

## Jaguar (NASDAQ/JAGX)

May 21, 2019

### BUY Waiting & Watching for Sales to Build

*Our understanding is that the first quarter report is slightly delayed. We look forward to seeing the Mytesi revenue numbers and confirming the growth trends for sales in the HIV space. The company appears to us to be making progress towards developing a follow-on indication for Mytesi in cancer therapy induced diarrhea.*

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### Investment Highlights

**CID could be next.** In March Jaguar representatives met with the FDA to review requirements related to expanding Mytesi's label to cancer therapy induced diarrhea (CID). As the company has stated a significant proportion of patients undergoing cancer treatment experience diarrhea. Novel targeted cancer therapy (TCT) agents, such as epidermal growth factor receptor (EGF-r) antibodies and tyrosine kinase inhibitors (TKI's), with or without standard chemotherapy agents, may activate natural chloride secretion pathways in the gastrointestinal mucosa, potentially leading to secretory diarrhea.

**ADAP expansion continues.** We also take note that in 1Q19 Mytesi was added to the formulary for Florida's AIDS Drug Assistance Program (ADAP). The company estimates that the majority of ADAP-eligible (U.S.) lives now have access to the medicine. We also note several key hires in the quarter. It is also our understanding that the company is continuing to strategically build the sales force with select hires across a range of specialty areas from social media to pharmacy.

**Unlock Mytesi's potential.** Mytesi was launched in late 2016 by Napo Pharmaceuticals, which in July 2017 became a wholly owned subsidiary of Jaguar Health. Capital constraints of both Napo initially and later Jaguar restrained the commercial launch. Today, Jaguar has a dedicated salesforce of 15 representatives and in June 2018, entered into a co-promote agreement for Mytesi with RedHill Biopharma. Sales trends are showing growth with 1Q18 revenues of \$627K, 2Q18 revenues of \$884K, 3Q18 revenues of \$1.1M AND 4Q18 at \$1.6M. We await the 10Q to learn how Mytesi did in 1Q19.

**Valuation.** We model revenues for Mytesi in HIV-related diarrhea followed by CTD in 2021. We apply a 30% probability of success in the CTD indication as the company lacks the capital to fund the required pivotal trial today. Therapeutically, given Mytesi's approval in HIV and with results of one investigator sponsored trial in CTD pending, and a second set to begin next year, we believe the probability of success independent of finances is closer to 70%. We assume no other significant revenues at this time as the company has limited financial resources. Our model also assumes additional dilution associated with capital raises before Jaguar becomes profitable. We assume a fully diluted out-year share count of 60.7M by 2028. Based on the early nature of Mytesi as a new product in a new indication we use a discount rate of 30%. We then apply this to our free cash flow, discounted-EPS, and sum-of-the-parts models, which are equally weighted and rounded to derive a 12-month price target of \$1.00.

Current Price **\$0.19**  
 Price Target **\$1.00**

Estimates	F2017A	F2018A	F2019E
Revenues (\$000s)	\$ 4,361	\$ 4,416	\$ 16,054
1Q March	\$ 822	\$ 804	\$ 2,482
2Q June	\$ 897	\$ 884	\$ 3,085
3Q September	\$ 1,100	\$ 1,132	\$ 4,542
4Q December	\$ 1,542	\$ 1,596	\$ 5,946
	F2017A	F2018A	F2019E
EPS (diluted)	\$ (0.66)	\$ (1.74)	\$ (0.20)
1Q March	\$ (0.33)	\$ (0.78)	\$ (0.09)
2Q June	\$ (0.12)	\$ (0.44)	\$ (0.05)
3Q September	\$ 0.07	\$ (0.51)	\$ (0.04)
4Q December	\$ (0.27)	\$ (0.02)	\$ (0.02)

EBITDA/Share	(\$0.79)	(\$1.67)	(\$0.19)
EV/EBITDA (x)	14	5	47

Stock Data		
52-Week Range	\$0.12	\$3.20
Shares Outstanding (mil.)	59.4	
Market Capitalization (mil.)	\$11	
Enterprise Value (mil.)	\$9	
Debt to Capital	0%	
Book Value/Share	\$2.46	
Price/Book	2.8	
Average Three Months Trading Volume (K)	379	
Insider Ownership	28.5%	
Institutional Ownership	9.8%	
Short interest (mil.)	3.2%	
Dividend / Yield	\$0.00/0.0%	



