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## Adamis Pharmaceuticals (ADMP-NASDAQ)

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### Upgrading to Buy - COVID19 + ZIMHI + Symjepi + Compounding = Intrinsic Value; Adamis is a Buy.

We have revisited our assumptions for Symjepi and Naloxone with new partner US WorldMeds. We conclude that at minimum there is intrinsic value of \$1.00 in Adamis today, and as such, that justifies a Buy Rating. We also take note today of news that Adamis has announced a license to commercialize Tempol, an anti-inflammatory and antioxidant drug for COVID-19.

### Investment Highlights

**COVID19** – Adamis announced a worldwide license for Tempol for the treatment of all respiratory diseases, including asthma, respiratory syncytial virus, influenza, and COVID-19. In addition, the exclusive license includes the use of Tempol for reducing radiation dermatitis in patients undergoing treatment for cancer. A phase 2 radiation dermatitis clinical study has already been successfully completed, as well as discussions with the FDA regarding the design of a pivotal phase 3 study. The license was obtained from Matrix Biomed. Tempol has demonstrated anti-inflammatory, anticoagulant, and antioxidant activity. The drug appears to specifically target ARDS (which is the major cause of death in COVID-19 patients). Both inflammatory cytokines and reactive oxygen species (ROS) generated from cells of the immune system (macrophages and neutrophils) damage the lungs in ARDS patients. In animal models, Tempol has been shown to decrease proinflammatory cytokines (cytokine storm) such as TNF- $\alpha$ , IL-1 $\beta$ , IL-6, IL-10, NF-k $\beta$ , ICAM-1, HIF-1a, HIF-2a, and others. Tempol has also been shown to decrease platelet aggregation and clotting, a problem observed in many COVID-19 patients.

**Novartis is Out; US WorldMeds is In.** US WorldMeds obtained U.S. rights to commercialize and distribute SYMJEPI and ZIMHI, if approved by the FDA, in exchange for an upfront payment and potential regulatory and commercial milestones totaling up to \$26 million. Additionally, after deducting the supply price and certain other deductions, including an allocation for US WorldMeds sales and distribution expenses from net sales of the products, Adamis and US WorldMeds will share equally in the net profits, as defined in the agreement. Adamis is responsible for supplying the products to US WorldMeds at a price based upon cost.

**Valuation:** We upgrade Adamis to a Buy rating and a \$1.00 price target. Our product models have been revised with peak Naloxone sales reaching \$166M (2030) and Symjepi revenues of \$104M (2030). We have not changed our compounding pharmacy revenues, and we do not yet include any revenues for Tempol. Our valuation models (and target) are derived from an equal-weighted average of free cash flow (FCFF), discounted EPS (EPS), and sum-of-the-parts (SOP) models, all discounted at our highest rate of 30% and rounded to the nearest whole number. Please see our product models.

**Risks:** Reverse stock split and additional shares authorized. Partnership risks, Commercialization risks, Financial risks, Clinical and regulatory risks, and Legal and intellectual property risk.

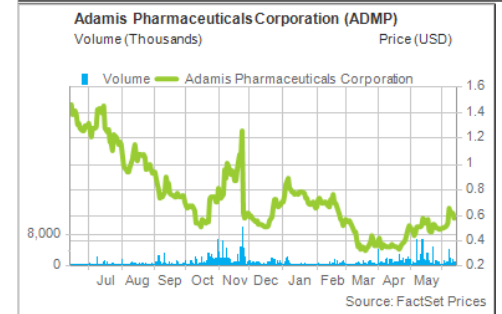
Current Price	\$0.59
Price Target	\$1.00

Estimates	F2019E	F2020E	F2021E
<b>Expenses (\$000s)</b>	\$ 51,142	\$ 44,022	\$ 44,643
1Q March	\$ 13,843	\$ 11,778	\$ 10,268
2Q June	\$ 13,512	\$ 9,927	\$ 10,714
3Q September	\$ 12,608	\$ 10,945	\$ 11,607
4Q December	\$ 11,179	\$ 11,371	\$ 12,054

