal antibodies such as Erbitux (cetuximab) or belong to the kinase inhibitor or tyrosine kinase inhibitor (TKI) class and include such agents as 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 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 includes the use of emollient ointments and moisturizers, sun and irritant avoidance, and short showers. However, even with these approaches, many patients discontinue treatment, thereby limiting 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 may improve outcomes for those who are able to continue with EGFRi treatment.

Valuation of the ATR-COSF and ATR-04 Programs

ATR-COSF

Azitra has paused its Netherton syndrome program and has refocused its primary efforts. Therefore, we put aside our ATR-12 valuation and add ATR-COSF. ATR-COSF seeks to improve the appearance of fine lines and wrinkles by delivering filaggrin to the skin. The anti-wrinkle cosmetics market is a large and growing segment of skincare that seeks to reduce the appearance of fine lines, wrinkles, uneven tone and loss of firmness. According to [Grandview Research](#), the global anti-wrinkle market size was valued at \$14.6 billion in 2025 and forecasted to grow at a compound annual growth rate (CAGR) of 7.5% over the next seven years. Asia-Pacific is the largest single market, with Europe second. The United States comes in third in terms of market size. There is a shift in consumer demand towards products that show a proven ability to favorably impact fine lines, texture, elasticity and overall skin firmness. These individuals also prefer medical-grade skincare and products supported by clinical results.¹³

Based on a review of multiple sources, we estimate a market size of approximately \$13.1 billion for products in the fine lines and wrinkles space. This value is informed by data provided by [Future Market Insights](#), [Grand View Research](#) and other resources. Based on our review and research of numerous trade magazines and articles, individual product revenues in this space most often range from [\\$10 million to \\$900 million](#) in revenues. Azitra management has cited sales of Filagrino¹⁴ of \$500 million. However, we believe that this is not a publicly published number, but it does fall in the range of what we consider reasonable revenues for this type of product. Filagrino is used in Reviderm's hydro infusion serum and possibly other products as well. Most products fall in the [\\$1 million to \\$50 million range](#) of annual revenues; however, products that are backed by global beauty brands and have clinical data to back them up can easily exceed \$100 million.

Pricing for skincare products falls within a range of \$20 per unit¹⁵ for mass market products to \$400+ for luxury, dermatologist-dispensed lines. While these higher-priced products are attractive price points from the standpoint of the seller, total revenues are limited given the small size of the population willing to pay over \$400 for a unit of skincare product. We see Azitra's product as most efficiently priced at around \$80 per unit in 2026 dollars increasing at a 3% annual rate. This level maintains mass market appeal, but also recognizes the product's efficacy which we expect will be demonstrated in clinical trials.

⁹ Fabbrocini, G., *et al.* Acneiform Rash Induced by EGFR Inhibitors: Review of the Literature and New Insights. *Skin Appendage Disorders*. February 2015.

¹⁰ Pérez-Soler, R., Van Cutsem, E.

Clinical Research of EGFR Inhibitors and Related Dermatologic Toxicities. *Oncology*. October 2007.

¹¹ 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.

¹² Murphy-Rodríguez, E., *et al.* Cutaneous Toxicity Associated With Cetuximab Treatment in Metastatic Colorectal Cancer. *Farmacia Hospitalaria*. May 2011.

¹³ GrandView Research. *Anti-wrinkle Products Market (2026 – 2033)*.

¹⁴ We note that there are two spellings of this product used: Filagrino and Filaggrino. We were not able to determine if they are the same product or distinct from each other.

¹⁵ The average size of a retail skincare product unit typically ranges from 30ml to 50ml for facial treatments like moisturizers and serums.

We think that ATR-COSF can generate peak revenues of over \$300 million by 2034, assuming that a major recognized global skincare brand is able to commercialize the product and that clinical trial data back up expected efficacy. Over the next two years, we see the completion of proof-of-concept studies in 2026, further studies in 2027 along with the execution of a deal with an established partner. First sales are estimated in 2028 and our estimates call for \$303,000 in revenue that year. Growth will be swift over the following years reaching \$350 million by 2034. Based on several relevant deals that we reviewed in the space¹⁶ that included upfronts, milestones and royalties, we think that Azitra can negotiate 10% of total economic value (revenues) from a product licensing agreement. Our estimate is based on the value of upfronts, milestones and royalties spelled out in the links included in the footnotes for Hand MD & Synergy CHC, UNeMed & Telomolecular and Skinvisible & Quoin. The 10% all-in royalty generates license proceeds paid to Azitra of \$30,000 in year one (2028) rising to \$35.0 million by year seven (2034).

