Savara Inc
Form 424B5
October 26, 2017
Table of Contents

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-202960

PROSPECTUS SUPPLEMENT

(To Prospectus dated August 19, 2015)

5,250,000 Shares of Common Stock

Pre-Funded Warrants to Purchase 775,000 Shares of Common Stock

We are offering 5,250,000 shares of our common stock, $0.001 par value per share, in this offering. We are also offering to a certain existing investor the opportunity to purchase, in lieu of the shares of our common stock, warrants, which we refer to as pre-funded warrants, to purchase 775,000 shares of our common stock. Each pre-funded warrant will have an exercise price of $0.01 per share.

Our common stock is traded on The NASDAQ Global Select Market under the symbol SVRA. On October 24, 2017, the last reported sales price of our common stock on The NASDAQ Global Select Market was $9.21 per share. We do not intend to list the pre-funded warrants on The NASDAQ Global Select Market, any other national securities exchange or any other nationally recognized trading system.

Investing in our common stock involves a high degree of risk. See Risk Factors on page S-6 of this prospectus supplement and the documents incorporated by reference into this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	PER SHARE	PER PRE-FUNDED WARRANT	TOTAL
Public offering price	$ 7.85	$ 7.84	$ 47,288,500
Underwriting discount and commissions [(1)]	$ 0.471	$ 0.471	$ 2,837,775

Proceeds to Savara (before expenses)	$ 7.379	$ 7.369	$ 44,450,725

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

Delivery of the shares of common stock and pre-funded warrants is expected to be made on or about October 27, 2017. We have granted the underwriters an option for a period of 30 days to purchase an additional 787,500 shares of our common stock. If the underwriters exercise the option in full, the total underwriting discounts and commissions payable by us will be $3,208,688, and the total proceeds to us, before expenses, will be $50,261,688.

Sole Book-Running Manager

Jefferies

Lead Managers

JMP Securities **Canaccord Genuity**

Co-Managers

H.C. Wainwright & Co. **Roth Capital Partners**

Prospectus Supplement dated October 25, 2017.

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying base prospectus are part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or the SEC, using a shelf registration process. We provide information to you about this offering of shares of our common stock in two separate documents that are bound together: (1) this prospectus supplement, which describes the specific details regarding this offering; and (2) the accompanying base prospectus, which provides general information, some of which may not apply to this offering. Generally, unless the context indicates otherwise, when we refer to this prospectus, we are referring to both documents combined. If information in this prospectus supplement is inconsistent with the accompanying base prospectus, you should rely on this prospectus supplement. However, if any statement in one of these documents is inconsistent with a statement in another document having a later date (for example, a document incorporated by reference in this prospectus supplement), the statement in the document having the later date modifies or supersedes the earlier statement as our business, financial condition, results of operations and prospects may have changed since the earlier dates. You should also read and consider the additional information under the captions Incorporation of Certain Information By Reference in this prospectus supplement.

In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus supplement, in the accompanying base prospectus and in any free writing prospectus with respect to this offering filed by us with the SEC. We have not authorized any person to provide you with different or additional information. If anyone provides you with different, additional or inconsistent information you should not rely on it. You should assume that the information appearing in this prospectus supplement, the accompanying base prospectus, any free writing prospectus with respect to the offering filed by us with the SEC and the documents incorporated by reference herein and therein is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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 they were made. In addition, the assertions embodied in any representations, warranties and covenants contained in such agreements may be subject to qualifications with respect to knowledge and materiality different from those applicable to investors and may be qualified by information in disclosure schedules. These disclosure schedules may contain information that modifies, qualifies and creates exceptions to the representations, warranties and covenants set forth in the agreements. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

We obtained the industry, market and competitive position data in this prospectus supplement from our own internal estimates and research as well as from industry and general publications and research surveys and studies conducted by third parties. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate is necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in Risk Factors and elsewhere in this prospectus supplement. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and us.

We are offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The distribution of this prospectus supplement and the accompanying base prospectus and the offering

of the common stock in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus supplement and the accompanying base prospectus must inform themselves about, and observe any restrictions relating to, the offering of the common stock and the distribution of this prospectus supplement and the accompanying base prospectus outside the United States. This prospectus supplement and the accompanying base prospectus do not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus supplement and the

Table of Contents

accompanying base prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

In this prospectus supplement, we use the term day to refer to a calendar day, and we use the term business day to refer to any day other than Saturday, Sunday, a legal holiday or a day on which banks in New York City are authorized or required to close.

We have filed or incorporated by reference exhibits to the registration statement of which this prospectus supplement forms a part. You should read the exhibits carefully for provisions that may be important to you.

Unless the context requires otherwise, references in this prospectus supplement to Savara, the Company, we, us and our refer to Savara Inc. and its subsidiaries.