## Product Model Assumptions

1. We assume an average price of \$652 per month and the average HIV patient utilizes 3.5 months of therapy. We assume the RedHill salesforce picks up a small fee of 13% of gross sales that declines as sales numbers rise.
2. We assume a label extension occurs to include cancer therapy diarrhea (CTD) in 2021 with commercialization in 2021. We assume a three-month duration of treatment. The size of the CTD population is large, and the need is great. As such the commercial opportunity is substantial. We assume a 30% probability of success as the company lacks the capital to run the pivotal trial today. If we take our financial concerns out of the picture, we would raise our probability assumption to 70% based on both Mytesi's approval in HIV diarrhea and on the pending results of two investigator sponsored CTD trials expected later this year or early next year for one study and results of a second planned study a year from the time the study initiates.
3. We do not include any revenues for irritable bowel syndrome and inflammatory bowel disease as we assume the company lacks the resources to develop these indications on its own. The indications could be developed by a partner, and we hope to see this happen.
4. Orphan Designation for short bowel syndrome (SBS) and congenital diarrheal disorder (CDD) is not reflected in our model at this time but could represent new indications with a fast path to the marketplace. Again, capital constraints are a limiting factor, in our view.
5. The company is planning to develop a next-generation therapy, SB-300, for cholera and this could result in a Priority Review Voucher (PRV). At this time, we do not include a PRV in our model.
6. We show a nominal royalty revenue of just \$0.1 million in full-year 2018, growing to \$0.5 million in 2028 for Canalevia. We do not include any other revenues at this time for the animal products business.
7. The company, based on our estimates, has \$6.3 million in capital and the stock price is trading at the \$0.25 level. We estimate the current fully diluted share count is 33.5 million shares and assume this number could climb with additional financing before the company is cash flow positive. For modeling purposes, we assume an out-year share count of 60.7M shares in 2028.
8. Sum-of-the-parts model assumptions. We apply the same discount rate we use in our FCFE and discounted-EPS models in our sum-of-the-parts model. We apply the same probabilities to each product, each indication as well.
9. Discount rate. Based on our research, which considers Jaguar's financings, we use a projected WACC of 15%, which we believe is in-line with the current commercial position of the company. To this 15%, we add an additional 15% based on the risks associated with launching a new product (Mytesi) in new indications, including HIV associated chronic diarrhea. Our actual applied discount rate is 30%. Typically for mature, stable companies with a high level of visibility around earnings, we expect a lower discount rate of 10%. Conversely, for companies in early stages of development, often with binary events determining future growth rates, or in our opinion, with capital constraints, we expect a higher cost of capital and select a higher discount rate of 30%, as is the case for Jaguar. As Jaguar's Mytesi sales develop, this rate may prove to be too conservative.