EGFRi Rash

Azitra launched its Phase I/II trial for ATR-04 in 3Q:25 and dosed the first patient shortly after. We expect the Phase I/II trial to be complete in 2028 after which Azitra is anticipated to launch a pivotal study. Over the subsequent two years in 2030 and 2031, data from the pivotal trial will be compiled and submitted to the FDA for a 2032 product launch. We expect that a large pharmaceutical partner with a connection to EGFR inhibitors will acquire the asset and pay upfronts, milestones and royalties to Azitra and we design our model with this assumption.

Based on Bloomberg script data, we estimate approximately 151,000 patients are treated¹⁷ with EGFR inhibitors in 2026. This population is expected to grow from 4.5% per annum declining to 3.0% per annum over the next 10 years. From 50% to 80% of patients experience moderate to serious rash as a result of EGFRi use and 20% of patients are forced to discontinue treatment with the tyrosine kinase inhibitor (TKI). Based on this incidence, for valuation purposes we estimate about 50% of patients, or about 75,700, would be the addressable market for ATR-04 in 2026. The development timeline for ATR-04 is modeled as undergoing a Phase I/II study until 2028, being the subject of a pivotal study in 2029 followed by a BLA submission in 2030, regulatory review in 2031 and approval followed by first sales in 2032. Penetration in the year of approval (2032) is estimated at 1.0% of the estimated 94,500¹⁸ EGFRi patients which equals 945. Penetration is expected to grow to 22.0% by year seven (2038) which is equivalent to 24,800 patients receiving ATR-04.

Adjuvant or supportive drugs such as those addressing the side effects of other modalities addressing the main disease fall into their own pricing category. While there are many commodity-type products with competitors that fall into the several-thousand-dollar range per course of treatment, medicines that address unmet needs using a novel and effective mechanism can command significantly more. Once such example is Kepivance which is used to help prevent or heal mouth sores and ulcers in people being treated with chemotherapy and stem cell treatment. A full course of therapy for Kepivance of six vials receives Medicare pricing of approximately \$24,000.¹⁹ We balance this with other products such as Neulasta that reduces the risk of infection for patients that are receiving myelosuppressive chemotherapy. It commands a price of approximately \$6,300 per course of therapy.²⁰ We use these data points to estimate a treatment cost of \$12,600 in 2026. We inflate this amount by 3% per year.

These assumptions generate product revenues for ATR-04 of \$14.2 million in year one (2032) rising to \$445 million by year seven (2038). Based on the novelty of the product and lack of other alternatives, we assume a partner will pay upfronts, milestones and royalties equivalent to 30% of revenues. We represent this with a 30% royalty only. The assumptions generate royalty revenue of \$4.3 million in year one (2032) increasing to \$133 million by year seven (2038).

Estimates for operational costs call for \$12.5 million in cash expense for 2026, \$12.3 million for 2027 and \$13.8 million in 2028 reflecting a rise in research and development costs as Azitra allocates more funds to the ATR-04 program partially offset by the assumption of responsibilities for further advancing ATR-COSF with a skincare-focused partner. If Azitra is not sold to an established biopharmaceutical company and out-licenses ATR-04, we anticipate that it will begin to pursue other indications with its skincare platform including a resumption in development of ATR-12 and the start of a clinical program for ATR-01. At the time of a new clinical R&D program, we will reflect its costs and benefits.

¹⁶ We reviewed [Hand MD + Synergy CHC](#), [UNeMed + Telomolecular](#) and [Skinvisible + Quoin](#).

¹⁷ We have access to 2022 Bloomberg script data. We assume a 5% annual growth rate in usage from 2022 to 2026 to generate our estimate.

¹⁸ The 94,500 addressable market represents a ~4% compound annual growth rate from 2026's 75,700.

¹⁹ Six vials of Kepivance are required with a content of 5.16 mg. Medicare pays \$38.69 for 50 micrograms of Kepivance (J Code: J2425). Each vial is reimbursed at $[(5,160\mu\text{g} / 50\mu\text{g}) \times \$38.84/\mu\text{g}] \times 6 = \$24,049$. Medicare pricing resource can be found [here](#).