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

This summary description about us and our business highlights selected information contained elsewhere in this prospectus supplement or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary does not contain all of the information that you should consider before deciding to invest in our common stock. You should carefully read this entire prospectus supplement, the accompanying prospectus and any related free writing prospectus, including each of the documents incorporated herein or therein by reference, before making an investment decision. Investors should carefully consider the information set forth under Risk Factors in this prospectus supplement on page S-6, in any related free writing prospectus, and under similar headings in the other documents that are incorporated by reference into this prospectus supplement. You also should carefully read the information incorporated by reference into this prospectus supplement, including our financial statements, other information and the exhibits to the registration statement of which the accompanying prospectus is a part.

Company Overview

We are an orphan lung disease company. Our pipeline comprises: Molgradex, an inhaled granulocyte-macrophage colony-stimulating factor, or GM-CSF, in Phase 3 development for pulmonary alveolar proteinosis, or PAP, and in preparation for Phase 2a development for nontuberculous mycobacterial, or NTM, lung infection; AeroVanc, a Phase 3 stage inhaled vancomycin for treatment of persistent methicillin-resistant *Staphylococcus aureus*, or MRSA, infection in cystic fibrosis; and, Aironite, an inhaled sodium nitrite for heart failure with preserved ejection fraction, or HFpEF, in Phase 2 development. Our strategy involves expanding our pipeline of potentially best-in-class products through indication expansion, strategic development partnerships and product acquisitions, with the goal of becoming a leading company in our field. Savara s management team has significant experience in orphan drug development and pulmonary medicine, in identifying unmet needs, developing and acquiring new product candidates, and effectively advancing them to approvals and commercialization. We believe, based on a third-party study that we commissioned, that our two lead product candidates have a combined peak annual sales potential exceeding $1 billion.

Our lead product candidate, Molgradex, an inhaled formulation of recombinant human GM-CSF, is in Phase 3 development for the treatment of PAP and in preparation for a Phase 2a clinical trial for the treatment of NTM lung infection.

PAP is a rare lung disease characterized by the build-up of lung surfactant in the alveoli, or air sacs, of the lungs with an estimated prevalence of approximately 2,500 patients in the U.S. The disease process underlying PAP involves an autoimmune response against a naturally occurring protein, GM-CSF, suppressing the stimulating activity of GM-CSF on lung macrophages which function to clear excess surfactant from the alveoli. The best treatment currently available for PAP is a procedure called whole lung lavage, or WLL, which entails washing out the lungs with saline, segment by segment, under general anesthesia. By its nature, WLL is an invasive and inconvenient procedure that requires hospitalization, and highly experienced physicians at specialist sites. Based on published investigator-sponsored treatment experience with inhaled GM-CSF, we believe Molgradex has the potential to replace the inactivated GM-CSF in PAP patients, and thereby to restore the surfactant clearing activity of the alveolar macrophages, and to become the treatment of choice for PAP.

We have completed a Phase 1 clinical trial in healthy volunteers, and are currently conducting a pivotal Phase 3 clinical trial in Europe and Japan for the treatment of autoimmune PAP, the IMPALA study, which has been expanded to include the U.S., and which we believe will satisfy U.S., European and Japanese regulatory requirements. The IMPALA study is a randomized, double-blind, placebo-controlled study designed to compare the efficacy and safety of Molgradex with placebo. The study, which began enrolling patients in Europe and Japan last year, has been expanded to include patients in the U.S. and will enroll a total of 90 patients, over half of whom have already been

enrolled. Patient enrollment is expected to be completed by the first quarter of 2018, and top line data is expected to be available by the fourth quarter of 2018. Assuming that the trial and other necessary development activities are successful, we would anticipate submitting a Biologic License Application, or BLA, for U.S. Food and Drug Administration, or FDA, review in 2019.

Table of Contents

The primary endpoint in the IMPALA study is the absolute change from baseline in arterial-alveolar oxygen gradient, a measure of a patient s oxygenation status, following 24 weeks of treatment. In addition, the FDA will focus its review on three key secondary endpoints that will be assessed for improvement in clinical symptoms and function, including six-minute walk distance, St. George s respiratory questionnaire, and the time to WLL. Patients are randomized to receive treatment for up to 24 weeks in one of three treatment arms: 1) Molgradex 300 µg administered once daily, 2) Molgradex 300 µg and matching placebo administered daily in 7-day intermittent cycles of each, or 3) inhaled placebo administered once daily.

NTM lung infection is a rare and serious lung disorder associated with increased rates of morbidity and mortality. Nontuberculous mycobacteria are naturally-occurring organisms and NTM lung infection can occur when an individual inhales the organism from their environment and develops a slowly progressive and destructive lung disease. NTM lung infection is typically characterized by cough, fatigue, and weight loss. NTM infections often become chronic and require long courses of multiple antibiotics, and despite the aggressive treatment regimens, treatment failure rates are high, and recurrence of infection is common. Chronic NTM lung infection can have a significant impact on quality of life. There are approximately 50,000 to 80,000 individuals affected by NTM lung infection in the U.S, the most common types involving *Mycobacterium avium* complex and *Mycobacterium abscessus*, or *M. abscessus*. There have been few advancements in new systemic treatments for NTM lung infection.

