Zacks Small-Cap Research

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Amarantus BioScience Holdings, Inc. (AMBS-OTCQB)

AMBS: Uplisting to NASDAQ is a priority…Buy

Current Recommendation	**Buy**
Prior Recommendation	Sell
Date of Last Change	07/12/2015
Current Price (08/31/15)	$2.15
Target Price	**$15.00**

UPDATE

Despite what we believe is aggressive discounting and downward adjusting of our models based on overly pessimistic probability assumptions, we are still arriving at a target price of $15.00 per share. The current market capitalization is only $17 million. Our target is far more consistent with that we see as a peer-valuation for similar-stage NASDAQ listed companies. We believe uplisting to NASDAQ will act as a major catalyst to drive institutional awareness in the story, and that several pending catalysts over the next 15 months, including the AMDX sales / spin-off, starting human clinical trials with MANF, reporting results from the eltoprazine Phase IIb data, and the ESS Phase IIa data should allow for the realization of a significantly higher stock price.

SUMMARY DATA

52-Week High	**$18.21**
52-Week Low	**$1.85**
One-Year Return (%)	**-88.19**
Beta	**-1.27**
Average Daily Volume (sh)	**72,679**
Shares Outstanding (mil)	**8**
Market Capitalization ($mil)	**$17**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**15**
Insider Ownership (%)	**5**
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 2015 Estimate	**N/A**
P/E using 2016 Estimate	**N/A**

Risk Level	**Ultra High / Speculative**
Type of Stock	**Small-Growth**
Industry	**Biotech**

ZACKS ESTIMATES

Revenue
(In millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	0.0 A	0.0 A	0.0 A	0.0 A	0.0 A
2015	0.0 A	0.0 A	0.0 E	0.2 E	0.2 E
2016					4.5 E
2017					10.0 E

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

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	-$1.32 A	-$0.82 A	-$0.86 A	-$1.95 A	-$5.19 A
2015	-$0.96 A	-$1.08 A	-$0.77 E	-$0.81 E	-$3.61 E
2016					-$2.37 E
2017					-$1.87 E

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WHAT'S NEW

Update on Second Quarter 2015 Financials

On August 17, Amarantus (AMBS) announced its financial results for the second quarter ended June 30, 2015.

No revenue was recorded for the second quarter of 2015, as compared to no revenue for the second quarter of 2014. Currently the company is developing two molecular diagnostics for Alzheimer's disease (AD) and one diagnostics for multiple sclerosis (MS). Revenue could be generated from diagnostics in late 2015.

R&D expenses for 2Q15 were $2.3 million, as compared to $1.6 million for 2Q14, an increase of $0.62 million. The increase was primarily due to increase in clinical related costs and research arrangements.

G&A expenses for 2Q15 increased to $3.3 million, as compared to $2.1 million for 2Q14, an increase of $1.2 million. The increase in G&A expenses was primarily due to increased spending on Lonza Option payments, acquisition costs and other professional services, including consulting costs.

Amarantus reported operating net loss of $5.6 million for the three months ended June 30, 2015, as compared to a net loss of $4.0 million for the three months ended June 30, 2014. The increase in loss was primarily driven by R&D costs, consulting, Lonza Option payments, professional services and acquisition costs.

Net loss for 2Q15 was $8.9 million ($1.08 per share), as compared to net loss of $4.0 million ($0.82 per share) for 2Q14.

As of June 30, 2015, the Company had cash of $0.32 million. Cash burn from operating activities in the first half of 2015 was $12.8 million.

Update on Diagnostics Business

In January 2015, Amarantus did two deals to greatly enhance its **diagnostic business.** The company acquired **MSPrecise** from DioGenix and entered into a one-year, exclusive option agreement to exclusively conduct research and negotiate with Georgetown University on its **Alzheimer's biomarker** assay.

With MSPrecise, Amarantus has the ability to offer a CLIA lab a "commercial ready" product to launch into a well-established and under-served market. With the Georgetown asset, Amarantus has the ability to package the AD assay in with LymPro and enhance the suite of "biomarker services" they are currently offering to the investigational use only (IUO) market.