	F2019E	F2020E	F2021E
<b>EPS (diluted)</b>	\$ (0.57)	\$ (0.23)	\$ (0.04)
1Q March	\$ (0.19)	\$ (0.12)	\$ (0.02)
2Q June	\$ (0.17)	\$ (0.06)	\$ (0.02)
3Q September	\$ (0.12)	\$ 0.01	\$ 0.03
4Q December	\$ (0.09)	\$ (0.05)	\$ (0.03)

EBITDA/Share	(\$0.55)	(\$0.23)	(\$0.04)
EV/EBITDA (x)	0.0	0.0	0.0

Stock Data	
52-Week Range	\$0.27 - \$1.57
Shares Outstanding (mil.)	73.7
Market Capitalization (mil.)	\$44
Enterprise Value (mil.)	\$37
Debt to Capital	6%
Book Value/Share	\$1.18
Price/Book	0.5
Average Three Months Trading Volume (K)	987
Insider Ownership	2.0%
Institutional Ownership	15.3%
Short interest (mil.)	2.5%
Dividend / Yield	\$0.00/0.0%



Please find Important Disclosures beginning on Page 6.

**We Continue to Revise Our Product Modeling Assumptions:**

1. We base our market share estimates for Adamis' products on multiple assumptions around pricing and differentiating factors such as form factor (size and reliability) as well as marketing acumen of new partner US World. Our share assumptions are return to a rising piece of the market, assuming 3% in 2021 and rising to 16% by 2030 to an out-year peak of just over \$100M.
2. We now include Naloxone too. We assume Naloxone is approved and commercialized by 2022 and can achieve peak sales of \$166M.
3. We include \$10M in future milestone payments for Symjepi and Naloxone.
4. We model the pharmacy compounding business based on increased product focus and geographic expansion. We forecast its annual growth rate to reach 30% until the year 2022, where the growth rate slightly decreases to 10% up to the year 2030.
5. We expect APC-1000 (beclomethasone MDI), and APC-4000 (fluticasone DPI) could reach the market, but we are unsure of timing. As such, we do not include any revenues from these or any other pipeline products.

