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INSTITUTIONAL RESEARCH

Biotechnology

UPDATE REPORT

Azur-Rx (NASDAQ/AZRX)

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Jason H. Kolbert
Head of Healthcare Research
646-465-6891
jkolbert@dawsonjames.com

BUY Capital & Catalysts

The company raised capital and now has some breathing room to support the current clinical programs supporting MS1819. These include a Phase 2b trial (mono-therapy) at a larger dose based on what was learned in the prior Option study. We could see top-line data by the end of this year & the CF combo trial could have interim data by 2Q20, with 7 of 28 already enrolled.

Investment Highlights

Financial Runway: The Company raised $6.9M. In aggregate, the Company issued $6.9M principal amount of Notes convertible into 7.1M Conversion Shares and Warrants to purchase up to 3.6M shares of Common Stock to the investors in the Offering. In addition, the Company picked up $1.1M from a French Tax credit.

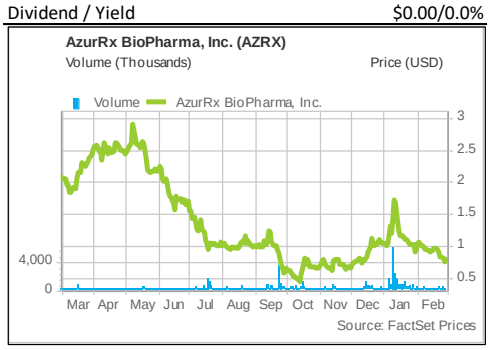
Catalysts Ahead. The Phase 2b replacement and the Phase 2 combination study of MS1819 + PERT therapy studies are expected to read-out in 4Q20, and as noted in our abstract, we could see interim data by 2Q20 from the CF combo Trial.

As a reminder…The Phase 2 multi-center study, N=28 CF patients (7 enrolled thus far) with severe EPI, is designed to investigate the safety, tolerability, and efficacy of escalating doses of MS1819-SD (700 mg, 1120 mg and 2240 mg per day, respectively), in combination with the standard of care, porcine PERTs, in order to increase the coefficient of fat absorption (CFA) and relieve abdominal symptoms. According to the Company, the combination of PERT and MS1819-SD has the potential to (i) correct macronutrient, and micronutrient maldigestion; (ii) eliminate abdominal symptoms attributable to maldigestion; and (iii) sustain optimal nutritional status on a normal diet in CF patients with severe EPI. The study completion is anticipated in 2020.

The Stock is Trading at What We Consider a Distressed Valuation, Why? On September 25, 2019, the Company announced data from the Phase 2 OPTION trial. Top-line data from the study released showed a few very important insights 1. No Safety Signals. This is critically important as it paves the way to move to higher doses. 2. Results showed that the primary efficacy endpoint of the coefficient of fat absorption (CFA) was comparable to the CFA in a prior phase 2 study in patients with chronic pancreatitis, (at the same dose of MS1819). 3. Even at the current (two) gram QD dose, efficacy was seen in approximately half the patients. 4. The coefficient of nitrogen absorption (CNA) was comparable between the MS1819 and PERT arms, 93% vs. 97%, respectively, in the OPTION trial. This important finding confirms that protease supplementation is not likely to be required with MS1819 treatment. This is a key finding of the study.

Current Price	**$0.82**
Price Target	**$7.00**

Estimates	F2019E	F2020E	F2021E
Expenses ($000s)	$ 18,028	$ 18,287	$ 19,501
1Q March	$ 4,604	$ 4,206	$ 4,485
2Q June	$ 4,932	$ 4,389	$ 4,680
3Q September	$ 4,082	$ 4,755	$ 5,070
4Q December	$ 4,410	$ 4,937	$ 5,265
	F2019E	F2020E	F2021E
EPS (diluted)	$ (0.82)	$ (0.41)	$ (0.37)
1Q March	$ (0.26)	$ (0.09)	$ (0.09)
2Q June	$ (0.25)	$ (0.10)	$ (0.09)
3Q September	$ (0.17)	$ (0.11)	$ (0.10)
4Q December	$ (0.15)	$ (0.11)	$ (0.10)
EBITDA/Share	($0.41)	($0.35)	($0.37)
EV/EBITDA (x)	0.0	0.0	0.0
Stock Data			
52-Week Range	$0.42	-	$3.10
Shares Outstanding (mil.)			26.8
Market Capitalization (mil.)			$22
Enterprise Value (mil.)			$22
Debt to Capital			0%
Book Value/Share			$0.23
Price/Book			4.8
Average Three Months Trading Volume (K)			219
Insider Ownership			17.6%
Institutional Ownership			5.9%
Short interest (mil.)			0.9%
Dividend / Yield			$0.00/0.0%



MS1819 – It Just Makes Sense. There are a significant number of unresolved issues with the current treatments for exocrine pancreatic insufficiency (EPI). They include product purity (source is from pigs) and pill burden (25 ~ 40 pill a day). MS1819 is an orally administered, yeast-derived synthetic lipase. It acts in place of the enzymes normally produced by the pancreas, which act to break down fat otherwise not broken down and digested.