**Exhibit 11. HIV-Related Noninfectious Diarrhea Market Model (U.S.)**

HIV-associated noninfectious diarrhea (US)	2016A	2017A	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Prevalence of HIV	1,100,000	1,147,500	1,195,950	1,245,369	1,295,776	1,347,192	1,399,636	1,453,128	1,507,691	1,563,345	1,620,112	1,678,014	1,737,074
Incidence	47,500	48,450	49,419	50,407	51,416	52,444	53,493	54,563	55,654	56,767	57,902	59,060	60,241
Increase in incidence	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Diagnosed HIV Population	942,857	983,571	1,025,100	1,067,459	1,110,665	1,154,736	1,199,688	1,245,539	1,292,307	1,340,010	1,388,667	1,438,298	1,488,921
Population on Antiretrovirals (55%)	518,571	540,964	563,805	587,103	610,866	635,105	659,828	685,046	710,769	737,005	763,767	791,064	818,906
HIV Population with Chronic Diarrhea (50%)	259,286	270,482	281,903	293,551	305,433	317,552	329,914	342,523	355,384	368,503	381,883	395,532	409,453
Market share		0.8%	1.0%	2.3%	4.0%	4.5%	5.0%	6.0%	7.0%	7.1%	7.2%	7.3%	7.3%
HIV Patients Treated with Mytesi	-	2,164	2,819	6,752	12,217	14,290	16,496	20,551	24,877	26,164	27,496	28,874	29,890
Cost of Treatment Annually	\$ 2,282	\$ 2,282	\$ 2,305	\$ 2,328	\$ 2,351	\$ 2,375	\$ 2,398	\$ 2,422	\$ 2,447	\$ 2,471	\$ 2,496	\$ 2,521	\$ 2,546
Increase in Cost		1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
<b>Total Revenue ('000)</b>		\$ 2,469	\$ 6,497	\$ 15,717	\$ 28,725	\$ 33,934	\$ 39,563	\$ 49,783	\$ 60,864	\$ 64,653	\$ 68,623	\$ 72,784	\$ 76,099

Source: Dawson James

**Exhibit 12. Cancer Therapy Diarrhea Market Model (U.S.)**

Cancer therapy diarrhea (US)	2016A	2017A	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Incidence of Cancer	1,680,000	1,716,960	1,754,733	1,793,337	1,832,791	1,873,112	1,914,321	1,956,436	1,999,477	2,043,466	2,088,422	2,134,367	2,181,323
Increase in Incidence	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Patients Receiving Chemotherapy (40%)	672,000	686,784	701,893	717,335	733,116	749,245	765,728	782,574	799,791	817,386	835,369	853,747	872,529
Cancer Therapy Diarrhea (65%)	436,800	446,410	456,231	466,268	476,526	487,009	497,723	508,673	519,864	531,301	542,990	554,935	567,144
Market share				0%	2%	4%	6%	8%	10%	14%	18%	20%	20%
CTD Patients Treated with Mytesi	-	-	-	-	9,740	19,909	30,520	41,589	53,130	76,019	99,888	113,429	134,229
Cost Per Treatment	-	-	-	\$ 2,000	\$ 2,040	\$ 2,081	\$ 2,122	\$ 2,165	\$ 2,208	\$ 2,252	\$ 2,297	\$ 2,343	\$ 2,390
Increase in Cost		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Total revenue ('000s)				\$ -	\$ 19,870	\$ 41,427	\$ 64,777	\$ 90,035	\$ 117,320	\$ 171,218	\$ 229,481	\$ 285,800	\$ 343,229
Probability of Success				30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
<b>Total Revenue ('000)</b>				\$ -	\$ 5,961	\$ 12,428	\$ 19,433	\$ 27,010	\$ 35,196	\$ 51,366	\$ 68,844	\$ 79,740	\$ 92,800

Source: Dawson James

**Valuation.** We model revenues for Mytesi in HIV-related diarrhea. Our model assumes commercial launches for crofelemer for cancer therapy diarrhea in 2021. We assume no other significant revenues. Our decision to assume no revenues at this time for other indications such as irritable bowel syndrome, inflammatory bowel disease, and cholera (including the possibility of the Priority Review Voucher) may be conservative. With a stronger balance sheet or upon securing a business development partnership, we would revisit these decisions. For the CTD indication, we assume just a 30% probability of success (see our model assumptions), which is driven by the need for \$12.6 million (our estimate), to fund the study.

We use free cash flow, discounted-EPS, and sum-of-the-parts models and use a discount rate of 30% (based on 15% WACC and an additional 15%) to reflect our outlined risks, principally market share penetration of Mytesi in HIV chronic diarrhea. For similar reasons we assume a modest P/E multiple of just 10x based on the early stage of the product launch for crofelemer in a new indication (HIV chronic diarrhea), and the low cash level the company has today. For companies that are well established with mature products and revenues, we typically use a 10% risk rate and a higher P/E multiple of 15-20x. For early-stage companies that have not yet commercialized a product, or ones that may have capital constraints, we typically use a risk rate of 30%, as is the case for Jaguar. As the company's lead product, Mytesi, demonstrates market share gains, our risk rate may prove to be conservative. Our price target average of the three metrics is then rounded to the nearest whole number. Our price target is based on a fully diluted out-year share count (2028) of 60.7 million shares outstanding. The result of these metrics is a price target of \$1.00.