Notably, NTM infections are a considerable therapeutic challenge due to the unique ability of these bacteria to evade the normal killing mechanisms of alveolar macrophages, a type of immune cells responsible for killing bacteria in the lungs. There is increasing scientific literature suggesting that GM-CSF plays an important role in enhancing the ability of macrophages to clear mycobacteria. For instance, GM-CSF knockout mice inoculated with *M. abscessus* develop a chronic lung disease resembling human chronic infection, whereas wild type mice with intact GM-CSF production typically clear the bacteria quickly, and fail to develop chronic infection. In animal studies, GM-CSF has been shown to kill NTM with similar efficacy compared to commonly used NTM antibiotics, and the simultaneous use of GM-CSF with antibiotics can further improve the antibacterial effect of either GM-CSF or antibiotics given alone. Based on the increasing volume of scientific literature, along with the promising outcomes of the first clinical cases treated with inhaled GM-CSF, we believe that Molgradex has the potential to help eradicate NTM lung infection, including *M. abscessus*, with or without the concomitant use of antibiotics.

Preparations are currently underway and we plan to initiate a Phase 2a clinical trial of Molgradex in subjects with antibiotic-resistant NTM infection in early 2018. The Phase 2a clinical trial will be conducted at multiple centers and will investigate the efficacy of Molgradex on NTM sputum culture conversion to negative, reduction of NTM bacterial load in sputum, exercise capacity as well as its effect on patient reported outcomes and safety. Treatment in the Phase 2a clinical trial will consist of 24 weeks of treatment and a follow-up of 12 weeks after end of treatment. The primary endpoint will be sputum culture conversion defined as at least three consecutive negative sputum samples.

Our second Phase 3 product candidate, AeroVanc, is an inhaled formulation of vancomycin, is in Phase 3 development for the treatment of persistent MRSA lung infection in cystic fibrosis, or CF, patients.

CF is a genetic disease that involves sticky mucus buildup in the lungs, persistent lung infections and permanent and progressive respiratory disability. There are approximately 30,000 patients affected by CF in the U.S., and MRSA infection has become increasingly common in these patients, with a prevalence of approximately 26%. Persistent MRSA infection in CF patients is associated with increased use of intravenous, or IV, antibiotics, increased hospitalizations, a faster decline of lung function, as well as shortened life-expectancy. Due to the lung pathology associated with CF, persistent MRSA lung infection is difficult to eradicate or manage using oral or IV antibiotics, and there is no standard of care to manage this condition. Whereas inhaled antibiotics have become a cornerstone of

treating the most prevalent chronic pathogen in CF patients, *Pseudomonas aeruginosa*, there are no approved inhaled antibiotics addressing MRSA lung infection. In a randomized, double-blind, placebo-controlled Phase 2 clinical trial in CF patients with persistent MRSA

Table of Contents

infection, AeroVanc met a primary endpoint to reduce MRSA density in sputum, and showed encouraging trends of improvement in lung function and respiratory symptoms, as well as prolongation of the time to use of other antibiotics, with best responses in subjects under 21 years of age. After receiving detailed guidance from the FDA, we planned a pivotal Phase 3 clinical trial of AeroVanc, the AVAIL study, which we began in the third quarter of 2017. Assuming that the trial and other necessary development activities are successful, we would anticipate submitting an NDA in 2020.

The AVAIL study will enroll approximately 200 subjects (150 subjects £ 21 years old, 50 subjects > 21 years old), at more than 80 clinical study sites across the U.S. and Canada. During Period 1 of the study, subjects will be randomly assigned in a blinded 1:1 fashion to receive either AeroVanc (30 mg) twice daily, or placebo, by inhalation for 24 weeks or 3 dosing cycles. A dosing cycle is defined as 28 days of treatment followed by 28 days of observation. During Period 2 of the study, subjects will receive open-label AeroVanc (30 mg) twice daily for an additional 24 weeks or 3 dosing cycles, to evaluate the long-term safety of AeroVanc. The primary efficacy endpoint in the AVAIL study is the mean absolute change in FEV1 percent predicted from baseline, which will be analyzed sequentially at week 4 (the end of cycle 1) and at week 20 (the end of cycle 3). The primary efficacy analysis will be based on patients between 6 - 21 years of age, using all observed data at weeks 4 and 20, as appropriate. Secondary efficacy endpoints include: (i) time to use of another antibiotic medication (oral, IV, and/or inhaled) for pulmonary infection, (ii) the number of successful FEV1-response cycles a subject achieves over Period 1 (weeks 4, 12, and 20), (iii) relative change from baseline in FEV1 percent predicted at weeks 4 and 20, (iv) change from baseline Cystic Fibrosis Questionnaire-Revised scores at weeks 4 and 20 and (v) change from Baseline in Cystic Fibrosis Respiratory Symptom Diary-Chronic Respiratory Symptom Score scores at weeks 4 and 20.