The MSPrecise

MSPrecise is the lead diagnostic candidate of DioGenix. MSPrecise is a DNA sequencing assay designed to measure DNA mutations found in rearranged immunoglobulin genes in immune cells (B cells) isolated from either cerebral spinal fluid (CSF) or blood to identify patients with relapsing-remitting multiple sclerosis (RRMS) at first clinical presentation. The CSF version of the test is designed to work in concert with oligloclonal banding (OCB), the current standard of care used for the diagnosis of MS, to help improve early detection and treatment of patients with suspected MS. Data generated by DioGenix shows that the CSF version offers 86% sensitivity and 71% specificity alone, but when combined with OCB has the accuracy of 92% ($p < 0.001$, sensitivity = 96% and specificity = 83%).

Preliminary results from the blood-based version of the test released in May 2015 exhibited 81% sensitivity and 89% specificity for identifying early-stage RRMS in subjects being evaluated for a demyelinating disease undergoing the current diagnostic standard of care. These results have not yet been combined with OCB and will require replication prior to moving into a CLIA validation study; however, the benefit of the blood-base version is that when the clinician is doing tests to rule-out things like Lyme disease, HIV, and neoplasms, he or she can quickly also test for MS by using MSPrecise. If the MSPrecise test comes back positive, even with 81% sensitivity, it still greatly aids in the progression of the diagnostic protocol, which would then likely allow for the more invasive or more expensive procedures noted above.

Therefore, we believe MSPrecise has meaningful potential because even though the accuracy rate of OCB alone is high, compliance with the McDonald Criteria is low and "time to diagnosis" is long. The other key driving factor to

why a neurologist may use MSPrecise is because there are eight approved MS therapies in the U.S. that posted total sales of approximately $18.7 billion in 2014. Earlier diagnosis of MS allows for patients to get on these medications sooner, which should lead to improved outcomes for patients.

There is a tremendous unmet medical need in the diagnosis of MS. There are approximately 2.5 million MS patients worldwide that are currently being treated. The diagnosis of MS is a challenging endeavor for many neurologists. Following a detailed clinical history and physical exam, neurologists generally move to eliminate diseases that may manifest similar symptoms, such as Lyme disease, migraines, neoplasms, vascular disease, HIV, or spinal cord injury. For example, sarcoidosis may cause serious nervous system effects including seizures, dementia, psychosis, blurred vision, and hearing loss. It is often easier to rule-out these diseases through simple blood tests than jump immediately to more invasive diagnostic procedures to determine MS like a lumbar puncture, or more expensive tests such as an MRI or isoelectric focusing oligoclonal banding (OCGB). However, we do not believe the problem with diagnosing MS is that oligoclonal banding is inaccurate, in fact, if done correctly the accuracy rate is above 90% (Freedman et al, 2005). The issue seems to be with compliance to existing criteria. For example, the original McDonald Criteria from 2001 (link) was revised in 2010 (link), but compliance still remains very low.

The AD Biomarker Services

In July 2015, Amarantus reported positive results on the accuracy of the **LymPro Test®** at the **Alzheimer's Association International Conference® (AAIC)** being held July 18-23, 2015, in Washington, DC.

Multivariate analysis from this trial showed that the trial had 87% sensitivity and 83% specificity in the training set, and 76% sensitivity and 70% specificity in the test set, which are consistent with the prior published reports using univariate approaches. More in-depth analysis is underway. These preliminary findings are encouraging and warrant further studies to demonstrate the utility of this blood biomarker in the differential diagnosis of patients with cognitive impairment.

The LymPro Test was also validated in a fit-for-purpose manner. The most relevant and informative markers demonstrated excellent intra- and inter-assay precision as well as good agreement between analysts and instruments. The results of this validation demonstrate the utility of the LymPro Test for use in clinical trials.

Commercial efforts are underway to drive uptake for the Alzheimer's disease (AD) blood test, LymPro, in the Investigational Use Only (IUO) market. In this regard, management signed the first "biomarker services" collaboration with Anavex Life Sciences Corp. in February 2015.

Under the terms of the agreement, Amarantus will evaluate the pharmacodynamic effect of ANAVEX-2-73 and ANAVEX-PLUS on the expression of the biomarker CD69 in specific sub-populations of peripheral blood lymphocytes using the LymPro test. In parallel, the companies have entered into a Letter of Intent for Amarantus to assist Anavex in planning the scope of the blood-based biomarker components of its next larger, potentially Phase III, Alzheimer's disease clinical trial that is expected to follow the ongoing Phase IIa study. Data from this Phase IIa trial is expected in the third quarter of 2015.

