

*May 17, 2017***Tonix Pharmaceuticals Holding Corp.**  
**(NASDAQ/TNXP/\$4.13/Not rated)***Sherry Grisewood, CFA*  
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**First Quarter Results and Operation Highlights Announced**

Tonix announced first quarter 2017 results and reviewed achievements during the quarter in the related press release. Management did not hold an investor conference call. Other than the financial information, the press release did not contain any information not previously made public. The company reported a net loss for the quarter ended March 31, 2017 of \$5.06 million or \$1.27 per share (based upon post-split shares) compared to a net loss of \$13.98 million or \$7.41 per share for the 2016 period. The reduction in net operating loss for 2017 compared to 2016 was due to decreased operating results and a reduction in non-cash charges attributable to the shift in clinical focus from fibromyalgia to PTSD.

Tonix reported cash and cash equivalents at March 31<sup>st</sup> of \$22.4 million compared to \$26.1 million in cash and equivalents in the prior year. Subsequent to the quarter's end, Tonix completed two financings which added approximately \$16.3 million to the balance sheet. The Company believes the April financings provide sufficient additional capital to meet company operating expenses and the cost of the HONOR trial to its completion.

**Clinical Status**

As previously announced, Tonix enrolled the first patient for its Phase III HONOR trial at the end of March. Management did not update the current number of enrolled patients in the 10Q or the press release. We note that all but one of the 32 study sites are now enrolling. Patient enrollment progress will determine the eventual timing of the scheduled interim analysis at 50% enrollment and is still expected to occur during the first half of 2018. If the interim analysis indicates the study should continue to full enrollment, Tonix expects to hit the 550 target enrollment in the second half of 2018, currently listed as October 2018 on *clinicaltrials.gov*. Management is incentivized to make sure the trial progresses on schedule. As previously disclosed in the 2016 10K, the Company granted 10-year options to certain employees to purchase 28,250 shares of the Company's common stock at an exercise price of \$5.50 per share. The options vest based on the number of patients that are enrolled in the HONOR Study at December 31, 2017, subject to a one year minimum service period prior to vesting. Tonix disclosed in the 10Q that 50% of the options will vest upon achieving enrollment of 250 HONOR study participants by December 31, 2017 and the remaining 50% will vest 1% for each trial patient enrolled in the study in excess of 250 patients.

**Comment**

In the near-term, the Tonix story will continue to center on enrollment progress in the HONOR trial, as this is the only benchmark available to investors by which to measure clinical progress. *SG*



Company press release: <http://ir.tonixpharma.com/press-releases/detail/1068/tonix-pharmaceuticals-reports-first-quarter-2017-financial>

Company Notes provide current information we believe might be noteworthy to investors regarding the subject companies. Company Notes are not intended to be complete research reports. More detailed information concerning the rated companies referenced in this Note, including the full reports, basis for price targets and other disclosures, may be found at: [http://dawsonjames.com/research\\_coverage](http://dawsonjames.com/research_coverage).

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	Company Coverage		Investment Banking	
<b>Ratings Distribution</b>	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	2	33%	1	50%
Market Perform (Neutral)	0	0%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Rating Suspensions*	4	67%	4	100%
<b>Total</b>	<b>6</b>	<b>100%</b>	<b>5</b>	<b>83%</b>

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