**Exhibit 13. Free Cash Flow Model**

Average	1.0
Price Target	1.0
Year	2018

**DCF Valuation Using FCF (mln):**

Units ('000)	2017A	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E
EBIT	(35,150)	(18,288)	(4,049)	23	9,528	20,056	29,478	47,130	58,372	77,357	96,714	109,229
Tax Rate	0%	0%	0%	0%	0%	5%	8%	10%	12%	13%	15%	15%
EBIT (1-t)	(35,150)	(18,288)	(4,049)	23	9,528	19,053	27,120	42,417	51,367	67,301	82,207	92,844
CapEx	-	(7)	(100)	-	-	-	-	-	-	-	-	-
Depreciation	1	659	791	949	1,139	1,185	1,232	1,281	1,333	1,386	1,441	1,499
Change in NWC	-	-	-	-	-	-	-	-	-	-	-	-
FCF	(35,149)	(17,635)	(3,358)	973	10,667	20,238	28,352	43,698	52,700	68,687	83,649	94,343
PV of FCF	(45,694)	(17,635)	(2,583)	575	4,855	7,086	7,636	9,053	8,399	8,420	7,888	6,844
Discount Rate		30%										
Long Term Growth Rate		1%										
Terminal Cash Flow		291,328										
Terminal Value YE2027		21,132										
NPV		61,670										
NPV-Debt		3,150										
Shares out ('000)		60,757	2028E									
NPV Per Share		1.0										

Source: Dawson James

**Exhibit 14. Discounted-EPS Model**

Current Year	2018
Year of EPS	2028
Earnings Multiple	10
Discount Factor	30%
Selected Year EPS	1.53
NPV	1.1

Discount Rate and Earnings Multiple Varies, Year is Constant						
Earnings Multiple	Discount Rate					
	5%	10%	15%	20%	25%	30%
2	1.88	1.18	0.76	0.49	0.33	0.22
5	4.69	2.95	1.89	1.23	0.82	0.55
10	9.38	5.89	3.78	2.47	1.64	1.11
15	14.07	8.84	5.67	3.70	2.46	1.66
20	18.76	11.78	7.55	4.94	3.28	2.22
25	23.45	14.73	9.44	6.17	4.10	2.77
30	28.14	17.67	11.33	7.40	4.92	3.33
35	32.83	20.62	13.22	8.64	5.74	3.88

Source: Dawson James

**Exhibit 15. Sum-of-the-Parts Model**

Jaguar Health, Inc	LT Gr	Discount Rate	Yrs to Peak \$	% Success	Peak Sales (M)	NPV
<b>Mytesi - HIV-induced diarrhea</b>	1%	30%	4	100%	\$76	\$262
NPV						\$0.91
<b>Mytesi - Cancer therapy diarrhea</b>	1%	30%	10	30%	\$266	\$917
NPV						\$0.20
<b>Mytesi - Irritable bowel syndrome- Diarrhea</b>	1%	30%	6	0%	\$100	\$345
NPV						\$0.00
<b>Mytesi - Inflammatory bowel disease- Diarrhea</b>	1%	30%	10	0%	\$100	\$345
NPV						\$0.00
<b>Canalevia</b>	1%	30%	10	100%	\$0.5	\$2
NPV						\$0.00
<b>Equilevia - EGUS</b>	1%	30%	10	0%	\$0.5	\$2
NPV						\$0.00
<b>PRV Cholera</b>	1%	30%	6	0%	\$100	\$345
NPV						\$0.00
Net Margin						60%
Shares Outstanding (M) in 2028E						61
<b>Total</b>						<b>\$1.1</b>

Source: Dawson James

**Risk Analysis**

In addition to the typical risks associated with micro-capitalized biotechnology and specialty pharmaceutical companies, we see potential risks specific to Jaguar as follows:

**Clinical and regulatory risk.** Mytesi is currently approved for the treatment of diarrhea in HIV patients. The company is seeking approval for additional indications such as cancer therapy-induced diarrhea. There is no assurance the product, Mytesi, or a second-generation version will be approved for any additional indications and even if approved, will be reimbursed by insurance or successfully commercialized.