**Exhibit 1. Product Models**

	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
<b>Epinephrine Pre-filled Syringe (PFS)</b>											
U.S. population	387,434,206	400,219,535	413,426,779	427,069,863	441,163,168	455,721,553	470,760,364	486,295,456	502,343,206	518,920,532	536,044,910
Patients with anaphylaxis (1.6% of U.S. population)	6,198,947	6,403,513	6,614,828	6,833,118	7,058,611	7,291,545	7,532,166	7,780,727	8,037,491	8,302,729	8,576,719
Patients with insurance	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Total addressable patients	4,959,158	5,122,810	5,291,863	5,466,494	5,646,889	5,833,236	6,025,733	6,224,582	6,429,993	6,642,183	6,861,375
Market penetration	1.0%	3.0%	5.0%	7.0%	9.0%	11.0%	12.0%	13.0%	14.0%	15.0%	16.0%
Total eligible patients	49,592	153,884	264,593	382,655	508,220	641,656	723,088	809,196	900,199	996,327	1,097,820
Packs needed per patient/yr (PFS sold in 2 unit per pack)	2	2	2	2	2	2	2	2	2	2	2
Price per pack	\$ 220	\$ 209	\$ 207	\$ 205	\$ 203	\$ 201	\$ 199	\$ 197	\$ 195	\$ 193	\$ 191
Change in price	-	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%
Sales (\$000)	\$ 10,910	\$ 32,120	\$ 54,747	\$ 78,383	\$ 103,063	\$ 128,822	\$ 143,719	\$ 159,225	\$ 175,360	\$ 192,145	\$ 209,601
Risk adjustment	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Revenue (\$000)	\$ 5,455	\$ 16,060	\$ 27,373	\$ 39,192	\$ 51,532	\$ 64,411	\$ 71,859	\$ 79,612	\$ 87,680	\$ 96,073	\$ 104,801
<b>Naloxone Pre-filled Syringe (PFS)</b>											
Over-dose Population - Rescues	196,020	194,060	192,119	190,198	188,296	186,413	184,549	182,703	180,876	179,068	177,277
Sales for Preventions	60,500	66,550	73,205	80,526	88,578	97,436	107,179	117,897	129,687	142,656	156,921
Market penetration	0%	0%	1%	5%	15%	20%	21%	22%	23%	24%	25%
Total addressable patients	-	-	2,653	13,536	41,531	56,770	61,263	66,132	71,430	77,214	83,550
Packs needed per patient/yr (PFS sold in 2 unit per pack)	2	2	2	2	2	2	2	2	2	2	2
Price per pack	\$ 997	\$ 997	\$ 997	\$ 997	\$ 997	\$ 997	\$ 997	\$ 997	\$ 997	\$ 997	\$ 997
Change in price	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Cost per treatment	\$ 1,994	\$ 1,994	\$ 1,994	\$ 1,994	\$ 1,994	\$ 1,994	\$ 1,994	\$ 1,994	\$ 1,994	\$ 1,994	\$ 1,994
Sales (\$000)	\$ -	\$ -	\$ 5,291	\$ 26,991	\$ 82,813	\$ 113,199	\$ 122,158	\$ 131,868	\$ 142,431	\$ 153,964	\$ 166,598
Risk adjustment	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Revenue (\$000)	\$ -	\$ -	\$ 5,291	\$ 26,991	\$ 82,813	\$ 113,199	\$ 122,158	\$ 131,868	\$ 142,431	\$ 153,963.99	\$ 166,597.90
<b>APC-1000 HFA Inhaled Oral Steroid (maintenance therapy)</b>											
U.S. population	387,434,206	400,219,535	413,426,779	427,069,863	441,163,168	455,721,553	470,760,364	486,295,456	502,343,206	518,920,532	536,044,910
Patients with asthma (8% of U.S. population)	30,994,736	32,017,563	33,074,142	34,165,589	35,293,053	36,457,724	37,660,829	38,903,636	40,187,457	41,513,643	42,883,593
Patients with insurance	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Total addressable patients	24,795,789	25,614,050	26,459,314	27,332,471	28,234,443	29,166,179	30,128,663	31,122,909	32,149,965	33,210,914	34,306,874
Market penetration	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total eligible patients	-	-	-	-	-	-	-	-	-	-	-
Estimate price per patient/year (\$100/month)	\$ 1,273	\$ 1,299	\$ 1,325	\$ 1,351	\$ 1,378	\$ 1,406	\$ 1,434	\$ 1,463	\$ 1,492	\$ 1,522	\$ 1,552
