Cytosorbents Corp
Form 424B5
April 03, 2017

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-205806

PROSPECTUS SUPPLEMENT
(To Prospectus dated July 29, 2015)

2,222,222 Shares

Common Stock

We are offering 2,222,222 shares of our common stock. Our common stock is listed for trading on the NASDAQ Capital Market under the symbol CTSO. On March 28, 2017, the last reported sale price of our common stock was $5.60 per share.

Our business and an Investment in our common stock involve significant risks. These risks are described under the caption Risk Factors beginning on page S-6 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Share	*Total*
Public offering price	**$4.5000**	**$9,999,999**
Underwriting discount and commissions[(1)]	**$0.2925**	**$650,000**
Proceeds, before expenses, to CytoSorbents	**$4.2075**	**$9,349,999**

(1) See Underwriting for a complete description of the compensation payable to the underwriters.

The underwriters may also purchase up to an additional 333,333 shares from us at the public offering price, less the underwriting discounts and commissions, within 30 days from the date of this prospectus to cover over-allotments, if any.

The underwriters expect to deliver the shares against payment in New York, New York on April 5, 2017.

Book-running Manager

Cowen and Company

Co-Managers

Aegis Capital Corp **H.C. Wainwright & Co.**

B. Riley & Co. **Maxim Group LLC** **Northland Capital Markets**
March 30, 2017

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

For further information regarding us and our financial information, you should refer to our recent filings with the securities and exchange commission, or the SEC. See the sections titled Where You Can Find More Information and Incorporation Of Certain Documents By Reference.

You should rely only on the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. Neither we nor the underwriters have authorized anyone to provide you with information different from that contained in this prospectus supplement. We are offering to sell, and seeking offers to buy, common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the date of this prospectus supplement and the accompanying prospectus, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or of any sale of our common stock.

No action is being taken in any jurisdiction outside the United States to permit a public offering of the common stock or possession or distribution of this prospectus supplement or the accompanying prospectus in that jurisdiction. Persons who come into possession of this prospectus supplement or the accompanying prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus supplement and the accompanying prospectus applicable to that jurisdiction.

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus are part of a shelf registration statement on Form S-3 (File No. 333-205806) that we initially filed with the Securities and Exchange Commission, or the SEC, on July 23, 2015, and that was declared effective by the SEC on July 29, 2015. This document is in two parts. The first part is this prospectus supplement which describes the terms of this offering of our common stock and adds to and updates the information contained in the accompanying prospectus. The second part, the accompanying prospectus, provides more general information, some of which may not apply to this offering. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. To the extent there is a conflict between the information contained in this prospectus supplement and the information contained in the accompanying prospectus, you should rely on the information in this prospectus supplement.

This prospectus supplement and the accompanying prospectus relate to the offering of shares of our common stock. Before buying any of the shares of common stock offered hereby, we urge you to read carefully this prospectus supplement and the accompanying prospectus, together with the information incorporated herein by reference as described below under the heading Incorporation of Certain Documents by Reference. This prospectus supplement contains information about the common stock offered hereby and may add to, update or change information in the accompanying prospectus.

You should rely only on the information contained in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different or additional information.

We are not making offers to sell or solicitations to buy our common stock in any jurisdiction in which an offer or solicitation is not authorized or in which the person making that offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make an offer or solicitation. You should assume that the information in this prospectus supplement and the accompanying prospectus is accurate only as of the date on the front of the respective document and that any information that we have incorporated by reference is accurate only as of the date of the document incorporated by reference, regardless of the time of delivery of this prospectus supplement or the accompanying prospectus or the time of any sale of a security.

This prospectus supplement and the accompanying prospectus contain summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Copies of some of the documents referred to herein have been filed, will be filed or will be incorporated herein by reference as exhibits to the registration statement, and you may obtain copies of those documents as described below under the section titled Where You Can Find More Information.

We further note that the representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference herein were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

This prospectus supplement and the accompanying prospectus contain and incorporate by reference market data and industry statistics and forecasts that are based on independent industry publications and other publicly-available

information. Although we believe these sources are reliable, we do not guarantee the accuracy or completeness of this information and we have not independently verified this information. Although we are not aware of any misstatements regarding the market and industry data presented in this prospectus supplement, accompanying prospectus or the documents incorporated herein by reference, these estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the section titled Risk Factors in

TABLE OF CONTENTS

this prospectus supplement and the accompanying prospectus, and under similar headings in the other documents that are incorporated herein by reference. Accordingly, investors should not place undue reliance on this information.