We believe the deal with Anavex is the first of many biomarker services deals to come from Amarantus Diagnostics. We estimate that the total IUO market is around $150 million in size. For example, a quick delve into www.clinicaltrials.gov shows that there are approximately 75 active Phase I and Phase II clinical trials in the U.S., with an average of around 300 patients. For larger Phase III trials, we found roughly 40 active programs, with the average trial enrolling roughly 1,500 patients. Amarantus is positioning LymPro as a key asset to help screen and select patients for these clinical trials. To put things into perspective, the recent positive Phase Ib data released by Biogen (BIIB) in March 2015 enrolled 166 patients; however, we are told that the company screened nearly 10-times the number of patients to select the potential best responders to aducanumab. A product like LymPro could greatly reduce both the time and cost to enroll AD patients for planned clinical programs. Adding in the Georgetown asset helps the company by allowing the marketing message to include additional biomarkers that can be added to the service contract or final commercial sale.

Amarantus previously disclosed that it is exploring strategic options for Amarantus Diagnostics, including potential sale, co-development or spinoff opportunities, to derive the full value from its neuro-diagnostics business. In late July, the company established a Strategic Advisory Committee for the diagnostics business comprising three seasoned, results-driven life science and healthcare industry leaders with expertise in commercializing molecular diagnostics to focus on advancing and deriving the full value of the company's diagnostics business.

Update on Therapeutics

Eltoprazine

We believe the primary driver of valuation inflection at Amarantus is eltoprazine, a recently acquired asset for the treatment of Parkinson's disease levodopa induced dyskinesia (PD-LID). The key to creating that valuation inflection will be the release of **Phase IIb** data hopefully by the end of the year.

In May 2015, Amarantus entered into an agreement with Chiltern International, a leading global contract research organization (CRO) to manage the clinical research and monitoring program for the Phase IIb study, which commenced to enroll patients in early June. First patient was enrolled in mid-July.

The multi-center, 60-subject Phase IIb study in patients with Parkinson's disease is a double-blind, placebo-controlled, four-way crossover design. The purpose of the study is to assess the safety and tolerability of various doses of eltoprazine over longer-periods of time, as well as investigate the effects on dyskinesia and akinesia using various motor scoring scales recorded by motion sensors and patient diaries.
Secondary goals will include finding the minimal efficacious and maximum tolerated doses, as well as to help define the statistical analysis plan for the Phase III trial in 2017. We expect the trial to take approximately 12 months to complete, with initial top-line data expected in the 1H2016.

Based on the positive Phase IIa data, we believe the Phase IIb has a high probability to succeed. Amarantus recently published the Phase IIa data in BRAIN in February 2015. As noted above, positive Phase IIb data is often the catalyst for significant valuation inflection in CNS assets. It is also often what opens the doors to potential licensing agreements with larger organizations. It is also important to note that Amarantus just received a notice of allowance for a U.S. patent application covering both methods of administration and composition in the treatment of Parkinson's disease for eltoprazine in May 2015.

ESS

Another huge potential driver for Amarantus in 2015 is moving ESS into **Phase IIa** studies.

In July, Amarantus completed the acquisition of Cutanogen Corporation from Lonza Walkersville, Inc. a subsidiary of Lonza Group Ltd. Cutanogen has an exclusive worldwide license to intellectual property rights associated with Engineered Skin Substitute (ESS), an autologous full thickness skin replacement product in development for the treatment of severe burns. With this agreement, Amarantus has engaged Lonza via a long-term services agreement to manufacture ESS under Good Manufacturing Practices for human clinical trials, and subsequent commercial distribution.

The market for severe intractable severe burns is wide open, as there is truly no effective standard-of-care, and initial data on ESS looks outstanding. We are pleased to hear that the first site in the planned Phase IIa study has received IRB approval and anticipate the study starting in the next few months. We are expecting the 10 patient Phase IIa study (NCT01655407) to begin in **the third quarter 2015**.

Besides the significant market potential for the product, we note there is existing funding available in the sum of $0.725 million from AFIRM, with the potential to increase that amount to $15-20 million with a new grant. In early August, the company signed a Cooperative Research and Development Agreement (CRADA) with the U.S. Army Institute of Surgical Research (USAISR) and Rutgers University to expand the development of ESS for the treatment of deep partial- and full-thickness burn wounds in adult patients.