Our second Phase 2 product candidate, Aironite, is a sodium nitrite solution for inhalation via nebulization in Phase 2 clinical development for the treatment of HFpEF, also known as diastolic heart failure or heart failure with preserved systolic function.

Data show there are approximately 5.7 million individuals with heart failure in the U.S. and that approximately 50% of patients hospitalized for heart failure have HFpEF. Enrollment is ongoing in two investigator-sponsored Phase 2 studies of Aironite in patients with HFpEF being conducted at prestigious research institutions. Positive interim results from one of those studies were published in November 2016. Additionally, positive results from a completed Phase 2 clinical trial of Aironite in patients with HFpEF were published in July 2016.

Positive interim results from an ongoing 50-patient open-label Phase 2 clinical trial of Aironite in patients with pulmonary hypertension (PH) from multiple different etiologies were presented in July 2017. In the 41 patients enrolled to date in the study, administration of Aironite significantly improved multiple hemodynamic measures, with most pronounced improvements in patients with pulmonary hypertension due to heart failure with preserved ejection fraction (PH-HFpEF). In the 10 PH-HFpEF patients analyzed, Aironite administration resulted in significant overall decreases in right atrial pressure, systolic and diastolic right ventricular pressure, systolic and diastolic pulmonary artery pressure, and pulmonary capillary wedge pressure. Aironite was generally well-tolerated and no significant safety concerns were identified, supporting the primary safety outcome of the study.

Patient enrollment recently completed in a multicenter, randomized, double-blind, placebo-controlled crossover Phase 2 clinical trial of Aironite in HFpEF being conducted by the Heart Failure Clinical Research Network, or HFN, and we anticipate results from this clinical trial will be available in the first half of 2018.

Recent Developments

On October 24, 2017, Savara announced that it plans to expand the development of its lead product candidate Molgradex to include the treatment of NTM lung infection, an infection typically characterized by cough, fatigue, and weight loss that often becomes chronic and can require long courses of multiple antibiotics. Savara plans to initiate a Phase 2a multi-center clinical trial in subjects with antibiotic-resistant NTM infection in early 2018.

Table of Contents

Our Corporate Information

On April 27, 2017, Savara completed its merger with Mast Therapeutics, Inc. (Mast) in accordance with the terms of the Agreement and Plan of Merger and Reorganization, dated as of January 6, 2017 (the Merger Agreement). Under the Merger Agreement, Victoria Merger Corp., a wholly owned subsidiary of Mast, merged with and into Savara, with Savara surviving as a wholly owned subsidiary of Mast. Pursuant to the terms and subject to the conditions set forth in the Merger Agreement, Savara stockholders became the majority stockholders of the surviving company and Mast changed its name to Savara Inc.

Our principal executive offices are located at 900 S. Capital of Texas Highway, Las Cimas IV, Suite 150. Austin, Texas 78746 and our telephone number at that address is (512) 961-1891. Our corporate website is located at www.savarapharma.com. We make available free of charge through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The information contained in, or that can be accessed through, our website is not part of this prospectus supplement.

Table of Contents

THE OFFERING

Common stock offered by us	5,250,000 shares (6,037,500 shares if the underwriters option to purchase additional shares is exercised in full)
Pre-funded warrants offered by us	Pre-funded warrants to purchase up to 775,000 shares of our common stock. Each pre-funded warrant will have an exercise price of $0.01 per share, will be exercisable upon issuance and will expire seven years from the date of issuance. Pre-funded warrants are being offered to a certain existing investor, in lieu of the shares of our common stock. This prospectus also relates to the offering of the shares of common stock issuable upon exercise of these pre-funded warrants.
Common stock to be outstanding immediately after this offering	29,453,464 shares (30,240,964 shares if the underwriters option to purchase additional shares is exercised in full)
Option to purchase additional shares	The underwriters have the option to purchase from us up to a maximum of 787,500 additional shares of common stock. The underwriters can exercise this option at any time within 30 days of this prospectus supplement.
Use of proceeds	We intend to use the net proceeds for working capital and general corporate purposes, which include, but are not limited to, the funding of clinical development of and pursuing regulatory approval for our product candidates (including indication expansion for Molgradex), and general and administrative expenses. See Use of Proceeds on page S-9 for more information.
Market for the common stock	Our common stock is listed on NASDAQ under the symbol SVRA
Risk factors	You should read the Risk Factors section of this prospectus supplement for a discussion of certain factors to consider carefully before deciding to purchase any shares of our common stock.

The number of shares of common stock to be outstanding following this offering is based on 24,203,464 shares issued and outstanding at June 30, 2017 and excludes the shares of common stock issuable upon exercise of the pre-funded warrants being offered by us in this offering, as well as:

1,746,500 shares of our common stock issuable upon the exercise of options outstanding as of June 30, 2017, with a weighted-average exercise price of $2.33 per share;

141,453 shares of our common stock issuable upon the exercise of pre-merger Savara warrants outstanding as of June 30, 2017, with a weighted-average exercise price of $7.94 per share;

1,152,231 shares of our common stock issuable upon the exercise of pre-merger Mast warrants outstanding as of June 30, 2017, with a weighted-average exercise price of $40.68 per share; and

523,321 shares of our common stock reserved for future issuance as of June 30, 2017 under our 2015 Omnibus Incentive Plan.