A Differentiated Solution. Currently, there is no approved drug for Pancreatic Enzyme Replacement Therapy (PERT), on the market that provides patients with that duality of effectiveness and plant-based qualities. The current paradigm is dominated by undifferentiated porcine-derived extracts (PPEs), that show low stability in acidic conditions. This leaves patients taking relatively inactive, inconvenient, and ineffective pills, leaving room for a newcomer with differentiating properties.

Acidic-Stability is the Key. MS1819 has shown unique properties around its dissolution in an acidic environment, which results in greater enzymatic activity (found at the low pH levels found within the stomach, usually 3-7 pH level). AzurRx's Phase 2 testing has shown MS1819 to be 133x more effective than the current standard of care at pH 6 and 224x more effective at pH 4.

A Better Quality of Life. The current standard of care for EPI involves consumption of ~25-40 pills per day. These pills are animal-based, posing safety, cultural, religious, environmental, and tolerance concerns for patients. MS1819, in comparison, requires patients to take only ~5-8 pills per day (still likely true, as even a higher dose, there is room in the capsule to change the ratio of active ingredients versus binder, and enteric-coated formulation may also raise potency), and is plant-derived. Lowering the pill burden as well as common concerns about animal-derived drugs should make MS1819 an attractive option for patients' quality of life and physicians recognized concerns.

Market Opportunity. EPI results in the need for chronic treatment using PERT. The current PERT market is ~$1.2 billion in the U.S. and ~$1.5 billion worldwide. With a high growth rate of $100M per year, there appears to be ample opportunity for AzurRx to acquire a piece of the market given the product attributes and specifically the QoL benefit to patients.

New Patients Too. Patients with cystic fibrosis, one of AzurRx's major target populations, are expected to double to 60,000 patients over the next few years. This suggests an opportunity to acquire share as first-time patients search for convenient means of treating EPI.

Can MS1819 Succeed Where Others Have Failed? Yes, We Think So. Other companies have recognized the unmet need in the marketplace for a non-porcine derived alternative, but none have succeeded. The most recent example is Anthera's (ANTH – Not Rated), Phase 3 candidate Sollpura. In their most recent trial, the drug failed to meet its non-inferiority endpoint, comparing changes in fat absorption between Sollpura and Standard of Care (SoC) therapies. Since then, Anthera has discontinued the development of Sollpura. MS1819, in comparison, has demonstrated a significant change in fat absorption in comparison to the SoC, which could improve chances for approval.

An Undifferentiated Marketplace for EPI. The market for PERTs is dominated by AbbVie (ABBV-Not rated) and Allergan (AGN-Not Rated). Since AbbVie recently announced plans to acquire Allergan, it suggests the combined entity would have a monopoly (a market share of greater than 97%) in the PERT market (if the acquisition stands without a mandatory divestiture). What's interesting to note is that both products have the same active ingredient. Allergan's Zenpep was able to acquire ~20% of the market between 2014 and 2016. This leads us to the conclusion that a differentiated entrant (such as MS1819) could potentially capture substantial market share.

Valuation: We assume MS1819 can be commercialized by 2022 for EPI in chronic pancreatitis in 2023 for EPI resulting from cystic fibrosis. We apply a risk cut in our therapeutic models of 30%, based on the fact that MS1819 is not yet an approved product. In addition, we use a risk rate of 15% in our Free Cash Flow to the Firm (FCFF), Discounted EPS (dEPS) and Sum-of-the-Parts (SOP) models to reflect the risk associated with an emerging biotechnology company with clinical-stage products. This results in models which are equally weighted and rounded to the nearest whole number is a $7.00 price target.

Risk to our thesis, include the following: (1) commercial; (2) regulatory; (3) clinical; (4) manufacturing; (5) financial; (6) liability; and (7) intellectual property. We review these and other risks in the risk section of this report.