²⁰ The standard dosage per patient receiving Neulasta subcutaneous solution is [\\$6,276.99 according to drugs.com](#). Medicare pricing can be found under J Code: J2506 and is listed at \$201.24 for 0.5 mg. The standard 6 mg dose requires 12 units. $12 \times \$201.24 = \$2,415$. Private insurance generally reimburses at a higher level than Medicare.

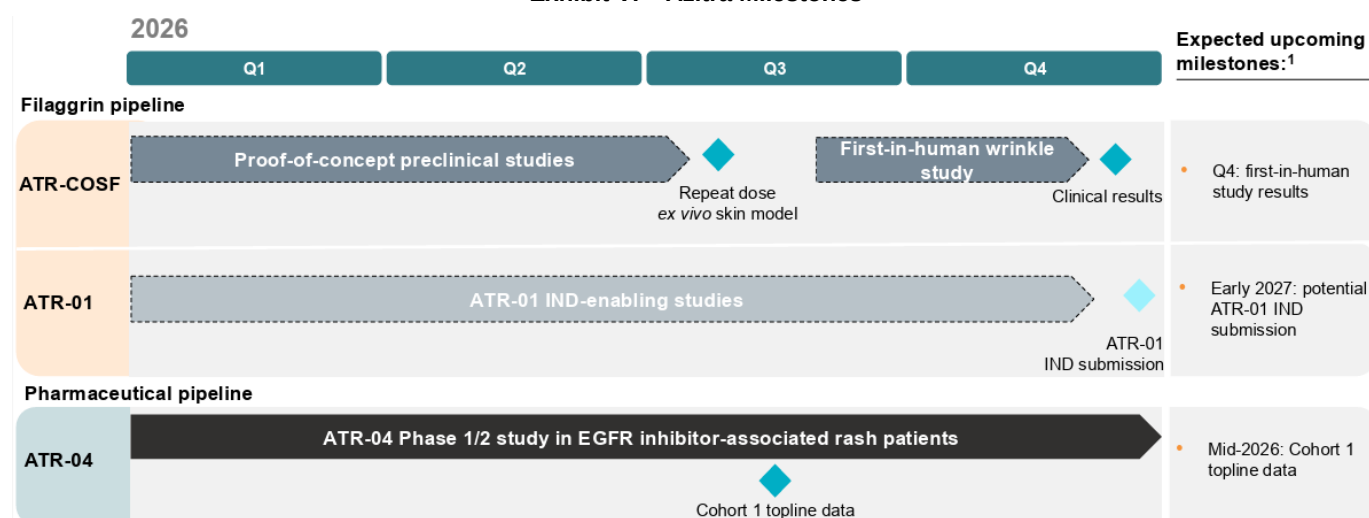
Following the generation of profits, net operating losses (NOLs) will be consumed. After NOLs are exhausted, we forecast a 25% cash tax rate on earnings. After tax cash flows to the company are discounted at a 15% rate with a terminal growth rate of 3% beginning in 2048. We apply a blended 23% likelihood of success for Azitra's portfolio which weights each program by its discounted cash flow (DCF) value. Applying an NPV-weighted probability, the model assumes a 12.5% likelihood of success for ATR-04 and a 35% likelihood of success for ATR-COSF.

For our per share valuation, we use the share balance as confirmed with Azitra's CFO as of mid-September 2026 of 60.6 million common shares, 42.4 million pre-funded warrants and 168.8 million warrants with a \$0.123 exercise price. Warrants are assumed to be exercised with cash proceeds added to the equity value. Shares used to calculate our target price are approximately 271.9 million.

Penetration into addressable markets can potentially be higher for each of Azitra's programs of consumers, payors, providers and patients are receptive to the product. It may also be lower if these parties are not receptive to it. We note that the determinant for many of the variables in our model, especially those for ATR-04, will be the ultimate success of the development process and successful review by the FDA. We will update our model accordingly as new information becomes available.

Based on the assumptions identified in our discounted cash flow model, we generate a valuation of \$0.34 per share.