**Commercial risk.** Initially, the focus of the company is on successfully developing Mytesi sales in HIV associated chronic diarrhea. We can make no assurances that the company will be able to achieve a critical level of market share to become profitable in this indication and or in additional planned indications.

**Employee risk.** Jaguar is a small company with a number of key employees. The success of the company will depend, to a great extent, upon the experience, abilities and continued services of its senior officers, sales staff, and key scientific personnel.

**Financial risk.** The company may need to raise capital in the marketplace, and there can be no assurances that the company will be able to successfully raise capital and do so on favorable terms.

**Intellectual property risk.** The company may have to defend its patents and technical know-how, and there can be no assurances that the patents will not be infringed or will be held as valid if challenged, and the company may infringe on third party's patents.

**Salesforce risk.** Jaguar has a small salesforce and is currently contracting with RedHill Biopharma as part of a co-promotion strategy. There can be no assurances that this strategy will remain enforced in the future.

**Reimbursement and insurance payment risk.** Insurance payment for products may be an additional hurdle for adoption.

**Exhibit 1. Income Statement**

Jaguar Health Inc.: Income Statement (\$000)																				
YE December 31	2017A	1Q18A	2Q18A	3Q18A	4Q18A	2018A	1Q19E	2Q19E	3Q19E	4Q19E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E
<b>Revenue:</b>																				
Product Revenue	1,485																			
Mytes - HIV-induced diarrhea		627	884	1,132	1,596	4,239	2,400	3,000	4,450	5,850	15,700	28,725	33,934	39,563	49,783	60,864	64,653	68,623	72,784	76,099
Mytes - Cancer therapy diarrhea		-	-	-	-	-	-	-	-	-	-	-	5,961	12,428	19,433	27,010	35,196	51,366	68,844	79,740
Mytes - Irritable bowel syndrome- Diarrhea		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mytes - Inflammatory bowel disease- Diarrhea		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equilevia - EGUS		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net revenue</b>	<b>1,485</b>	<b>627</b>	<b>884</b>	<b>1,132</b>	<b>1,596</b>	<b>4,239</b>	<b>2,400</b>	<b>3,000</b>	<b>4,450</b>	<b>5,850</b>	<b>15,700</b>	<b>28,725</b>	<b>39,895</b>	<b>51,991</b>	<b>69,217</b>	<b>87,875</b>	<b>99,849</b>	<b>119,989</b>	<b>141,628</b>	<b>155,839</b>
<b>Collaborative revenue:</b>																				
Collaborative revenue	2,876	177	-	-	-	177	82	85	92	96	354	375	396	419	443	469	495	524	554	586
Canalevia Royalties - Canine Diarrhea		-	-	-	-	-	82	85	92	96	354	375	396	419	443	469	495	524	554	586
<b>Total Collaborative Revenue</b>	<b>2,876</b>	<b>177</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>177</b>	<b>82</b>	<b>85</b>	<b>92</b>	<b>96</b>	<b>354</b>	<b>375</b>	<b>396</b>	<b>419</b>	<b>443</b>	<b>469</b>	<b>495</b>	<b>524</b>	<b>554</b>	<b>586</b>
<b>Total Revenue</b>	<b>4,361</b>	<b>804</b>	<b>884</b>	<b>1,132</b>	<b>1,596</b>	<b>4,416</b>	<b>2,482</b>	<b>3,085</b>	<b>4,542</b>	<b>5,946</b>	<b>16,054</b>	<b>29,099</b>	<b>40,291</b>	<b>52,410</b>	<b>69,660</b>	<b>88,343</b>	<b>100,344</b>	<b>120,513</b>	<b>142,182</b>	<b>156,425</b>
<b>Expenses:</b>																				
Costs of Goods Sold	880	464	608	737	957	2,766	600	750	1,113	1,463	3,925	4,309	5,585	6,759	8,306	8,787	8,986	9,599	11,330	12,467
<b>%COGS</b>		<b>28%</b>	<b>28%</b>	<b>28%</b>	<b>28%</b>	<b>28%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>15%</b>	<b>14%</b>	<b>13%</b>	<b>12%</b>	<b>10%</b>	<b>9%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>