ESS has already been granted Orphan Drug designation by the U.S. FDA for the treatment of hospitalized patients with deep partial and full thickness burns requiring grafting. We believe positive Phase IIa data on ESS, likely to be reported in 2016, is another major potential valuation inflection for the company.

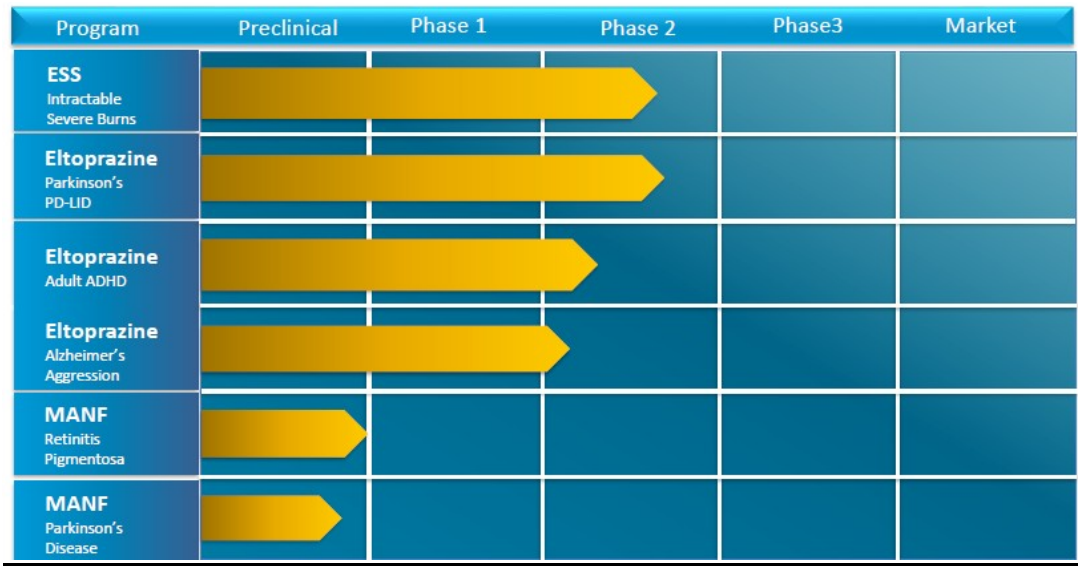
MANF

The final potential driver of the therapeutic pipeline over the next several years is MANF, the core asset under which Amarantus was founded. Although development with MANF remains pre-clinical, Amarantus added significant value to the program in 2014 by filing two Orphan Drug applications, one already granted in both in the U.S. and in the EU in Retinitis Pigmentosa (RP) and another in central retinal artery occlusion (RAO) currently under review. We anticipate another Orphan Drug application to go under review for Wolfram's Syndrome in the near future.

In the meantime, the company is currently conducting preclinical IND-enabling studies with MANF, with a goal of filing the U.S. IND application in early 2016. MANF has yet to enter clinical testing, so we believe that Amarantus must demonstrate acceptable PK/PD profiles in healthy patients; however, because MANF is a naturally-occurring protein we do not anticipate any significant safety or tolerability issues.

As such, we believe the asset becomes highly attractive to potential partners based on the Orphan Drug indications and potential for non-dilutive funding for Phase I and Phase II programs in 2016 and 2017. We note that Amarantus recently signed an agreement with Catalent Biologics for the production of MANF for human clinical studies in 2016.

MANF recently received a Notice of Allowance for the U.S. patent application covering compositions of matter and methods of use related to proprietary manufacturing processes for synthetic MANF and its administration for protein therapy and cell therapy.



Corporate Development

Deals, deals, deals

The company spent significant cash during the first half of the year, completing a number of deals to expand both the therapeutic and diagnostic pipelines. The largest deal came in January 2015 when Amarantus acquired **DioGenix,** Inc. by paying 99.4 million shares of stock (valued at the time at $8.1 million) and $0.9 million in cash, plus $2.0 million in potential milestones related to results of clinical testing and future revenue from products in development. By acquiring DioGenix, Amarantus took control of MSPrecise®, a proprietary DNA test for the diagnosis of patients with relapsing/remitting multiple sclerosis (RRMS) at first clinical presentation.