Except as otherwise indicated, all information in this prospectus supplement assumes no exercise by the underwriters of the option to purchase up to an additional 787,500 shares of our common stock.

Table of Contents

RISK FACTORS

Investing in our securities involves a high degree of risk and uncertainty. In addition to the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, you should carefully consider the risks described below, before making an investment decision with respect to the securities. We expect to update these Risk Factors from time to time in the periodic and current reports that we file with the SEC after the date of this prospectus supplement. These updated Risk Factors will be incorporated by reference in this prospectus supplement and the accompanying prospectus. Please refer to these subsequent reports for additional information relating to the risks associated with investing in our common stock. If any of such risks and uncertainties actually occurs, our business, financial condition, and results of operations could be severely harmed. This could cause the trading price of our common stock to decline, and you could lose all or part of your investment.

Risks Related to this Offering

Resales of our common stock in the public market by our stockholders as a result of this offering may cause the market price of our common stock to fall.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. The issuance of these new shares of our common stock in this offering could result in resales of our common stock by our current stockholders concerned about the potential ownership dilution of their holdings. In turn, these resales could have the effect of depressing the market price for our common stock.

There may be future sales or other dilution of our equity, which may adversely affect the market price of our common stock.

If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our common stock in the public market after applicable legal restrictions on resale and the lock-up agreements, the trading price of our stock could decline. As of October 24, 2017, we had approximately 24.5 million shares of common stock outstanding. Substantially all of such shares of common stock may be sold in the public market; however, approximately 10.3 million of such shares are subject to lock-up restrictions, which restrictions expire as to approximately 3.4 million on October 27, 2017, approximately 3.4 million on December 27, 2017 and approximately 3.4 million on February 27, 2018. The shares of stock held by our directors and executive officers are subject to additional lock-up restrictions, which restrictions expire on January 23, 2018. If substantial additional shares are sold, or if it is perceived that they will be sold, in the public market, the trading price of our common stock could decline.

We have broad discretion in the use of our cash and cash equivalents, including the net proceeds of this offering.

We currently anticipate that the net proceeds from the sale of our common stock and pre-funded warrants will be used for working capital and general corporate purposes, which include, but are not limited to, the funding of clinical development of and pursuing regulatory approval for our product candidates, and general and administrative expenses. However, we have not determined the specific allocation of the net proceeds among these potential uses. We have broad discretion in the use of our cash and cash equivalents, including the net proceeds of this offering, and investors must rely on the judgment of our management regarding the use of our cash and cash equivalents. Our management may not use cash and cash equivalents in ways that ultimately increase the value of your investment. Our failure to use our cash and cash equivalents effectively could result in financial losses that could have a material adverse effect on our business, cause the price of our common stock to decline and delay the development of our product candidates. Pending their use, we may invest our cash and cash equivalents in short-term or long-term, investment-grade, interest-bearing securities. These investments may not yield favorable returns. If we do not invest or apply our cash

and cash equivalents in ways that enhance shareholder value, we may fail to achieve expected financial results, which could cause the price of our common stock to decline. Please see the section entitled Use of Proceeds on page S-9 of this prospectus supplement for further information.

Table of Contents

You may experience immediate and substantial dilution in the book value per share of the common stock you purchase.

Because the price per share at which shares of our common stock and pre-funded warrants are sold in this offering may be substantially higher than the book value per share of our common stock, you may suffer immediate and substantial dilution in the net tangible book value of the common stock you purchase in this offering. After giving effect to the sale of our common stock and pre-funded warrants in the offering amount of $47.3 million at an offering price of $7.85 per share of common stock and $7.84 per pre-funded warrant (which equals the public offering price of the common stock less the $0.01 per share exercise price of each such pre-funded warrant), after deducting estimated offering commissions and expenses payable by us, our pro forma net tangible book value as of June 30, 2017 would have been approximately $62.7 million, or $2.13 per share of common stock. This represents an immediate increase in the pro forma net tangible book value of $1.36 per share to our existing stockholders and an immediate and substantial dilution in as-adjusted net tangible book value of $5.72 per share to new investors who purchase our common stock in the offering. See Dilution for a more detailed discussion of the dilution you may incur in connection with this offering.

We do not expect to pay any cash dividends in the foreseeable future.

We expect retain our future earnings to fund the development and growth of our business. As a result, capital appreciation, if any, of our common stock will be stockholders sole source of gain, if any, for the foreseeable future.

