

Member FINRA/SIPC

Toll-Free: 866-928-0928 ♦ www.DawsonJames.com ♦ 101 North Federal Highway - Suite 600 ♦ Boca Raton, FL 33432

CytoSorbents Corporation (NASDAQ/CTSO)

December 14, 2023

BUY: Raises \$10M, Adds to Reported Q3 Cash

CytoSorbents raises capital, almost \$10M for 7.7M shares and warrants to purchase 2.7M shares. The raise adds to the reported third quarter cash balance of \$8.3M. We note that management participated in the financing with a combined investment of \$435,000.

Jason H. Kolbert
Managing Director & Senior Analyst
jkolbert@dawsonjames.com

Investment Highlights

Raises Capital: Net proceeds from the offering, after transaction fees and expenses, are expected to be approximately \$9.83 million, excluding any proceeds that may be received upon the exercise of the warrants. Each warrant is immediately cash exercisable at an exercise price per share of \$2.00 and will expire on the fifth anniversary of the original issue date. Each share of common stock and accompanying warrant to purchase up to 0.35 shares of common stock, were sold together for a combined purchase price of \$1.33, for an aggregate gross purchase price of \$10,285,009.70. The Company's executive officers, directors, and certain non-executive officer employees of the Company also participated in the financing with a combined investment of \$435,000.

STAR-T: Expected to "complete" the data analysis before year-end with an announcement (data to support approval) shortly afterward and submission to FDA. Remember that the device has Breakthrough Device Designation for DrugSorb-ATR in this indication reflecting the unmet clinical need for which no approved or cleared alternatives exist in the U.S. We could see approval by YE 24 or early 25.

Valuation: We use a series of therapeutic models across the various indications and geographies and project product revenues for the Company out to the year 2030. In our U.S. therapeutic models, we apply a 30% risk cut (70% success probability) that both U.S. approvals and our market share forecasts can be realized. For us, valuation becomes an interesting question when we discuss the appropriate "r" risk rate to use in our three-model metrics, free cash flow to the Firm (FCFF), Discounted EPS, and Sum-Of-The-Parts (SOP) models, which are equal-weighted, averaged, and rounded to the nearest whole number. We select a 15% risk rate to balance risk versus reward to derive a \$10.00 target.

Risks to our price target include: market, regulatory, financial, and commercialization risks.

Current Price \$1.75
Price Target \$10.00



Source: CytoSorbents

Stock Data			
52-Week Range	\$1.03	-	\$4.59
Shares Outstanding (mil.)	52.2		
Market Capitalization (mil.)	\$91		
Enterprise Value (mil.)	\$72		
Debt to Capital	0%		
Book Value/Share	\$0.35		
Price/Book	1.9		
Average Three Months Trading Volume (K)	162		
Insider Ownership	13.4%		
Institutional Ownership	35.8%		
Short interest (mil.)	3.6%		
Dividend / Yield	\$0.00/0.0%		