Also in January 2015, Amarantus paid $0.075 million to **Georgetown University** for the one-year exclusive option agreement to license the patent rights related to certain blood based biomarkers for the diagnosis of Alzheimer's disease. Per terms of the agreement, prior to the exercise of the full option, Amarantus must obtain financing of at least $10 million, $3 million of which must be dedicated to the commercialization of the technology, and have sponsored at least $0.5 million worth of research at Georgetown to advance the product. The deal is an interesting one because it expands Amarantus attractiveness to potential partners by enabling the company to bring a suite of diagnostic products targeting multiple biomarkers, including lymphocytes proliferation, lipids, and exosomes (amyloid & tau). Amarantus and Georgetown are engaging in additional research on the asset, after which time we expect the company to execute on the licensing agreement.

Amarantus has been very busy over the past six month in building out the pipeline. In July, Amarantus completed the acquisition of **Cutanogen Corporation** from Lonza Walkersville, Inc., a subsidiary of Lonza Group Ltd. The impetus of acquiring Cutanogen is to take control of Lonza's Engineered Skin Substitute (ESS), an autologous skin replacement product for the treatment of Stage 3 and Stage 4 intractable severe burns. To acquire the rights to

ESS, Amarantus paid Lonza Group a fee of $3.15 million in cash. In return, Lonza has committed to spending "a good portion" of the payment on preparing the initiation of the **Phase IIa** clinical study. We note that the first investigator review board (IRB) approval came earlier in May 2015, so it does seem like Lonza is keeping up with its end of the deal. Besides the upfront payments, Amarantus has also agreed to pay milestones to Lonza of $1.0 million for a successful clinical trial and $4.0 million upon the filing of a Biologic License Application (BLA). Lonza is also entitled to 2% royalties on future commercial sales. Amarantus has also settled all outstanding litigation on the product with Regenicin, paying the company a total of $3.6 million in cash and stock between November 2014 and February 2015.

To Fund all these ongoing activities, Amarantus raised approximately $8.6 million in cash during the first quarter 2015. The cash was raised through several activities, one of which was a $2.85 million loan with Dominion Capital closed in February and March 2015. The promissory note bears interest at 12% and is due December 23, 2015, payable in cash or stock. Amarantus also raised $2.8 million in cash through the company's committed equity financing with Lincoln Park Capital (LPC) Fund LLC during the first quarter of the year. Amarantus sold approximately 38.9 million shares of common stock to LPC to raise the cash. We remind investors that approximately $14.5 million remains available under the terms of the stock purchase agreement with LPC. Finally, during the first quarter 2015, Amarantus sold $2.95 million worth of Series E Convertible Preferred Stock to various institutional investors. The conversion price on the Series E preferred stock is $0.05 per share.

Subsequent to the close of the first quarter, Amarantus raised gross proceeds of $5.0 million through the issuance of Series G Convertible Preferred Stock to Discover Growth Fund, a privately-held mutual fund focused on investing in high growth opportunities in publicly-held, small capitalization companies. The Series G shares bear interest at 8.25% and are convertible to common stock at $0.06 per share.

Up-listing to NASDAQ will Raise Visibility Significantly

Management has demonstrated that up-listing of the company's shares to NASDAQ is a priority. The company has submitted the listing application, and currently is waiting for response from NASDAQ.

There is currently a limited market for the Company's common stock, which is quoted on the over-the-counter market. Trading in stock quoted on the over-the-counter market is often thin and characterized by wide fluctuations in trading prices, due to many factors that may have little to do with the Company's operations or business prospects.

Moreover, the over-the-counter market is not a stock exchange, and trading of securities there is often more sporadic than the trading of securities listed on a quotation system like NASDAQ or a stock exchange like NYSE. There is no assurance that a sufficient market will develop or remain stable in the stock, in which case it could be difficult for stockholders to resell their stocks. Liquidity is also an issue for institutional investors.

However, we are happy to know that the company is addressing this issue. In order to fulfill the uplisting requirements, the company completed the capital restructuring in early June. Specifically, Amarantus completed the 1-for-150 reverse split of its common stock effective at the close of trading on Tuesday, June 9, 2015. As a result of the stock split, every 150 shares of issued and outstanding common stock will be converted into 1 share of common stock. Following the reverse split, there will be approximately 7 million common shares outstanding.