CytoSorbents Corporation s name and logo are either registered trademarks or trademarks of CytoSorbents Corporation in the United States and/or other countries. All other trademarks, service marks or other tradenames appearing in this prospectus supplement and the accompanying prospectus are the property of their respective owners. Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus supplement and the accompanying prospectus to the Company, CytoSorbents, we, us, our or similar references mean CytoSorbe Corporation, Inc., a Delaware corporation, and its subsidiaries.

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights certain information about us, this offering and selected information contained elsewhere in or incorporated by reference into this prospectus supplement and the accompanying prospectus. This summary is not complete and does not contain all of the information that you should consider before deciding whether to invest in our common stock. For a more complete understanding of our company and this offering, we encourage you to read and consider carefully the more detailed information in this prospectus supplement and the accompanying prospectus, including the information incorporated by reference in this prospectus supplement and the accompanying prospectus, including the information under the section titled Risk Factors in this prospectus supplement on page S-6 and in the documents incorporated by reference into this prospectus supplement and the accompanying prospectus.

Our Company

We are a leader in critical care immunotherapy, investigating and commercializing our CytoSorb blood purification technology to reduce deadly uncontrolled inflammation in hospitalized patients around the world, with the goal of preventing or treating multiple organ failure in life-threatening illnesses and cardiac surgery. Organ failure is the cause of nearly half of all deaths in the intensive care unit, or ICU, with little to improve clinical outcome. CytoSorb, our flagship product, is approved in the European Union, or the EU, as a safe and effective extracorporeal cytokine filter and is designed to reduce the cytokine storm that could otherwise cause massive inflammation, organ failure and death in common critical illnesses such as sepsis, burn injury, trauma, lung injury, and pancreatitis. These are conditions where the mortality is extremely high, yet no effective treatments exist. In addition, CytoSorb can be used in other inflammatory conditions such as cardiac surgery, autoimmune disease flares, and potentially for cancer, cytokine release syndrome in cancer immunotherapy, and cancer cachexia, a common syndrome that affects cancer patients, where cytokines play a major role in the cause of inflammation. CytoSorb has been used globally in more than 20,000 human treatments to date, with more than 16,000 in critical illnesses and more than 4,000 in cardiac surgery. Our purification technologies are based on biocompatible, highly porous polymer beads that can actively remove toxic substances from blood and other bodily fluids by pore capture and surface adsorption. We have numerous products under development based upon this unique blood purification technology, including HemoDefend, ContrastSorb, DrugSorb, and others. As of March 28, 2017, we owned 32 issued U.S. patents and had multiple pending patent applications worldwide. Our patent portfolio includes 16 issued U.S. patents as well as multiple pending patent applications directed to various compositions and methods of use related to our blood purification technologies, which are expected to expire between 2018 and 2026, absent any patent term extensions.

In March 2011, CytoSorb, as an extracorporeal cytokine filter indicated for use in clinical situations where cytokines are elevated, was CE marked in the EU, allowing for commercial marketing. The CE mark demonstrates that a conformity assessment has been carried out and the product complies with the Medical Devices Directive. The goal of CytoSorb is to prevent or treat organ failure by reducing cytokine storm and the potentially deadly systemic inflammatory response syndrome, or SIRS, in diseases such as sepsis, trauma, burn injury, acute respiratory distress syndrome, pancreatitis, liver failure, and many others. Organ failure is the leading cause of death in the ICU, and remains a major unmet medical need, with little more than supportive care therapy (e.g., mechanical ventilation, dialysis, vasopressors, fluid support, etc.) as treatment options. By potentially preventing or treating organ failure, CytoSorb may improve clinical outcome, including survival, while reducing the need for costly ICU treatment, thereby potentially saving significant healthcare costs.

Our CE Mark enables CytoSorb to be sold throughout the European Union and member states of the European Economic Area. In addition, many countries outside the EU accept the CE Mark for medical devices, but may also require registration with or without additional clinical studies. The broad indication for which CytoSorb is CE marked allows it to be used on-label in diseases where cytokines are elevated including, but not limited to, critical illnesses such as those mentioned above, autoimmune disease flares, cancer cachexia, and many other conditions where cytokine-induced inflammation plays a detrimental role.