Research and Development	4,269	758	1,605	1,481	1,311	5,155	1,423	1,485	1,608	1,670	6,186	8,500	8,585	8,671	8,758	8,845	8,934	9,023	9,113	9,204
<b>%R&amp;D</b>																				
General and Administrative	11,248	2,998	3,060	2,704	3,515	12,277	1,725	1,800	1,950	2,025	7,500	7,650	7,803	7,959	8,118	8,281	8,446	8,615	8,787	8,963
<b>%G&amp;A</b>																				
Sales and Marketing	3,084	1,712	2,690	2,717	2,712	9,832	1,725	1,800	1,950	2,025	7,500	8,617	8,790	8,966	15,000	15,300	15,606	15,918	16,236	16,561
Impairment (goodwill and intangibles)	19,127	-	-	-	5,211	5,211	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>38,608</b>	<b>5,933</b>	<b>7,963</b>	<b>7,638</b>	<b>13,706</b>	<b>35,240</b>	<b>5,473</b>	<b>5,835</b>	<b>6,621</b>	<b>7,183</b>	<b>25,111</b>	<b>29,076</b>	<b>30,763</b>	<b>32,354</b>	<b>40,182</b>	<b>41,213</b>	<b>41,972</b>	<b>43,155</b>	<b>45,467</b>	<b>47,196</b>
<b>Operating Income (Loss)</b>	<b>(34,247)</b>	<b>(5,128)</b>	<b>(7,079)</b>	<b>(6,506)</b>	<b>(12,110)</b>	<b>(30,824)</b>	<b>(2,991)</b>	<b>(2,750)</b>	<b>(2,079)</b>	<b>(1,237)</b>	<b>(9,056)</b>	<b>23</b>	<b>9,528</b>	<b>20,056</b>	<b>29,478</b>	<b>47,130</b>	<b>58,372</b>	<b>77,357</b>	<b>96,714</b>	<b>109,229</b>
Interest expense	(1,210)	(602)	(712)	(872)	(443)	(2,629)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income (expense)	89	298	15	10	(7)	316	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of warrants	695	(264)	118	26	450	331	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss on extinguishment of debt	(477)	-	-	-	(544)	(544)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on Valeant	-	-	-	1,204	1,204	1,204	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other Income</b>	<b>(903)</b>	<b>(568)</b>	<b>(578)</b>	<b>368</b>	<b>(544)</b>	<b>(1,322)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Pretax Income</b>	<b>(35,150)</b>	<b>(5,697)</b>	<b>(7,657)</b>	<b>(6,138)</b>	<b>(12,654)</b>	<b>(32,146)</b>	<b>(2,991)</b>	<b>(2,750)</b>	<b>(2,079)</b>	<b>(1,237)</b>	<b>(9,056)</b>	<b>23</b>	<b>9,528</b>	<b>20,056</b>	<b>29,478</b>	<b>47,130</b>	<b>58,372</b>	<b>77,357</b>	<b>96,714</b>	<b>109,229</b>
Prefred Dividend		(995)	(995)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes on income	13,181	-	-	-	-	-	-	-	-	-	-	-	1,003	2,358	4,713	7,005	10,056	14,507	16,384	
<b>Tax Rate</b>													<b>5%</b>	<b>8%</b>	<b>12%</b>	<b>13%</b>	<b>13%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>
<b>GAAP Net Income (Loss)</b>	<b>(21,969)</b>	<b>(6,692)</b>	<b>(8,652)</b>	<b>(6,138)</b>	<b>(12,654)</b>	<b>(32,146)</b>	<b>(2,991)</b>	<b>(2,750)</b>	<b>(2,079)</b>	<b>(1,237)</b>	<b>(9,056)</b>	<b>23</b>	<b>9,528</b>	<b>20,056</b>	<b>27,120</b>	<b>42,417</b>	<b>51,367</b>	<b>67,301</b>	<b>82,207</b>	<b>92,844</b>
<b>Total comprehensive loss</b>	<b>(21,969)</b>	<b>(6,692)</b>	<b>(8,652)</b>	<b>(6,138)</b>	<b>(12,654)</b>	<b>(32,146)</b>	<b>(2,991)</b>	<b>(2,750)</b>	<b>(2,079)</b>	<b>(1,237)</b>	<b>(9,056)</b>	<b>23</b>	<b>9,528</b>	<b>20,056</b>	<b>27,120</b>	<b>42,417</b>	<b>51,367</b>	<b>67,301</b>	<b>82,207</b>	<b>92,844</b>
<b>GAAP-EPS</b>	<b>(0.61)</b>	<b>(0.78)</b>	<b>(0.76)</b>	<b>(0.51)</b>	<b>(0.14)</b>	<b>(2.19)</b>	<b>(0.11)</b>	<b>(0.07)</b>	<b>(0.05)</b>	<b>(0.03)</b>	<b>(0.26)</b>	<b>0.00</b>	<b>0.20</b>	<b>0.42</b>	<b>0.57</b>	<b>0.89</b>	<b>1.07</b>	<b>1.40</b>	<b>1.70</b>	<b>1.92</b>
GAAP-EPS (Dil)	(0.66)	(0.78)	(0.44)	(0.51)	(0.02)	(1.74)	(0.09)	(0.05)	(0.04)	(0.02)	(0.20)	0.00	0.16	0.34	0.46	0.71	0.86	1.12	1.36	1.53
Wgt'd Avg Shrs (Bas) -	43,436	8,631	11,375	12,062	26,655	14,681	26,682	41,708	41,750	41,792	37,983	45,650	47,087	47,275	47,465	47,655	47,846	48,037	48,230	48,423
Wgt'd Avg Shrs (Dil) -	43,436	8,631	19,507	12,062	33,534	18,433	33,568	53,601	53,655	53,708	48,633	57,597	59,081	59,318	59,555	59,794	60,033	60,274	60,515	60,758