Change in price	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Sales (\$000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Risk adjustment	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Revenue (\$000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>APC-4000 Fluticasone - Taper Dry Powder Inhaler (DPI)</b>											
U.S. population	387,434,206	400,219,535	413,426,779	427,069,863	441,163,168	455,721,553	470,760,364	486,295,456	502,343,206	518,920,532	536,044,910
Patients with asthma (8% of U.S. population)	30,994,736	32,017,563	33,074,142	34,165,589	35,293,053	36,457,724	37,660,829	38,903,636	40,187,457	41,513,643	42,883,593
Patients with moderate asthma (46% of asthma patient)	14,257,579	14,728,079	15,214,105	15,716,171	16,234,805	16,770,553	17,323,981	17,895,673	18,486,230	19,096,276	19,726,453
Patients with insurance	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Total addressable patients	11,406,063	11,782,463	12,171,284	12,572,937	12,987,844	13,416,443	13,859,183	14,316,538	14,798,984	15,277,020	15,781,162
Market penetration	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total eligible patients	-	-	-	-	-	-	-	-	-	-	-
Estimate price per patient/year	\$ 1,433	\$ 1,461	\$ 1,491	\$ 1,520	\$ 1,551	\$ 1,582	\$ 1,613	\$ 1,646	\$ 1,679	\$ 1,712	\$ 1,746
Change in price	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Sales (\$000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Risk adjustment	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Revenue (\$000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>APC-3000 Tadalafil (Erectile Dysfunction)</b>											
U.S. male population	165,573,862	168,223,044	170,914,613	173,649,247	176,427,635	179,250,477	182,118,484	185,032,380	187,992,898	191,000,785	194,056,797
Patients with erectile dysfunction (52% of U.S. male population)	86,098,408	87,475,983	88,875,599	90,297,608	91,742,370	93,210,248	94,701,612	96,216,838	97,756,307	99,320,408	100,909,535
Patients with insurance	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Total addressable patients	68,878,727	69,980,786	71,100,479	72,238,087	73,392,896	74,568,198	75,761,230	76,973,470	78,205,646	79,456,328	80,727,638
Market penetration	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total eligible patients	-	-	-	-	-	-	-	-	-	-	-
Estimate price per patient/year	\$ 1,248	\$ 1,273	\$ 1,299	\$ 1,325	\$ 1,351	\$ 1,378	\$ 1,406	\$ 1,434	\$ 1,463	\$ 1,492	\$ 1,522
Change in price	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Sales (\$000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Risk adjustment	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Revenue (\$000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Revenue</b>											
Epinephrine Pre-filled Syringe (PFS) (\$000)	\$ 5,455	\$ 16,060	\$ 27,373	\$ 39,192	\$ 51,532	\$ 64,411	\$ 71,859	\$ 79,612	\$ 87,680	\$ 96,073	\$ 104,801
Naloxone Pre-filled Syringe (PFS)	\$ -	\$ -	\$ 5,291	\$ 26,991	\$ 82,813	\$ 113,199	\$ 122,158	\$ 131,868	\$ 142,431	\$ 153,964	\$ 166,598
APC-1000 HFA Inhaled Oral Steroid (maintenance therapy)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
APC-4000 Fluticasone - Taper Dry Powder Inhaler (DPI)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
APC-3000 Tadalafil (Erectile Dysfunction)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pharmaceutical Compounding Business	\$ 21,663	\$ 28,162	\$ 36,610	\$ 45,763	\$ 50,339	\$ 55,373	\$ 60,911	\$ 67,002	\$ 73,702	\$ 81,072	\$ 89,179
<b>Total Revenue (\$000)</b>	<b>\$ 27,118</b>	<b>\$ 44,222</b>	<b>\$ 62,755</b>	<b>\$ 111,946</b>	<b>\$ 184,684</b>	<b>\$ 232,983</b>	<b>\$ 254,928</b>	<b>\$ 278,482</b>	<b>\$ 303,813</b>	<b>\$ 331,109</b>	<b>\$ 360,578</b>