Modeling Assumptions

1. We assume MS1819 for EPI caused by chronic pancreatitis launches in 2022 and for EPI caused by cystic fibrosis in 2023.
2. We assume that MS1819 will see the greatest market share gains in new patients versus converting patients already on existing other therapies.
3. We assume that 60% of CP patients will go on to express EPI and that 80% of these patients will require PERT.
4. We assume that 90% of CF patients will develop EPI and that 80% of these patients will require PERT.
5. We assume faster adoption in CF as the pill burden of PPEs will have a greater QoL impact in children; we limit adoption to 50% of new patient starts in CP and 60% in CF
6. We assume an average pricing of $10K and a y/y price increase of 2%.
7. A risk adjustment of 30% is applied to our therapeutic models based on the stage of development.
8. We model a royalty payment to Mayoly Spindler as prescribed by the license agreement, whereby AzurRx will pay 2.5% on net sales up to $100M and 1.5% on any net sales exceeding $100M.
9. We assume Research and Development costs will decrease by 2% each year starting after initial commercialization of MS1819
10. We assume Sales, General, and Administrative costs will increase by 5% each year starting after initial commercialization of MS1819

Exhibit 1. MS1819 in Adults with EPI from CP (U.S.)

MS1819 Lipase in Adults with CP	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
US population	347,131,953	349,666,016	352,218,578	354,789,774	357,379,739	359,988,611	362,616,528	365,263,629	367,930,053	370,615,942	373,321,439	376,046,685	378,791,826
New Cases of Chronic Pancreatitis	13,885	13,987	14,089	14,192	14,295	14,400	14,505	14,611	14,717	14,825	14,933	15,042	15,152
Patients Displaying EPI (60%)	8,331	8,392	8,453	8,515	8,577	8,640	8,703	8,766	8,830	8,895	8,960	9,025	9,091
Patients taking PERT (80%)	6,665	6,714	6,763	6,812	6,862	6,912	6,962	7,013	7,064	7,116	7,168	7,220	7,273
Market penetration (among new patients)					35%	40%	45%	48%	50%	52%	52%	52%	52%
Overall Market Penetration				*0%*	*3%*	*6%*	*9%*	*13%*	*17%*	*21%*	*25%*	*29%*	*33%*
Patients Under Treatment				-	2,402	5,166	8,299	11,631	15,163	18,863	22,590	26,345	30,126
Cost of therapy per year				$ 10,000	$ 10,200	$ 10,404	$ 10,612	$ 10,824	$ 11,041	$ 11,262	$ 11,487	$ 11,717	$ 11,951
Change in price				2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Revenue (000')				**$ -**	**$ 24,496**	**$ 53,750**	**$ 88,073**	**$ 125,892**	**$ 167,408**	**$ 212,427**	**$ 259,489**	**$ 308,669**	**$ 360,039**
Risk factor				30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Total Revenue (000')				**$ -**	**$ 17,147**	**$ 37,625**	**$ 61,651**	**$ 88,125**	**$ 117,185**	**$ 148,699**	**$ 181,643**	**$ 216,068**	**$ 252,027**

Source: Dawson James

Exhibit 2. MS1819 in Children and Young Adults with EPI from CF (U.S.)

MS1819 Lipase in Children/Young Adults with CF	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
US population	347,131,953	349,666,016	352,218,578	354,789,774	357,379,739	359,988,611	362,616,528	365,263,629	367,930,053	370,615,942	373,321,439	376,046,685	378,791,826
Birth Rate	4,512,715	4,545,658	4,578,842	4,612,267	4,645,937	4,679,852	4,714,015	4,748,427	4,783,091	4,818,007	4,853,179	4,888,607	4,924,294
New Cases Cystic Fibrosis (1/3400 live births)	1,327	1,337	1,347	1,357	1,366	1,376	1,386	1,397	1,407	1,417	1,427	1,438	1,448
Patients Devloping EPI (90%)	1,195	1,203	1,212	1,221	1,230	1,239	1,248	1,257	1,266	1,275	1,285	1,294	1,303
Patients taking PERT (80%)	956	963	970	977	984	991	998	1,006	1,013	1,020	1,028	1,035	1,043
Market penetration (among new patients)						50%	60%	60%	60%	60%	60%	60%	60%
Overall Market Penetration					*0%*	*2%*	*4%*	*6%*	*8%*	*10%*	*12%*	*14%*	*16%*
Patients Under Treatment					-	496	1,094	1,698	2,306	2,918	3,534	4,155	4,781
Cost of therapy per year					$ 10,000	$ 10,200	$ 10,404	$ 10,612	$ 10,824	$ 11,041	$ 11,262	$ 11,487	$ 11,717
Change of price					2%	2%	2%	2%	2%	2%	2%	2%	2%
Revenue (000')					**$ -**	**$ 5,054**	**$ 11,387**	**$ 18,017**	**$ 24,956**	**$ 32,214**	**$ 39,802**	**$ 47,733**	**$ 56,019**
Risk factor					30%	30%	30%	30%	30%	30%	30%	30%	30%
Total Revenue (000')					**$ -**	**$ 3,538**	**$ 7,971**	**$ 12,612**	**$ 17,469**	**$ 22,550**	**$ 27,862**	**$ 33,413**	**$ 39,213**