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and our SEC filings that are incorporated by reference into this prospectus supplement contain or incorporate by reference forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements, other than statements of historical fact, included or incorporated by reference in this prospectus supplement regarding our development of our products, financial position, strategy, regulatory status, clinical and nonclinical studies, collaborations, commercial prospects, internal growth, competition, intellectual property, regulatory reforms, products, objectives of management, and compliance with NASDAQ Global Select Market listing standards are forward-looking statements. Forward-looking statements may include, but are not limited to, statements about:

- the anticipated timing, structure and results of clinical trials for our product candidates;
- the anticipated timing and outcome of the regulatory review process for our product candidates;
- any statements of the plans, strategies and objectives of management for future operations;
- any statements concerning proposed new products, services or developments;
- any statements regarding future economic conditions or performance
- our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others;
- our estimates regarding the sufficiency of our cash resources and our need for additional funding; and
- our intended use of the net proceeds from the offering of our securities under this prospectus supplement.

The words believe, anticipate, estimate, plan, expect, intend, may, could, should, potential, likel will, and would and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements reflect our current views with respect to future events, are based on assumptions and are subject to risks and uncertainties. We cannot guarantee that we actually will achieve the plans, intentions or expectations expressed in our forward-looking statements and you should not place undue reliance on these statements. There are a number of important factors that could cause our actual results to differ materially from those indicated or implied by forward-looking statements. These important factors include those discussed under the heading Risk Factors contained or incorporated in this prospectus supplement and the accompanying prospectus and any free writing prospectus we may authorize for use in connection with a specific offering. These factors and the other cautionary statements made in this prospectus supplement and the accompanying prospectus should be read as being applicable to all related forward-looking statements whenever they appear in this prospectus supplement and the accompanying prospectus. Except as required by law, we do not assume

any obligation to update any forward-looking statement. We disclaim any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Table of Contents

USE OF PROCEEDS

We estimate that our net proceeds from the sale of shares of our common stock and pre-funded warrants in this offering will be approximately $44.2 million (or $50.0 million if the underwriters exercise their option to purchase 787,500 additional shares from us in full), based on the offering price of $7.85 per share of common stock and $7.84 per pre-funded warrant (which equals the public offering price of the common stock less the $0.01 per share exercise price of each such pre-funded warrant), after deducting the underwriting discounts and commissions and estimated offering expenses payable by us and excluding the proceeds, if any, from the exercise of the pre-funded warrants issued pursuant to this offering.

We intend to use the net proceeds for working capital and general corporate purposes, which include, but are not limited to, the funding of clinical development of and pursuing regulatory approval for our product candidates (including indication expansion for Molgradex), and general and administrative expenses. The expected use of the net proceeds from this offering represents our intentions based upon our current plans and business conditions, which could change in the future as our plans and business conditions evolve. The amounts and timing of our actual expenditures depend on numerous factors. As a result, our management will have broad discretion in applying the net proceeds from this offering. Pending their ultimate use, we plan to invest the net proceeds from this offering in short- and intermediate-term, interest bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government.

Table of Contents

DILUTION

If you invest in our common stock, your interest will be diluted immediately to the extent of the difference between the public offering price per share and the adjusted net tangible book value per share of our common stock after this offering.

The net tangible book value of our common stock as of June 30, 2017, was approximately $18.5 million, or approximately $0.76 per share. Net tangible book value per share represents the amount of our total tangible assets, excluding goodwill and intangible assets, less total liabilities, divided by the total number of shares of our common stock outstanding. Dilution per share to new investors represents the difference between the amount per share paid by purchasers for each share of common stock in this offering and the net tangible book value per share of our common stock immediately following the completion of this offering.

After giving effect to the sale of 5,250,000 shares of common stock and pre-funded warrants to purchase up to 775,000 shares of our common stock by us in this offering at a public offering price of $7.85 per share of common stock and $7.84 per pre-funded warrant (which equals the public offering price of the common stock less the $0.01 per share exercise price of each such pre-funded warrant), and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, and excluding the proceeds, if any, from the exercise of the pre-funded warrants issued pursuant to this offering, our pro forma net tangible book value as of June 30, 2017 would have been approximately $62.7 million, or $2.13 per share. This represents an immediate increase in pro forma net tangible book value of $1.36 per share to our existing stockholders and an immediate dilution of $5.72 per share to investors purchasing shares of common stock in this offering.

The following table illustrates this dilution on a per share basis:

Public offering price per share		$ 7.85
Net tangible book value per share at June 30, 2017	$ 0.76	
Increase to net tangible book value per share attributable to investors purchasing our common stock in this offering	1.36	
Pro forma net tangible book value per share as of June 30, 2017, after giving effect to this offering		2.13
Dilution of pro forma net tangible book value per share to investors purchasing our common stock in this offering		$ 5.72

If the underwriters exercise their option to purchase 787,500 additional shares of common stock at the public offering price of $7.85 per share, the net tangible book value per share of our common stock immediately after this offering

would be $2.26 per share, and the dilution per share to investors purchasing shares in this offering would be $5.59 per share.