Source: Company Reports and Dawson James

Source: Dawson James

**Valuation:** Our product models have been revised to reflect the company's new partnership. We apply assumptions for FDA product approvals, launch dates, and product attributes to estimate revenues. These estimates feed into our income statement through the year 2030. Our Symjepi estimates are based on royalties from US WorldMeds, of 50% of net sales payable to Adamis. For conservatism, we apply risk cuts to our pipeline product sales projections to allow for the development risk in pipeline products. Our price target is derived from an equal-weighted average of free cash flow (FCFF), discounted EPS (EPS), and sum-of-the-parts (SOP) models. For companies that are well established with mature products and revenues, we typically discount at a 10% rate; for companies in the early stages of product commercialization, we typically use a higher rate, 15% to 30%. For Adamis we choose to use our highest discount rate of 30% until we see revenues build as we project in our model

### Exhibit 2. Discounted Free Cash Flow Model

Average \$		1.0										
Price Target \$		0.7										
Year		2020										

DCF Valuation Using FCF (mln):												
Units ('000)	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
EBIT	(29,298)	(19,002)	(3,451)	4,813	27,008	63,035	86,896	98,478	110,984	124,511	139,167	155,074
Tax Rate	0%	0%	0%	12%	18%	20%	24%	24%	24%	28%	30%	34%
EBIT(1-0)	(29,298)	(19,002)	(3,451)	4,236	22,147	50,428	66,041	74,844	84,348	89,648	97,417	102,349
CapEx												
Depreciation	2,945	917	-	-	-	-	-	-	-	-	-	-
Change in NWC												
FCF	(26,345)	(18,085)	(3,451)	4,236	22,147	50,428	66,041	74,844	84,348	89,648	97,417	102,349
PV of FCF	(34,248)	(18,085)	(2,655)	2,506	10,080	17,656	17,787	15,506	13,442	10,990	9,186	7,424
Discount Rate	30%											
Long Term Growth Rate	1%											
Terminal Cash Flow	356,456											
Terminal Value YE2030	25,857											
NPV	75,447											
NPV-Debt												
Shares out (thousands)	112,494											2030E
NPV Per Share	\$ 0.7											

### Exhibit 3. EPS Model

Current Year	2020
Year of EPS	2030
Earnings Multiple	15
Discount Factor	30%
Selected Year EPS	\$ 0.91
NPV	\$ 1.0

Source: Dawson James estimates.

		Discount Rate and Earnings Multiple Varies, Year is Constant						
		2030 EPS						
Earnings Multiple	1.0	5%	10%	15%	20%	25%	30%	
	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$ -
5	\$3.00	\$2.00	\$1.00	\$1.00	\$0.00	\$0.00	\$ -	
10	\$6.00	\$4.00	\$2.00	\$1.00	\$1.00	\$1.00	\$ 1.00	
15	\$8.00	\$5.00	\$3.00	\$2.00	\$1.00	\$1.00	\$ 1.00	
20	\$11.00	\$7.00	\$4.00	\$3.00	\$2.00	\$2.00	\$ 1.00	
25	\$14.00	\$9.00	\$6.00	\$4.00	\$2.00	\$2.00	\$ 2.00	
30	\$17.00	\$11.00	\$7.00	\$4.00	\$3.00	\$3.00	\$ 2.00	
35	\$20.00	\$12.00	\$8.00	\$5.00	\$3.00	\$3.00	\$ 2.00	

### Exhibit 4. Sum-of-the-Parts Model

Adamis Pharmaceuticals	LT Gr	Discount Rate	Yrs. to Mkt	% Success	Peak Sales MMs	Term Val
Symjepi	1%	30%	0	75%	\$105	\$361
NPV						\$0.96
Naloxone	1%	30%	1	75%	\$167	\$574
NPV						\$1.18
APC-1000 HFA Inhaled Oral Steroid (maintenance therapy)	1%	30%	3	50%	\$0	\$0
NPV						\$0.00
APC-4000 Fluticasone - Taper Dry Powder Inhaler (DPI)	1%	30%	3	50%	\$0	\$0
NPV						\$0.00
APC-8000 Tadalafil (Erectile Dysfunction)	1%	30%	3	50%	\$0	\$0
NPV						\$0.00
Compounding business	1%	30%	0	75%	\$89	\$308
NPV						\$0.82
Net Margin						40%
MM Shrs OS (2030E)						112
Total						\$2.0

Source: Dawson James estimates.

### **Risk Analysis**

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

**Partnership risk.** While Adamis has a partnership agreement with Sandoz to market Symjepi, such agreements are subject to disagreements and disputes. Revenue results may not materialize. The company may make agreements with partners for additional products, but there can be no assurances that the company will be able to secure favorable partnerships.