To complete the uplisting to the NASDAQ, Amarantus will offer shares via an initial public offering (IPO). This will both secure significant funding for the company and bring in quality institutional investors interested in taking a long-term position in the stock. Earlier in May 2015, the company filed a Form S-3 allowing the company to raise gross proceeds up to $150 million. We do not believe the plan is to raise anywhere near this level. In fact, we suspect the IPO will raise in the area of $20 million, which based on the company's estimated $1.5 to $2.0 million per month burn rate, should sustain operations for at least one year. Once listed on the NASDAQ, we assume the basic share count will be around 12 million shares, with a fully-diluted count of approximately 15 million.

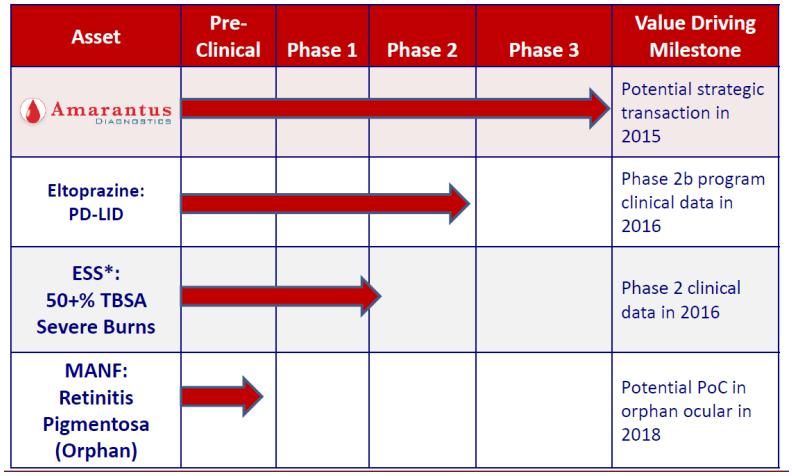
Another important reason why Amarantus seeks an uplisting to the NASDAQ is because the company is planning to begin the process of selling or spinning-off Amarantus Diagnostics (AMDX). In fact, management has retained a CEO search firm to find the right candidate to head up the division. Given the recent transaction to acquire DioGenix, and with it MSPrecise®, along with the option agreement entered into with Georgetown University, it is clear that building a self-sustained CNS-focused diagnostic division is among the top priorities for management. The benefit of being listed on the NASDAQ prior to the deal is that should Amarantus chose to spin-off AMDX, it would likely remain also listed on the NASDAQ assuming it met listing requirements. This has the added benefit of allowing AMDX to raise capital and attract quality investors or offers once independently owned.

We expect the NASDAQ uplisting to complete in the third quarter 2015. This upgrade will significantly increase the Company's visibility and attract institutional investors, therefore increase the liquidity of the Company's shares.

Valuation and Recommendation

We maintain our Buy rating for Amarantus shares and adjust our price target to $15.00 per share reflecting the 1-to-150 reverse stock split.

Amarantus is a biotech company with two business divisions: A **Diagnostic** division with two commercially ready assets and a **Therapeutic** division with three candidates in different stages of development targeting different indications, including PD-LID, severe skin burn, adult ADHD and Parkinson's disease.



It is understandable why the shares have been under pressure lately. The company has to raise money to fund its operations on a regular basis and has to continuously dilute existing shareholder base. However, money raising is not necessarily a bad thing, especially for a development stage company like Amarantus. These small cap companies need the cash to move their pipeline forward and generate meaningful clinical data. We believe data is the ultimate driver of valuation, and we believe once the eltoprazine and ESS trials get underway, institutional interest in the NASDAQ-listed company will become significant. We noted two examples of companies with similar late-stage CNS assets, Acadia Pharmaceuticals with pimavanserin and Auspex Pharmaceuticals with SD-809. Six months following positive Phase III data, these stocks were up 700% and 733%, respectively. However, what investors may not know is that their respective share counts were also up 45% and 33% during that same time period of six months before to six months after data. In this regard, we encourage Amarantus investors to focus on the pipeline and what the core assets might be worth if successful.

With respect to valuation, we admit that it's always difficult to get an accurate value for a development stage small biotech company. Amarantus is no exception. According to current market data and our experience, most small cap development stage biotech companies are valued from $50 million to $2 billion in market cap based on how advanced the pipeline is and the market potential of the candidates.