The number of shares of common stock set forth in the table above excludes:

- 1,746,500 shares of our common stock issuable upon the exercise of options outstanding as of June 30, 2017, with a weighted-average exercise price of $2.33 per share;

- 141,453 shares of our common stock issuable upon the exercise of pre-merger Savara warrants outstanding as of June 30, 2017, with a weighted-average exercise price of $7.94 per share;

- 1,152,231 shares of our common stock issuable upon the exercise of pre-merger Mast warrants outstanding as of June 30, 2017, with a weighted-average exercise price of $40.68 per share; and

- 523,321 shares of our common stock reserved for future issuance as of June 30, 2017 under our 2015 Omnibus Incentive Plan.

Table of Contents

To the extent that any of these outstanding options or warrants are exercised or we issue additional shares under our equity incentive plans, there may be further dilution to new investors. In addition, we may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our stockholders.

Table of Contents

DESCRIPTION OF PRE-FUNDED WARRANTS

The following is a brief summary of certain terms and conditions of the pre-funded warrants being offered by this prospectus supplement. The following description is subject in all respects to the provisions contained in the pre-funded warrants.

Form. The pre-funded warrants will be issued as individual warrant agreements to the investors. You should review the form of pre-funded warrant, which was filed as an exhibit to our Current Report on Form 8-K that was filed with the SEC on October 25, 2017 and that has been incorporated into this prospectus supplement by reference, for a complete description of the terms and conditions applicable to the pre-funded warrants.

Exercisability. The pre-funded warrants are exercisable at any time after their original issuance and at any time up to the date that is seven years after their original issuance. The pre-funded warrants will be exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice and by payment in full in immediately available funds for the number of shares of common stock purchased upon such exercise. As an alternative to payment in immediately available funds, the holder may, in its sole discretion, elect to exercise the pre-funded warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of shares of common stock determined according to the formula set forth in the pre-funded warrant. No fractional shares of common stock will be issued in connection with the exercise of a pre-funded warrant. In lieu of fractional shares, we will pay the holder an amount in cash equal to the fractional amount multiplied by the exercise price.

Exercise Limitations. A holder will not have the right to exercise any portion of the pre-funded warrant if the holder (together with its affiliates) would beneficially own in excess of 9.99% of the number of shares of our common stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the pre-funded warrants. However, any holder may increase or decrease such percentage to any other percentage upon at least 61 days prior notice from the holder to us. In addition, notwithstanding any election made by a holder, under the pre-funded warrants we may not effect the exercise of, and a holder is not entitled to exercise, any portion of the pre-funded warrants, to the extent that such exercise would result in the holder thereof (and its affiliates) beneficially owning more than 19.99% of the number of shares of our common stock outstanding or the combined voting power of our securities outstanding immediately after giving effect to the issuance of shares of common stock issuable upon exercise of the pre-funded warrants.

Exercise Price. The exercise price per whole share of our common stock purchasable upon the exercise of the pre-funded warrants is $0.01 per share of common stock. The exercise price of the pre-funded warrants is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common stock and also upon any distributions of assets, including cash, stock or other property to our stockholders.

Transferability. Subject to applicable laws, the pre-funded warrants may be offered for sale, sold, transferred or assigned without our consent.

Exchange Listing. We do not plan on applying to list the pre-funded warrants on The NASDAQ Global Select Market, any other national securities exchange or any other nationally recognized trading system.

Fundamental Transactions. In the event of a fundamental transaction, as described in the pre-funded warrants and generally including any reorganization, recapitalization or reclassification of our common stock, the sale, transfer or other disposition of all or substantially all of our properties or assets, our consolidation or merger with or into another

person, the acquisition of more than 50% of our outstanding common stock, or any person or group becoming the beneficial owner of 50% of the voting power represented by our outstanding common stock, the holders of the pre-funded warrants will be entitled to receive upon exercise of the pre-funded warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the pre-funded warrants immediately prior to such fundamental transaction.

Rights as a Stockholder. Except by virtue of such holder s ownership of shares of our common stock, the holder of a pre-funded warrant does not have the rights or privileges of a holder of our common stock, including any voting rights, until the holder exercises the pre-funded warrant.

Table of Contents

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF OUR COMMON STOCK

The following is a summary of the material U.S. federal income tax consequences of the ownership and disposition of our common stock to non-U.S. holders, but does not purport to be a complete analysis of all the potential tax considerations relating thereto. Except as set forth below, this summary does not address the U.S. federal income tax consequences of the purchase, ownership and disposition of pre-funded warrants, or the exercise of pre-funded warrants into common stock. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, Treasury regulations promulgated thereunder, administrative rulings and judicial decisions, all as of the date hereof. These authorities may be changed, possibly retroactively, so as to result in U.S. federal income tax or estate tax consequences different from those set forth below.