TABLE OF CONTENTS

In addition to CE marking, we also achieved ISO 13485:2003 Full Quality Systems certification, an internationally recognized quality standard designed to ensure that medical device manufacturers have the necessary comprehensive management systems in place to safely design, develop, manufacture and distribute medical devices in the EU. We manufacture CytoSorb at our manufacturing facilities in New Jersey for commercial sales abroad and for additional clinical studies. In September 2016, we were granted a two-year renewal for the CytoSorb CE Mark. In June 2016, we successfully completed an ISO 13485:2003 annual surveillance audit maintaining our good standing with our Notified Body. We also established a reimbursement path for CytoSorb in Germany and Austria.

Corporate Information

We were originally organized as a Delaware limited liability company in August 1997 as Advanced Renal Technologies, LLC. We changed our name to RenalTech International, LLC in November 1998, and to MedaSorb Technologies, LLC in October 2003. In December 2005, MedaSorb Technologies, LLC converted from a limited liability company to a corporation. CytoSorbents Corporation was incorporated in Nevada on April 25, 2002 as Gilder Enterprises, Inc., and was originally engaged in the business of installing and operating computer networks that provided high-speed access to the Internet. On June 30, 2006, we disposed of our original business, and pursuant to an Agreement and Plan of Merger, acquired all of the stock of MedaSorb Technologies, Inc., a Delaware corporation, in a merger, and the business of MedaSorb Technologies, Inc. became our business. Following the merger, in July 2006, we changed our name to MedaSorb Technologies Corporation. In November 2008, we changed the name of our operating subsidiary from MedaSorb Technologies, Inc. to CytoSorbents, Inc. In May 2010, we finalized the name change of MedaSorb Technologies Corporation to CytoSorbents Corporation. On October 28, 2014, we changed the name of our operating subsidiary from CytoSorbents, Inc. to CytoSorbents Medical, Inc.

On December 3, 2014, we effected a twenty-five-for-one (25:1) reverse split of our common stock. As a result of this reverse stock split, shares of our common stock outstanding were reduced by approximately 96%. Based on the 582,097,092 shares of common stock outstanding as of December 3, 2014, the total number of shares of common stock outstanding after the reverse stock split, including accounting for fractional shares which were rounded up to the next whole number, were 23,284,040 shares. Accordingly, all share, option and warrant information included in this annual report has been retroactively adjusted to reflect the reduced number of shares resulting from this action. Immediately after the reverse stock split, pursuant to an Agreement and Plan of Merger dated December 3, 2014, we changed our state of incorporation from the State of Nevada to the State of Delaware, whereby we merged with and into our recently formed, wholly owned Delaware subsidiary. At the effective time of the merger, (i) we merged with and into our Delaware subsidiary, (ii) our separate corporate existence in Nevada ceased to exist, (iii) the Delaware subsidiary became the surviving corporation, (iv) the certificate of incorporation, as amended and restated, and the bylaws of the Delaware subsidiary became our certificate of incorporation and bylaws, and (v) each share of our common stock outstanding immediately prior to the effective time was converted into one fully-paid and non-assessable share of our common stock as a Delaware corporation. The reverse stock split, the merger and the Agreement and Plan of Merger were approved by our Board of Directors and stockholders representing a majority of our then-outstanding common stock.

On November 4, 2015, we entered into a Controlled Equity Offering℠ Sales Agreement (Sales Agreement) with Cantor Fitzgerald and Co. (Cantor), as agent, pursuant to which we may offer to sell, from time to time through Cantor, shares of our common stock, having an aggregate offering price of up to $25,000,000. In the fourth quarter of 2015, we sold 28,880 shares at an average selling price of $8.02 per share, generating net proceeds of approximately $225,000. There were no sales of any shares in 2016 under the Sales Agreement, and, as of March 30, 2017, there

have been no sales of shares in 2017 under the Sales Agreement.

Our executive offices are located at 7 Deer Park Drive, Suite K, Monmouth Junction, New Jersey 08852. Our telephone number is (732) 329-8885 and our website is *www.cytosorbents.com*. We have not incorporated by reference into this prospectus supplement the information on our website and you should not consider it to be a part of this prospectus supplement or the Prospectus.