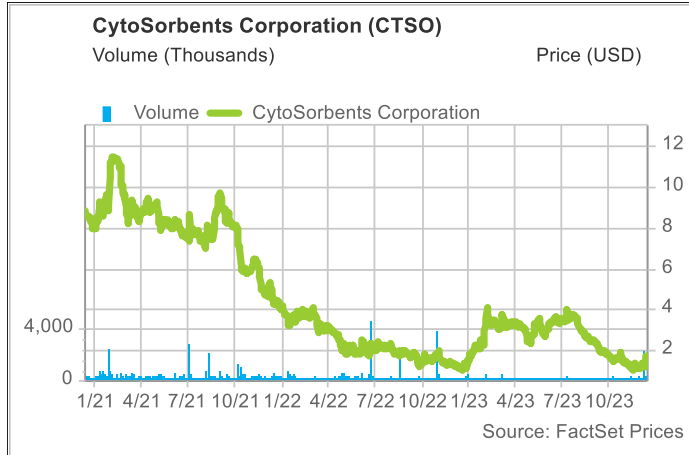
Exhibit 1. Income Statement

CTSO.: Income Statement (\$000)																
YE December 31	2019A	2020A	2021A	2022A	1Q23A	2Q23A	3Q23A	4Q23E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue:																
CytoSorb Direct Sales (Germany, Austria, Switzerland)	22,766	25,607	29,354	17,573	5,910	5,920	5,609	5,600	23,039	23,500	25,850	58,030	67,713	79,013	92,198	92,198
CytoSorb Distributor (Rest of EU)		10,240	10,498	11,000	1,000	1,050	1,000	1,000	4,050	4,330	4,763	21,490	25,001	29,085	33,837	33,837
CytoSorb (Cardiac surgery EU)		3,420			1,000	1,102	1,100	1,000	4,202			16,589	16,705	16,822	16,940	16,940
CytoSorb (Cardiac surgery US)											27,593	66,755	67,290	67,829	68,373	68,373
CytoSorb (other US)												10,000	20,000	30,000	70,000	80,000
VetResQ		185	194													
Other Sales				787		7	45									
Total Product Sales	22,766	39,452	40,047	29,360	7,910	8,072	7,754	7,600	31,291	27,830	58,206	172,864	196,709	222,750	281,348	291,348
Royalty (HemoDefend US)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grant revenue	2,184	1,552	3,062	5,328	1,539	1,348	1,056		3,943							
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	24,950	41,004	43,109	34,689	9,449	9,421	8,810	7,600	35,234	27,830	58,206	172,864	196,709	222,750	281,348	291,348
Expenses:																
Costs of Goods Sold	7,364	11,052	11,047	13,956	3,994	3,402	3,203	2,744	13,343	5,566	11,641	34,573	39,342	44,550	56,270	58,270
	%COGS	25%	28%	32%	48%	20%	36%	36%	36%	20%	20%	20%	20%	20%	20%	20%
Research and Development	12,092	8,810	16,380	15,119	4,214	3,668	3,749	4,490	16,631	18,294	20,123	22,136	24,349	26,784	29,462	32,409
	%R&D	53%	22%	41%	51%	53%	45%	48%	53%	68%	35%	13%	12%	12%	10%	11%
Selling, General and Administrative	22,006	28,463	35,749	34,288	8,463	7,723	8,104	9,443	34,974	35,673	36,387	37,115	37,857	38,614	39,386	40,174
	%SG&A	97%	72%	89%	117%	107%	96%	105%	112%	128%	63%	21%	19%	17%	14%	14%
Legal, financial and other counseling	2,462	3,048	2,731	2,848	669	1,185	1,103	769	2,848	2,848	2,848	2,848	2,848	2,848	2,848	2,848
Total Expenses	43,924	51,373	65,907	66,211	17,340	15,978	16,159	17,447	67,796	62,381	70,999	96,671	104,396	112,796	127,966	133,700
Operating Income (Loss)	(18,974)	(10,369)	(22,799)	(31,522)	(7,891)	(6,559)	(7,350)	(9,847)	(32,562)	(34,551)	(12,793)	76,193	92,314	109,954	153,382	157,648
Interest income (expense), net																
Gain (loss) on foreign currency transactions	(1,384)	(1,201)	2	133												
Change in warrant liability		2,607	(2,569)	(2,449)												
Other income (expense), net				(67)												
Total Other Income	(1,384)	1,406	(2,567)	(2,383)	566	406	(1,843)	-	-	-	-	-	-	-	-	-
Pretax Income	(20,358)	(8,964)	(25,366)	(33,905)	(7,326)	(6,153)	(9,193)	(9,847)	(32,562)	(34,551)	(12,793)	76,193	92,314	109,954	153,382	157,648
Fx				1,804												
Income Tax Benefit (Provision)	1,092	1,127	(2,537)	1,095	-	-	-	-	-	-	-	11,429	18,463	28,588	50,616	52,024
Tax Rate	5%	8%	10%	12%	15%	15%	15%	15%	15%	0%	0%	15%	20%	26%	33%	33%
GAAP Net Income (Loss)	(19,266)	(7,837)	(22,829)	(31,009)	(7,326)	(6,153)	(9,193)	(9,847)	(32,562)	(34,551)	(12,793)	64,764	73,851	81,366	102,766	105,624
GAAP-EPS	(0.62)	(0.20)	(0.57)	(0.71)	(0.17)	(0.14)	(0.21)	(0.22)	(0.74)	(0.78)	(0.29)	1.44	1.64	1.80	2.26	2.32
GAAP-EPS (Dil)	(0.60)	(0.20)	(0.53)	(0.71)	(0.17)	(0.14)	(0.21)	(0.22)	(0.74)	(0.78)	(0.29)	1.44	1.64	1.80	2.26	2.32
Wgtd Avg Shrs (Bas) - '000s	32,253	38,819	43,358	43,636	43,676	44,015	44,373	44,417	44,120	44,529	44,707	44,886	45,066	45,246	45,428	45,610
Wgtd Avg Shrs (Dil) - '000s	32,253	38,819	43,358	43,636	43,676	44,015	44,373	44,417	44,120	44,529	44,707	44,886	45,066	45,246	45,428	45,610

Source: Company reports and Dawson James

Important Disclosures:

Price Chart:



Price target and rating changes over the past three-plus years:

- Update – Buy – January 12, 2021 – Price Target \$16.00
- Update – Buy – January 19, 2021 – Price Target \$16.00
- Update – Buy – April 20, 2021 – Price Target \$16.00
- Update – Buy – May 6, 2021 – Price Target \$16.00
- Update – Buy – July 6, 2021 – Price Target \$16.00
- Update – Buy – September 1, 2021 – Price Target \$16.00
- Update – Buy – October 15, 2021 – Price Target \$16.00
- Update – Buy – November 9, 2021 – Price Target \$16.00
- Update – Buy – November 22, 2021 – Price Target \$16.00
- Update – Buy – January 18, 2022 – Price Target \$16.00
- Update – Buy – March 9, 2022 – Price Target \$16.00
- Update – Buy – April 29, 2022 – Price Target \$16.00
- Update – Buy – May 4, 2022 – Price Target \$16.00
- Update – Buy – August 3, 2022 – Price Target \$16.00
- Update – Buy – August 17, 2022 – Price Target \$16.00
- Update – Buy – October 6, 2022 – Price Target \$16.00
- Update – Buy – November 4, 2022 – Price Target \$16.00
- Update – Buy – November 15, 2022 – Price Target \$16.00
- Update – Buy – December 29, 2022 – Price Target \$16.00
- Update – Buy – January 24, 2023 – Price Target \$16.00
- Update – Buy – February 1, 2023 – Price Target \$16.00
- Update – Buy – March 10, 2023 – Price Target \$16.00
- Update – Buy – April 20, 2023 – Price Target \$16.00
- Update – Buy – May 3, 2023 – Price Target \$16.00
- Update – Buy – June 16, 2023 – Price Target \$16.00
- Update – Buy – July 7, 2023 – Price Target \$16.00
- Update – Buy – August 2, 2023 – Price Target \$16.00
- Update – Buy – September 16, 2023 – Price Target \$16.00
- Price Target Change – Buy – November 15, 2023 – Price Target \$10.00
- Update – Buy – December 14, 2023 – Price Target \$10.00

Dawson James Securities, Inc. (the "Firm") is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

The Firm does not make a market in the securities of the subject Company (s). The Firm has NOT engaged in investment banking relationships with CTSO in the prior twelve months, as a manager or co-manager of a public offering and has NOT received compensation resulting from those relationships. The Firm may seek compensation for investment banking services in the future from the subject Company (s). The Firm has received other compensation from the subject Company (s) in the last 12 months for services unrelated to managing or co-managing of a public offering.

Neither the research analyst(s) whose name appears on this report nor any member of his (their) household is an officer, director or advisory board member of these companies. The Firm and/or its directors and employees may own securities of the Company (s) in this report and may increase or decrease holdings in the future. As of November 14, 2023, the Firm as a whole did not beneficially own 1% or more of any class of common equity securities of the subject company(s) of this report. The Firm, its officers, directors, analysts or employees may affect transactions in and have long or short positions in the securities (or options or warrants related to those securities) of the Company (s) subject to this report. The Firm may affect transactions as principal or agent in those securities.

Analysts receive no direct compensation in connection with the Firm's investment banking business. All Firm employees, including the analyst(s) responsible for preparing this report, may be eligible to receive non-product or service-specific monetary bonus compensation that is based upon various factors, including total revenues of the Firm and its affiliates as well as a portion of the proceeds from a broad pool of investment vehicles consisting of components of the compensation generated by investment banking activities, including but not limited to shares of stock and/or warrants, which may or may not include the securities referenced in this report.

Although the statements in this report have been obtained from and are based upon recognized statistical services, issuer reports or communications, or other sources that the Firm believes to be reliable, we cannot guarantee their accuracy. All opinions and estimates included in this report constitute the analyst's judgment as of the date of this report and are subject to change without notice.

The securities of the Company discussed in this report may be unsuitable for investors depending on their specific investment objectives and financial position. This report is offered for informational purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such would be prohibited. Additional information is available upon request.

Rating Definitions:

- 1) **Buy:** The analyst believes the price of the stock will appreciate and produce a total return of at least 20% over the next 12-18 months;
- 2) **Neutral:** The analyst believes the price of the stock is fairly valued for the next 12-18 months;
- 3) **Sell:** The analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

The following chart reflects the range of current research report ratings for all companies followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services.

Current as of 14-Nov-23

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	21	61.76%	3	8.80%
Market Perform (Neutral)	13	38.24%	2	5.90%
Market Underperform (Sell)	0	0%	0	0.00%
Total	34	100%	5	14.70%

Analyst Certification:

The analyst(s) whose name appears on this research report certifies that 1) all of the views expressed in this report accurately reflect his (their) personal views about any and all of the subject securities or issuers discussed; and 2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst in this research report; and 3) all Dawson James employees, including the analyst(s) responsible for preparing this research report, may be eligible to receive non-product or service-specific monetary bonus compensation that is based upon various factors, including total revenues of Dawson James and its affiliates as well as a portion of the proceeds from a broad pool of investment vehicles consisting of components of the compensation generated by investment banking activities, including but not limited to shares of stock and/or warrants, which may or may not include the securities referenced in this report.