Currently, Amarantus shares are trading at about $2.15 per share, which values the company at roughly $17 million in market cap. We think this is a huge discount when compared to its peers. Amarantus is a mid-stage biotech company with two candidates in Phase II trials. We estimate eltoprazine will be approved by the FDA in mid-2019, while ESS will be approved in late 2019. The company's diagnostics may generate revenue in late 2015. If everything goes Amarantus' way, combined revenue from the diagnostics and therapeutics will reach $100 million in 2020 with an EPS of $1.31 per share. Currently, the biotech industry is trading at a 35 x P/E multiple, which also is appropriate for Amarantus. If we use the 35x P/E ratio, discount at 25% for 5 years, we come up with the fair value of $15.00 per share for Amarantus. Our target price values the company at $120 million in market cap which is still conservative in our view. As long as management can execute on its growth strategy, the price target is achievable.

Our target is far more consistent with that we see as a peer-valuation for similar-stage NASDAQ listed companies. We believe the uplist will act as a major catalyst to drive institutional awareness in the story, and that several pending catalysts over the next 15 months, including the AMDX sales / spin-off, starting human clinical trials with

MANF, reporting results from the eltoprazine Phase IIb data, and the ESS Phase IIa data should allow for the realization of a significantly higher stock price.

Cash burn is our chief short term concern when the company needs to raise new money to fund its operations. Longer term, we are more than willing to focus on the clinical advancement and potential commercial opportunity for its diagnostic business. Volatility in the broad market will also impact the company's share price performance. But overall, Amarantus is an interesting name for investors with a long term investment horizon and high risk tolerance.

INCOME STATEMENT

Amarantus ($ mm, except for share data)	2014 A	Q1 A	Q2 A	Q3 E	Q4 E	2015 E	2016 E	2017 E	2018 E	2019 E	2020 E
Therapeutics	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$15**	**$50**
YOY Growth	-					-	-	-	-	-	*233.3%*
Diagnostics	**$0**	**$0**	**$0**	**$0.0**	**$0.2**	**$0.2**	**$4.5**	**$10.0**	**$17.5**	**$30.0**	**$50.0**
YOY Growth	-					-	*2150.0%*	*122.2%*	*75.0%*	*71.4%*	*66.7%*
Total Revenues	**$0**	**$0**	**$0**	**$0.0**	**$0.2**	**$0.2**	**$4.5**	**$10.0**	**$17.5**	**$45.0**	**$100.0**
YOY Growth	-	-	-	-	-	-	*2150.0%*	*4900.0%*	*288.9%*	*350.0%*	*471.4%*
CoGS	$0	$0	$0	$0.0	$0.1	$0.1	$0.9	$2.0	$3.5	$9.0	$20.0
Product Gross Margin	-	-	-	*#DIV/0!*	*75.0%*	*75.0%*	*80.0%*	*80.0%*	*80.0%*	*80.0%*	*80.0%*
R&D	$13.8	$2.5	$2.3	$2.5	$3.0	$10.2	$12.5	$15.0	$17.0	$20.0	$23.5
SG&A	$7.6	$4.1	$3.3	$2.5	$2.5	$12.4	$13.5	$15.0	$17.5	$20.0	$25.0
Operating Income	($21.4)	($6.5)	($5.6)	($5.0)	($5.4)	($22.5)	($22.4)	($22.0)	($20.5)	($4.0)	$31.5
Operating Margin	-	-	-	-	-	-	-	-	-	-	-
Interest & Other Income	($5.9)	($0.0)	($0.1)	($0.5)	($0.5)	($1.2)	($2.0)	($2.0)	($2.0)	($2.0)	($2.0)
Pre-Tax Income	($27.3)	($6.6)	($5.7)	($5.5)	($5.9)	($23.7)	($24.4)	($24.0)	($22.5)	($6.0)	$29.5
Taxes	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tax Rate	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Preferred Stock Dividends	$0	$0.8	$3.2	$0.9	$1.0	$5.9	$4.0	$4.0	$4.0	$4.0	$4.0
Net Income	($27.3)	($7.4)	($8.9)	($6.4)	($6.9)	($29.6)	($28.4)	($28.0)	($26.5)	($10.0)	$25.5
Net Margin	-	-	-	-	-	-	-	-	-	-	-
Reported EPS	**($5.19)**	**($0.96)**	**($1.08)**	**($0.77)**	**($0.81)**	**($3.61)**	**($2.37)**	**($1.87)**	**($1.56)**	**($0.56)**	**$1.31**
YOY Growth	-					-	-	-	-	-	-
Basic Shares Outstanding	5.3	7.7	8.2	8.3	8.5	8.2	12.0	15.0	17.0	18.0	19.5