Source: Dawson James

Exhibit 3. Royalty Payments to Mayoly Spindler and Total Revenue Generated by MS1819

Royalties Payable to Mayoly Spindler	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Combined Revenue (000')		$ -	$ -	$ -	$ 17,147	$ 41,163	$ 69,622	$ 100,737	$ 134,655	$ 171,248	$ 209,504	$ 249,481	$ 291,240
-Royalties Payable (2.5% under $100M/ 1.5% over $100M)		$ -	$ -	$ -	$ (429)	$ (1,029)	$ (1,741)	$ (4,011)	$ (4,520)	$ (5,069)	$ (5,643)	$ (6,242)	$ (6,869)
Total Revenue to AzurRx (000')		**$ -**	**$ -**	**$ -**	**$ 16,719**	**$ 40,134**	**$ 67,881**	**$ 96,726**	**$ 130,135**	**$ 166,180**	**$ 203,862**	**$ 243,239**	**$ 284,372**

Source: Dawson James

Valuation. Our product (therapeutic models) apply a 30% risk cut, based on the fact that the Company's lead product is not yet approved. In addition, we also apply a 15% risk rate in our therapeutic models. Typically for early stage, not profitable biotechnology companies we select a higher risk rate of 30% versus 15% for companies with approved products and revenues and lastly 10% for companies which are profitable with visible and a high degree of consistency associated with their earnings. In the case of AzurRx we see the combination of a risk cut in our model combined with a 15% discount rate as sufficient to reflect the early nature of the Company. Our model is based on out-year estimates (to the year 2030) and we assume multiple raises and as such use a fully diluted share count. Our models include Free Cash Flow to the Firm (FCFF), Discounted EPS (dEPS) and Sum-of-the-Parts (SOP) models which are equally weighted and rounded to the nearest whole number to derive our $7.00 price target.

Exhibit 4. Free Cash Flow Model

Average	7

Price Target	7
Year	2019

DCF Valuation Using FCF (mln):

units ('000)	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
EBIT	(18,242)	(18,321)	(19,656)	(8,332)	9,645	30,474	56,882	83,762	112,697	142,892	174,398	207,265
Tax Rate	0%	0%	0%	0%	0%	5%	8%	10%	12%	15%	30%	33%
EBIT (1-t)	(18,242)	(18,321)	(19,656)	(8,332)	9,645	28,950	52,331	75,386	99,173	121,459	122,079	138,868
CapEx	(53)	(54)	(56)	(57)	(58)	(59)	(60)	(61)	(63)	(64)	(65)	(66)
Depreciation	413	2,776	3,332	3,998	4,798	5,757	6,908	8,290	9,948	11,938	14,325	17,190
Change in NWC												
FCF	(17,883)	(15,599)	(16,380)	(4,391)	14,385	34,648	59,180	83,615	109,059	133,332	136,339	155,992
PV of FCF	(17,883)	(13,564)	(12,386)	(2,887)	8,225	17,226	25,585	31,434	35,651	37,901	33,701	33,529

Discount Rate	15%
Long Term Growth Rate	1%
Terminal Cash Flow	961,898
Terminal Value YE2030	206,753
NPV	383,287
NPV-Debt	
Shares outstanding ('000)	51,891
NPV Per Share	7

2030E

Source: Dawson James

Exhibit 5. Discounted-EPS Model

Current Year	2019
Year of EPS	2030
Earnings Multiple	10
Discount Factor	15%
Selected Year EPS	2.68
NPV	6

