

Obalon Therapeutics Inc.

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Shares of Obalon Therapeutics plunge a day after stock surged 233% on upbeat product news

Shares of Obalon Therapeutics Inc (NASDAQ:OBLN) fell by double-digits Thursday, a day after its stock skyrocketed more than 200% on news that its flagship Obalon Balloon System to treat obesity is safe and effective.

The San Diego-based company announced Thursday that it's launching a \$3 million direct offering to raise working capital, apparently in a common move to take advantage of its higher stock price, which rose 233% to close at \$1.30 a share Wednesday.

The stock recently traded at \$0.68 a share, down 47% on higher-than-average volume.

READ: Obalon Therapeutics rockets on clinical data showing its Obalon Balloon System works safely to treat obesity
Investors typically react negatively to direct offerings because selling more shares to select investors can dilute a stock's value.

Under Obalon's offering, 5 million shares of common stock, with a par value \$0.001 per share, are priced at \$0.60 per share. The offering will close on or about May 28, according to a statement.

The medical-device company on Wednesday released expanded clinical data, compiled during a large-scale commercial-uses study of more than 1,400 patients using its balloon system, indicating that the average weight loss for patients receiving three balloons and six months of therapy was 21.7 pounds, resulting in a 10.2% reduction in total body weight.

Obalon also said that 50.7% of patients lost at least 10% total body weight and 77.9% lost at least 5%.

Non-serious adverse events occurred in only 10.3% of the patients, with the most common being abdominal pain (3.8%), nausea (3.0%), and vomiting (1.7%), the company said.

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Price: 1.72

Market Cap: \$10.3 m

1 Year Share Price Graph



October 2018 April 2019 October 2019

Share Information

Code: OBLN

Listing: NASDAQ

52 week	High	Low
	34	1.55

Sector: Medical technology & services

Website:

Company Synopsis:

The Obalon Balloon System is a swallowable intragastric balloon system indicated for temporary use to facilitate weight loss in adults with obesity (BMI of 30 - 40 kg/m²) who have failed to lose weight through diet and exercise. The System is intended to be used as an adjunct to a moderate intensity diet and behavior modification program. All balloons must be removed 6 months after the first balloon is placed.

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