TABLE OF CONTENTS

THE OFFERING

Common stock offered by us:

2,222,222 shares

Common stock to be outstanding immediately after the offering:

27,775,049 shares

Over-allotment option:

The underwriters have an option for a period of 30 days to purchase up to 333,333 additional shares of our common stock.

Use of proceeds

We currently intend to use the net proceeds from this offering for general corporate and working capital purposes, including advancing our U.S. pivotal trial for treatment of inflammation in conjunction with cardiac surgery. See Use of Proceeds on page S-10.

Risk factors

Investing in our common stock involves significant risks. See Risk Factors on page S-6, and under similar headings in other documents incorporated by reference into this prospectus supplement and the accompanying prospectus.

NASDAQ Capital Market symbol

CTSO

The number of shares of our common stock outstanding immediately after this offering is based on 25,552,827 shares of common stock outstanding as of March 23, 2017, and excludes:

2,762,177 shares of our common stock issuable upon the exercise of stock options outstanding as of December 31, 2016, at a weighted-average exercise price of $4.69 per share;

1,078,561 shares of our common stock issuable upon the exercise of warrants outstanding as of December 31, 2016, at a weighted-average exercise price of $6.83 per share;

1,728,833 shares of our common stock underlying non-vested restricted stock units as of December 31, 2016; and

585,483 shares of our common stock reserved for future awards under our stock incentive plan as of December 31, 2016.

Except as otherwise indicated, all information in this prospectus supplement assumes:

- no exercise by the underwriters of their over-allotment option; and
- no exercise of the outstanding options, warrants and restricted stock units described above.

TABLE OF CONTENTS

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below and in our annual report on Form 10-K for the year ended December 31, 2016 incorporated by reference in this prospectus supplement and the accompanying prospectus, and all the other information in this prospectus supplement and the accompanying prospectus, including our financial statements and related notes incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding to purchase shares of our common stock. If any of the risks below actually occur, our business, financial condition and results of operations could be negatively harmed. In that event, the trading price of our common stock could decline and you could lose all or part of your investment. Additional risks and uncertainties that are not yet identified or that we think are immaterial may also harm our business, operating results and financial condition and could result in a complete loss of your investment.

Additional Risk Related to our Industry and Business

We are subject to governmental export and import controls that could impair our ability to compete in international markets due to licensing requirements and subject us to liability if we are not in compliance with applicable laws.

Our products are subject to export control and import laws and regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations, and various economic and trade sanctions regulations administered by the U.S. Treasury Department s Office of Foreign Assets Controls. Exports of our products must be made in compliance with these laws and regulations. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to substantial civil or criminal penalties, including the possible loss of export or import privileges; fines, which may be imposed on us and responsible employees or managers; and, in extreme cases, the incarceration of responsible employees or managers.

In addition, changes in our products or changes in applicable export or import laws and regulations may create delays in the introduction and sale of our products in international markets or, in some cases, prevent the export or import of our products to certain countries, governments or persons altogether. Any change in export or import laws and regulations, shift in the enforcement or scope of existing laws and regulations, or change in the countries, governments, persons, products, or technologies targeted by such laws and regulations, could also result in decreased use of our products, or in our decreased ability to export or sell our products to existing or potential customers. Any decreased use of our products or limitation on our ability to export or sell our products would likely adversely affect our business, financial condition and results of operations.

Risks Connected to our Securities and this Offering

Our use of the offering proceeds may not yield a favorable return on your investment.

We currently anticipate that the net proceeds from this offering will be used primarily to fund clinical studies, expand production capacity, support our sales and marketing efforts, to develop our products and for general corporate purposes. Pending the application of the net proceeds, we intend to invest the net proceeds in investment-grade or

government, interest-bearing securities. Our management has broad discretion over how these proceeds are used and could spend the proceeds in ways with which you may not agree. Pending the use of the proceeds in this offering, we will invest them. However, the proceeds may not be invested in a manner that yields a favorable or any return.

We will have broad discretion over the use of the net proceeds to us from this offering and may apply them to uses that do not improve our operating results or the value of your securities.

We will have broad discretion to use the net proceeds to us from this offering, including for any of the purposes described in the section titled Use of Proceeds, and investors will be relying solely on the judgment of our board of directors and management regarding the application of these proceeds. Investors will not have the opportunity, as part of their investment decision, to assess whether the proceeds are being used appropriately. Our use of the proceeds may not improve our operating results

TABLE OF CONTENTS

or increase the value of the securities being offered hereby. Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. The failure of our management to use these funds effectively could have a material adverse effect on our business, cause the market price of our common stock to decline or delay the development of our product candidates.