Source: Dawson James estimates

	Discount Rate and Earnings Multiple Varies, Year is Constant						
Earnings Multiple	5.75	5%	10%	15%	20%	25%	30%
	1	1.56	0.94	0.58	0.36	0.23	0.15
	5	7.82	4.69	2.88	1.80	1.15	0.75
	10	15.65	9.38	5.75	3.60	2.30	1.49
	15	23.47	14.07	8.63	5.40	3.45	2.24
	20	31.29	18.76	11.50	7.20	4.60	2.99
	25	39.12	23.45	14.38	9.00	5.75	3.73
	30	46.94	28.14	17.26	10.81	6.90	4.48
	35	54.76	32.83	20.13	12.61	8.05	5.23

Source: Dawson James

Exhibit 6. Sum-of-the-Parts Model

	LT Gr	Discount Rate	Yrs to Mkt	% Success	Peak Sales (MM's)	Term Val)
MS1819 Lipase in Adults with CP	1%	15%	3	70%	$252	$1,800
NPV						$7.98
MS1819 Lipase in Children/Young Ad	1%	15%	4	70%	$39	$280
NPV						$1.08
Net Margin						50%
MM Shrs OS (2030E)						52
Total						$9

Source: Dawson James

Exhibit 7. Income Statement

AZRX.: Income Statement ($000)																	
.: YE December 31	2018A	1Q19A	2Q19A	3Q19A	4Q19E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue:																	
MS1819 Lipase in CP (Adult)							-	-	17,147	37,625	61,651	88,125	117,185	148,699	181,643	216,068	252,027
MS1819 Lipase in CF (Pediatric)							-	-	-	3,538	7,971	12,612	17,469	22,550	27,862	33,413	39,213
Royalties receivable from H. Pylori																	
Total Product Sales	-	-	-	-	-	-	-	-	17,147	41,163	69,622	100,737	134,655	171,248	209,504	249,481	291,240
Royalty Payable to Mayoly Spindler							-	-	(429)	(1,029)	(1,741)	(4,011)	(4,520)	(5,069)	(5,643)	(6,242)	(6,869)
Total royalties, collaborative revenue	-	-	-	-	-	-	-	-	**(429)**	**(1,029)**	**(1,741)**	**(4,011)**	**(4,520)**	**(5,069)**	**(5,643)**	**(6,242)**	**(6,869)**
Total Revenue	-	-	-	-	-	-	-	-	**16,719**	**40,134**	**67,881**	**96,726**	**130,135**	**166,180**	**203,862**	**243,239**	**284,372**
Expenses:																	
Costs of Goods Sold	-	-	-	-	-	-	-	-	5,144	10,291	17,405	20,147	26,931	34,250	41,901	49,896	58,248
%COGS	0%	0%	0%	0%	0%	0%	0%	30%	30%	25%	25%	20%	20%	20%	20%	20%	20%
Research and Development	4,986	2,119	2,739	2,210	2,110	9,177	8,994	8,814	8,461	8,123	7,636	7,025	6,463	5,946	5,470	5,032	4,630
%R&D																	
General and Administrative	8,236	2,485	2,193	1,872	2,300	8,851	9,293	10,687	11,221	11,782	12,018	12,258	12,504	12,754	13,009	13,269	13,534
%SG&A																	
Fair value adjustment, contingent consideration	210																
Total Expenses	13,432	4,604	4,932	4,082	4,410	18,028	18,287	19,501	24,827	30,196	37,059	39,431	45,897	52,949	60,380	68,198	76,412
Operating Income (Loss)	(13,432)	(4,604)	(4,932)	(4,082)	(4,410)	(18,028)	(18,287)	(19,501)	(8,108)	9,938	30,822	57,295	84,238	113,231	143,482	175,042	207,959
Interest expense	(102)	(57)	(111)	(110)	(57)	(335)											
Fair value adjustment, warrants																	
Total Other Income	**(102)**	**(57)**	**(111)**	**(110)**	**(57)**	**(335)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Pretax Income	(13,534)	(4,661)	(5,043)	(4,192)	(4,467)	(18,363)	(18,287)	(19,501)	(8,108)	9,938	30,822	57,295	84,238	113,231	143,482	175,042	207,959
Income taxes	-	-	-	-	-	-	-	-	-	-	1,541	4,584	8,424	13,588	21,522	52,512	68,627
Tax Rate											5%	8%	10%	12%	15%	30%	33%
GAAP Net Income (Loss)	(13,534)	(4,661)	(5,043)	(4,192)	(4,467)	(18,363)	(18,287)	(19,501)	(8,108)	9,938	29,281	52,712	75,814	99,643	121,960	122,529	139,333
Foreign currency translation adjustment	(194)	(95)	26	(138)		(207)											
GAAP Total Comprehensive Income (Loss)	(13,728)	(4,756)	(5,016)	(4,331)	(4,467)	(18,570)	(18,287)	(19,501)	(8,108)	9,938	29,281	52,712	75,814	99,643	121,960	122,529	139,333
GAAP-EPS	(0.86)	(0.26)	(0.25)	(0.17)	(0.15)	(0.79)	(0.41)	(0.37)	(0.15)	0.19	0.55	0.99	1.42	1.86	2.27	2.27	2.57
GAAP-EPS (Dil)	(0.86)	(0.26)	(0.25)	(0.17)	(0.15)	(0.79)	(0.41)	(0.37)	(0.15)	0.19	0.55	0.99	1.42	1.86	2.27	2.27	2.57
Wgtd Avg Shrs (Bas) - '000s	15,696	17,720	20,480	24,963	30,000	23,291	45,098	52,289	52,498	52,709	52,920	53,132	53,345	53,558	53,773	53,988	54,204
Wgtd Avg Shrs (Dil) - '000s	15,696	17,720	20,480	24,963	30,000	23,291	45,098	52,289	52,498	52,709	52,920	53,132	53,345	53,558	53,773	53,988	54,204