Exhibit VI – Azitra Milestones



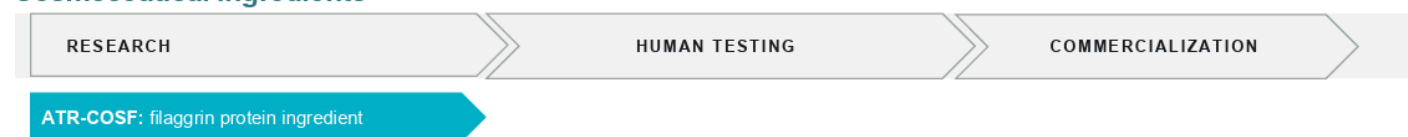
Source: August 2026 Corporate Presentation

Milestones

- [Presentation](#) at Biotech Showcase – January 2026
- [Presentation](#) at BIO Investment & Growth Summit – March 2026
- [Private Placement](#) of \$10.5 million – March 2026
- Poster Presentation at ASGCT meeting – May 2026
- Results from ATR-COSF study on cosmetic surgery skin – mid-2026
- Pause of enrollment in ATR-12 program – June 2026
- Azitra [regains compliance](#) with NYSE listing standards – August 21st, 2026
- Launch of human cosmetic application study (ATR-COSF) – 2H:26
- Participation in the HC Wainwright Conference – September 2026
- Initiation of human cosmetic study – 2H:26
- ATR-04 first cohort topline announcement – 2H:26
- ATR-04 Cohort 1 initial data announcement – 4Q:26
- ATR-01 IND submission – 2027

Exhibit VII – Azitra Pipeline

Cosmeceutical ingredients



FDA-regulated candidates for drug development



Summary

Azitra reported 2Q:26 financial and operational results generating a net loss of \$3.3 million and a similar level of cash burn over the same period. The company executed a capital raise obtaining gross proceeds of \$10.5 million in March 2026 that will support development of the new cosmetic indication along with the existing clinical programs. In line with the priorities enumerated in the mid-June CEO letter, Azitra has decided to pause the Netherton syndrome program and allocate capital towards ATR-COSF and ATR-04. While the ATR-01 program still appears on the company's August 2026 corporate presentation pipeline chart indicating a 2027 IND, there is no mention of it in the 2Q:26 press release. We interpret this to mean that Azitra's primary efforts will be on ATR-COSF and ATR-04.

With the pause in ATR-12, we update our valuation model to reflect the advancement of ATR-COSF and ATR-04. The former is on the cusp of a proof-of-concept trial and the latter is in line to report topline data from a Phase I/II trial.

Beyond the clinical and financing efforts, Azitra has secured a new patent, regained compliance with NYSE American listing standards and is presenting at conferences. We update our valuation to reflect the new emphasis on ATR-COSF and ATR-04 along with the issuance of new shares and warrants. This work generates a target price of \$0.34 per share.

PROJECTED FINANCIALS

Azitra, Inc. - Income Statement

Azitra, Inc.	2025 A	Q1 A	Q2 A	Q3 E	Q4 E	2026 E	2027 E	2028 E
Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General & Administrative	\$6,131	\$2,373	\$2,068	\$1,195	\$1,250	\$6,886	\$5,750	\$6,311
Research & Development	\$4,836	\$1,561	\$1,352	\$1,366	\$1,374	\$5,652	\$6,555	\$7,485
Operating Income	(\$10,967)	(\$3,934)	(\$3,419)	(\$2,561)	(\$2,624)	(\$12,538)	(\$12,305)	(\$13,796)
<i>Operating Margin</i>								
Interest Income, net	\$63	\$11	\$73	\$5	\$2	\$92	\$0	\$0
Other Income (Loss)	(\$43)	(\$5)	(\$2)	\$0	\$0	(\$6)	\$0	\$0
Loss Before Income Taxes	(\$10,947)	(\$3,927)	(\$3,348)	(\$2,556)	(\$2,622)	(\$12,453)	(\$12,305)	(\$13,796)
Income Tax	(\$8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Loss	(\$10,955)	(\$3,927)	(\$3,348)	(\$2,556)	(\$2,622)	(\$12,453)	(\$12,305)	(\$13,796)
Net Loss Per Share	(\$2.25)	(\$0.25)	(\$0.17)	(\$0.02)	(\$0.02)	(\$0.20)	(\$0.06)	(\$0.06)
Weighted Average Shares	4,874	15,518	19,301	103,100	105,650	60,892	192,758	225,000

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

HISTORICAL STOCK PRICE

Azitra, Inc. – Share Price Chart²¹



²¹ Price chart courtesy of barchart.com.

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