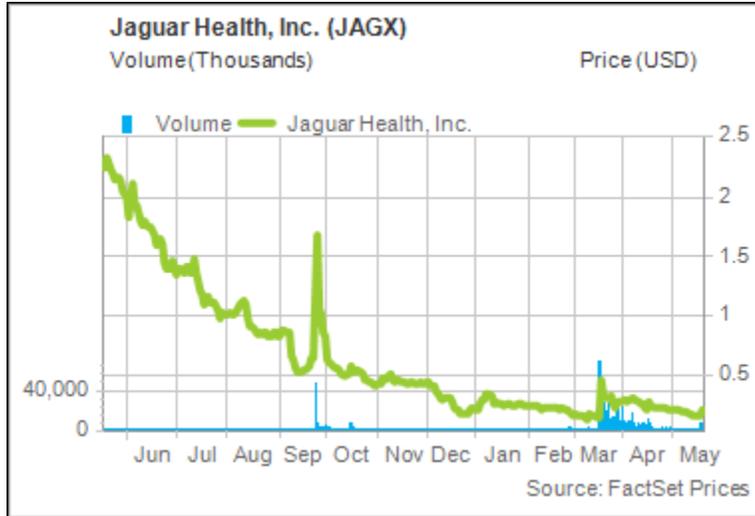
Source: Dawson James estimates.

Companies mentioned in this report:

RedHill BioPharma (RDHL) Not Rated.

**Important Disclosures:**

**Price Chart:**



Price target and ratings changes over the past three years:

Initiated – Buy – January 3, 2019 – Price Target \$1.0

Updated – Buy May 21, 2019 – Price Target \$1.0

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- 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;
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Ratings Distribution	Company Coverage		Investment Banking	
	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	37	86%	10	27%
Market Perform (Neutral)	6	14%	0	0%
Market Underperform (Sell)	0	0%	0	0%
<b>Total</b>	<b>43</b>	<b>100%</b>	<b>10</b>	<b>23%</b>

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