This summary does not address the tax considerations arising under the laws of any U.S. state or local or any non-U.S. jurisdiction, the potential application of the Medicare contribution tax on net investment income or under U.S. federal gift and estate tax laws, except to the limited extent indicated below. In addition, this discussion does not address tax considerations applicable to an investor s particular circumstances or to investors that may be subject to special tax rules, including, without limitation:

banks, insurance companies or other financial institutions;

persons subject to the alternative minimum tax;

tax-exempt organizations;

dealers in securities or currencies;

traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;

real estate investment trusts and regulated investment companies;

controlled foreign corporations, passive foreign investment companies and corporations that accumulate earnings to avoid U.S. federal income tax;

partnerships and other pass-through entities (and investors therein);

persons that own, or are deemed to own, more than five percent of our common stock (except to the extent specifically set forth below);

certain former citizens or long-term residents of the United States;

persons who hold our common stock as a position in a hedging transaction, straddle, conversion transaction or other risk reduction transaction;

persons who hold or receive our common stock pursuant to the exercise of an employee stock option or otherwise as compensation;

persons who do not hold our common stock as a capital asset within the meaning of Section 1221 of the Code (generally, for investment purposes); or

persons deemed to sell our common stock under the constructive sale provisions of the Code.

In addition, if a partnership or entity classified as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership. Accordingly, partnerships that hold our common stock, and partners in such partnerships, should consult their tax advisors.

You are urged to consult your tax advisor with respect to the application of the U.S. federal income tax laws to your particular situation, as well as any tax consequences of the purchase, ownership and disposition of our common stock arising under the U.S. federal non-income tax laws, or under the laws of any U.S. state or local or any non-U.S. or other taxing jurisdiction or under any applicable tax treaty.

Non-U.S. Holder Defined

For purposes of this discussion, you are a non-U.S. holder if you are any holder (other than a partnership or entity classified as a partnership for U.S. federal income tax purposes) that is not:

an individual who is a citizen or resident of the U.S.;

a corporation or other entity taxable as a corporation created or organized in the U.S. or under the laws of the United States or any political subdivision thereof;

Table of Contents

an estate whose income is subject to U.S. federal income tax regardless of its source; or

a trust (x) whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (y) which has made an election to be treated as a U.S. person.

Pre-funded Warrants

Although the law in this area is not completely settled, the pre-funded warrants are generally expected to be treated as outstanding stock for U.S. federal income tax purposes. If you are a non-U.S. holder that is contemplating the acquisition of pre-funded warrants, you should discuss with your personal tax advisor the consequences of the purchase, ownership and disposition of the pre-funded warrants, as well as the exercise of the pre-funded warrants into our common stock.

Distributions

We have never paid cash distributions on our common stock and do not anticipate doing so in the foreseeable future. However, if we do pay cash distributions on our common stock, those payments will constitute dividends for U.S. tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed both our current and our accumulated earnings and profits, they will constitute a return of capital and will first reduce your basis in our common stock, but not below zero, and then will be treated as gain from the sale of common stock (see Gain on Disposition of Common Stock below).

Any dividend paid to you generally will be subject to U.S. withholding tax either at a rate of 30% of the gross amount of the dividend or such lower rate as may be specified by an applicable income tax treaty. In order to receive a reduced treaty rate, you must provide us with an Internal Revenue Service, or IRS, Form W-8BEN, IRS Form W-8BEN-E or other appropriate version of IRS Form W-8 certifying qualification for the reduced rate. If you hold our common stock through a financial institution or other agent acting on your behalf, you will be required to provide appropriate documentation to the agent, which then will be required to provide certification to us or our paying agent, either directly or through intermediaries.

Dividends received by you that are effectively connected with your conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base maintained by you in the United States) are taxed at the same graduated rates applicable to U.S. persons, net of certain deductions and credits. In addition, if you are a corporate non-U.S. holder, dividends you receive that are effectively connected with your conduct of a U.S. trade or business may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty. Payments of effectively connected dividends that are included in the gross income of a non-U.S. holder generally are exempt from withholding tax. In order to obtain this exemption, you must provide us with an IRS Form W-8 ECI or other applicable IRS Form W-8 properly certifying such exemption.

If you are eligible for a reduced rate of withholding tax pursuant to a tax treaty, you may be able to obtain a refund of any excess amounts currently withheld if you timely file an appropriate claim for refund with the IRS.

Distributions on our common stock will also be subject to the discussion below under the headings Backup Withholding and Information Reporting and Foreign Account Tax Compliance Act.

Gain on Disposition of Common Stock

In general, subject to the discussion below under the headings Backup Withholding and Information Reporting and Foreign Account Tax Compliance Act, you will not be subject to U.S. federal income tax or withholding tax on any gain realized upon the sale or other disposition of our common stock unless:

the gain is effectively connected with your conduct of a U.S. trade or business (and, if an income tax treaty applies, the gain is attributable to a permanent establishment or fixed base maintained by you in the United States), in which case you will be required to pay tax on the net gain derived from the sale (net of certain deductions or credits) under regular graduated U.S. federal income tax rates, and for a non-U.S. holder that is a corporation, such non-U.S. holder may also be subject to a branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty;

Table of Contents

you are an individual who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met, in which case you will be required to pay a flat 30% tax on the gain derived from the sale, which tax may be offset by U.S. source capital losses (even though you are not considered a resident of the United States) subject to applicable tax treaty providing otherwise; or