If you purchase shares of common stock in this offering, you will experience immediate and substantial dilution in the net tangible book value of your shares.

Investors purchasing shares of common stock in this offering will pay a price per share that substantially exceeds the as adjusted book value per share of our tangible assets as of December 31, 2016 after subtracting our liabilities. Our net tangible book value as of December 31, 2016 was approximately $(1.6) million, or approximately $(0.07) per share of our common stock. Based on the public offering price of $4.50 per share, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, our as adjusted net tangible book value as of December 31, 2016, would have been approximately $7.2 million, or approximately $0.26 per share of our common stock. As a result, investors purchasing shares of common stock in this offering will incur immediate dilution of $4.24 per share.

This dilution is due to the substantially lower price paid by some of our investors who purchased shares prior to this offering as compared to the price offered to the public in this offering, and the exercise of stock options granted to our employees. In addition, we have a significant number of stock options and warrants outstanding. The exercise of any of these options and warrants would result in additional dilution. As a result of the dilution to investors purchasing shares in this offering, investors may receive significantly less than the purchase price paid in this offering, if anything, in the event of our liquidation. Further, because we will need to raise additional capital to fund our future activities, we may in the future sell substantial amounts of common stock or securities convertible into or exchangeable for common stock.

Future issuances of common stock or common stock-related securities, together with the exercise of outstanding options and warrants, if any, may result in further dilution. For a further description of the dilution that you will experience immediately after this offering, see the section titled Dilution.

You may experience future dilution as a result of future equity offerings.

In order to raise additional capital, we may in the future offer additional shares of our common stock or other securities convertible into or exchangeable for our common stock at prices that may not be the same as the price per share paid by any investor in this offering. We may sell shares or other securities in any other offering at a price per share that is less than the price per share paid by any investor in this offering, and investors purchasing shares or other securities in the future could have rights superior to you. The price per share at which we sell additional shares of our common stock, or securities convertible or exchangeable into common stock, in future transactions may be higher or lower than the price per share paid by any investor in this offering.

Certain of our outstanding warrants include anti-dilution protection for certain issuances of securities at an effective price per share less than the exercise price of such warrants, such as may occur in this offering if we issue and sell shares of our common stock at lower issuance prices than the effective

We will have broad discretion over the use of the net proceeds to us from thisoffering and may apply them to uses t

exercise price. This anti-dilution protection could result in dilution to the stockholders, and may contribute to downward pressure on the trading price of our common stock.

We currently have other outstanding warrants to purchase 736,000 shares of common stock issued in March 2014, with the current exercise price of $7.81 per share before any adjustment related to this offering. These warrants contain anti-dilution provisions that reduce the exercise price of the warrants if we sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or common stock equivalents, at an effective price per share less than the exercise price then in effect. The exercise of the warrants at prices below the market price of our common stock

Certain of our outstanding warrants include anti-dilution protection for certainissuances of securities at an effective p

TABLE OF CONTENTS

could adversely affect the price of shares of our common stock. In addition, sales of the shares of our common stock issuable upon exercise of the warrants could have a depressive effect on the price of our common stock, particularly if there is not a coinciding increase in demand by purchasers of our common stock.

Certain of our outstanding warrants include anti-dilution protection for certainissuances of securities at an effective p

TABLE OF CONTENTS

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and documents incorporated by reference into this prospectus supplement, the accompanying prospectus and the other documents we have filed with the SEC that are incorporated herein by reference may contain forward-looking statements within the meaning of the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about our plans, objectives, representations and contentions and are not historical facts and typically are identified by use of terms such as may, should, could, expect, plan, anticipate, believe, estimate, predict, potential, p similar words, although some forward-looking statements are expressed differently. You should be aware that the forward-looking statements included herein represent management s current judgment and expectations, but our actual results, events and performance could differ materially from those in the forward-looking statements. The following documents, among others, describe these assumptions, risks, uncertainties, and other factors. You should read and interpret any forward-looking statements together with the following documents:

our most recent annual report on Form 10-K, including the sections titled Business, Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations ;

the risk factors contained in this prospectus under the caption Risk Factors ; and