Source: company filings and Zacks estimates

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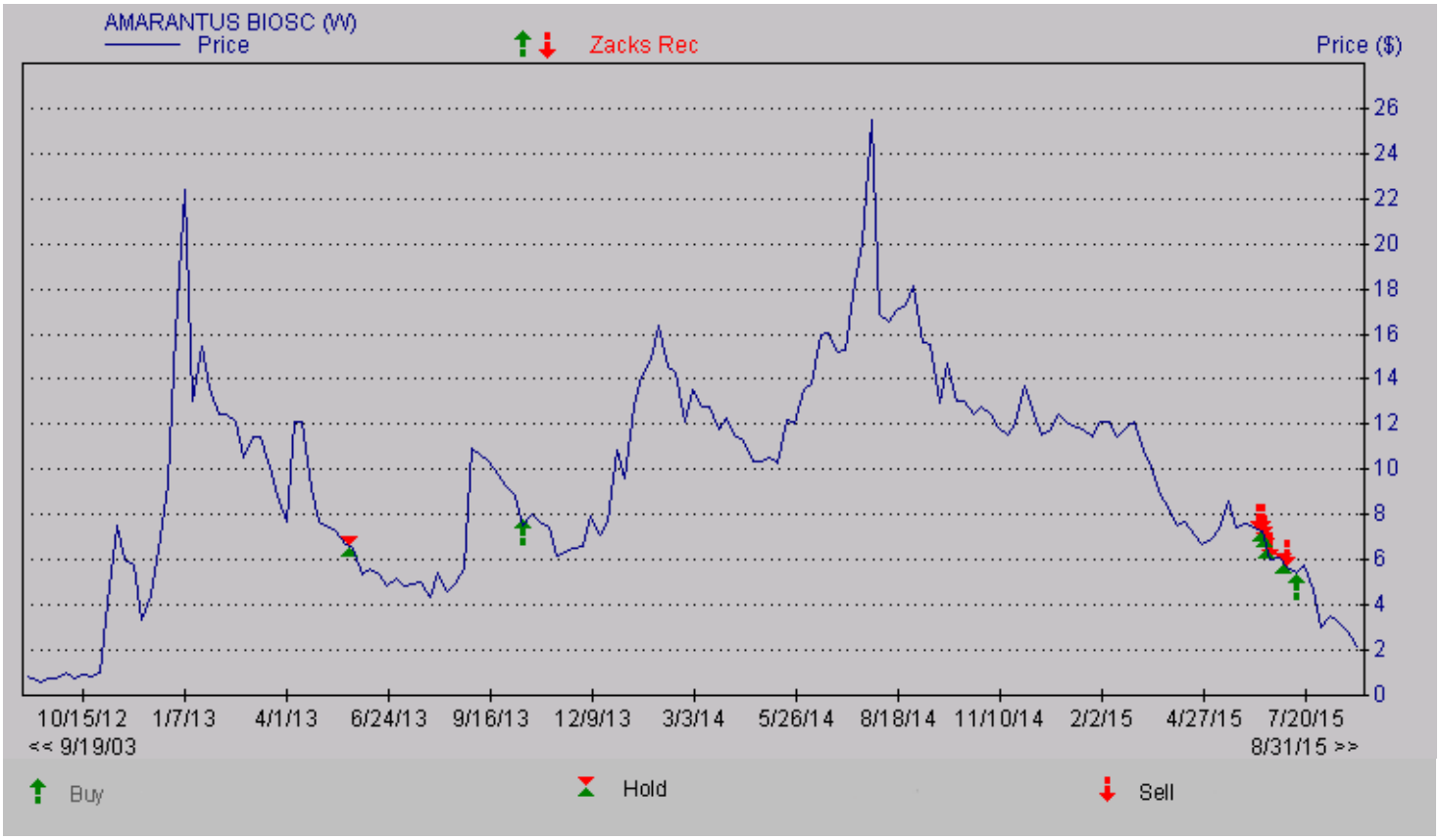
HISTORICAL ZACKS RECOMMENDATIONS



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