Source: Dawson James

Risk Analysis
In addition to the typical risks associated with development stage specialty pharmaceutical companies, potential risks specific to Azur Rx are as follows:

Financial risk. The Company may need to raise capital in the marketplace in order to successfully push their products into the next phase, and there can be no assurances that the Company will be able to successfully raise capital and or do so, on favorable terms.

Clinical and regulatory risk. Lead products must start and complete clinical trials. Trials may not produce results sufficient for regulatory approval.

Partnership risk. AzurRx may seek partnerships for clinical development support and commercialization. We have no specific knowledge of any discussions with possible partners today, and there can be no assurances that the Company will be able to secure a favorable partnership.

Commercial risk. There are no assurances that the Company will be able to secure favorable pricing, commercially launch products, and achieve significant market share to become profitable.

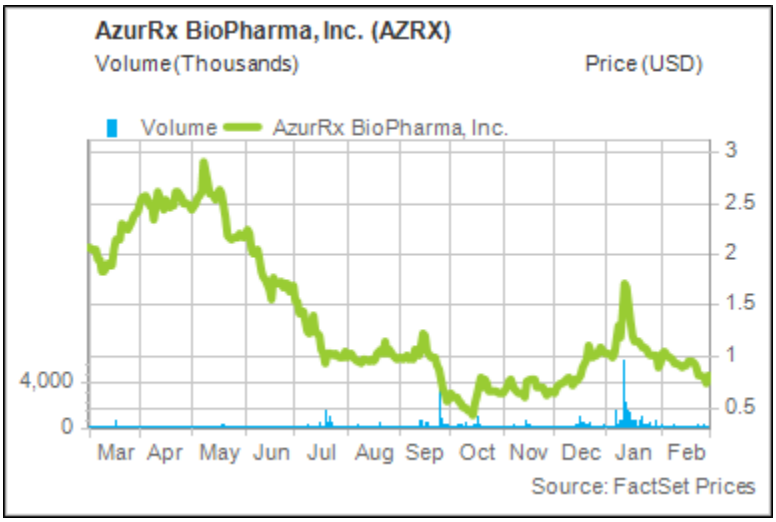
Legal and intellectual property risk. The Company may have to defend its patents and technical know-how, and there can be no assurances that the patents will not be infringed or will be held as valid if challenged, and or that the Company may infringe on third party's patents.

Companies mentioned in this report:

Anthera (Not Rated)
AbbVie (Not Rated)
Allergan (Not Rated)

Important Disclosures:

Price Chart:



Price target and rating changes over the past three years:
Initiated – Buy – July 11, 2019 – Price Target $7.00
Update - Buy – August 15, 2019 – Price Target $7.00
Update - Buy – September 25, 2019 – Price Target $7.00
Update - Buy – October 15, 2019 – Price Target $7.00
Update - Buy – March 3, 2020 – Price Target $7.00

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Rating Definitions:

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

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

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	22	85%	3	14%
Market Perform (Neutral)	4	15%	1	25%
Market Underperform (Sell)	0	0%	0	0%
Total	26	100%	4	15%

Analyst Certification:

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