**Commercial risk.** There are no assurances that the company will be able to achieve significant sales, market share, or become profitable.

**Compliance Risk.** The company may reverse the stock to regain listing compliance. The company may also authorize additional shares in anticipation of raising future capital.

**Clinical and regulatory risk.** Lead products need to complete clinical trials. Trials may not produce the results expected from previous research or be sufficient for regulatory approval.

**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 or do so, at favorable terms.

**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 parties patents.

**Exhibit 5. Income Statement**

Adams Pharmaceuticals Corporation: Income Statement (\$000)																										
ADMP: YE December	2018A	2019A	1Q20A	2Q20E	3Q20E	4Q20E	2020E	1Q21E	2Q21E	3Q21E	4Q21E	2021E	1Q22E	2Q22E	3Q22E	4Q22E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	
Symjepi Gross revenues (not included in total product sales)*		670	400	400	1,000	1,200	3,000	3,694	3,854	4,176	4,336	16,060	6,296	6,570	7,117	7,391	27,373	39,192	51,532	64,411	71,859	79,612	87,680	96,073	104,801	
Naloxone Gross revenues (not included in total product sales)*			0	0	0	0	0	0	0	0	0	0	1,217	1,270	1,376	1,428	5,291	26,991	82,813	113,199	122,158	131,868	142,431	153,964	166,598	
APC-1000 HFA Inhaled Oral Steroid (maintenance therapy)			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
APC-4000 Fluticasone - Taper Dry Powder Inhaler (DPI)			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
APC-8000 Tadalafil (Erectile Dysfunction)			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pharmaceutical Compounding business	15,087	22,113	4,463	5,000	6,000	6,200	21,663	6,477	6,759	7,322	7,604	28,162	8,420	8,787	9,519	9,885	36,610	45,763	50,339	55,373	60,911	67,002	73,702	81,072	89,179	
<b>Total Product Sales *</b>	<b>15,087</b>	<b>22,783</b>	<b>4,463</b>	<b>5,400</b>	<b>7,000</b>	<b>7,400</b>	<b>24,663</b>	<b>10,171</b>	<b>10,613</b>	<b>11,498</b>	<b>11,940</b>	<b>44,222</b>	<b>15,933</b>	<b>16,626</b>	<b>18,011</b>	<b>18,704</b>	<b>69,275</b>	<b>111,946</b>	<b>184,684</b>	<b>232,983</b>	<b>254,926</b>	<b>278,482</b>	<b>303,613</b>	<b>331,109</b>	<b>360,578</b>	
Royalty Revenue on Symjepi & Naloxone*	-	335	200	200	500	600	1,500	1,847	1,927	2,088	2,168	8,030	3,756	3,920	4,246	4,410	16,332	33,091	67,172	88,805	97,009	105,740	115,055	125,018	135,699	
% Royalty (slides on Commercial levels)	-	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Symjepi / Naloxone Milestones	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>Product Sales &amp; Royalties &amp; Milestones</b>	<b>15,087</b>	<b>22,448</b>	<b>4,663</b>	<b>5,200</b>	<b>11,500</b>	<b>6,800</b>	<b>28,163</b>	<b>8,324</b>	<b>8,686</b>	<b>14,410</b>	<b>9,772</b>	<b>41,192</b>	<b>12,177</b>	<b>12,706</b>	<b>13,765</b>	<b>14,294</b>	<b>52,942</b>	<b>78,854</b>	<b>117,512</b>	<b>144,178</b>	<b>157,920</b>	<b>172,742</b>	<b>188,757</b>	<b>206,090</b>	<b>224,879</b>	
<b>Expenses</b>																										
Cost of Goods Sold	9,798	15,479	3,687	1,282	1,580	1,646	8,195	1,804	1,882	2,039	2,118	7,843	2,420	2,525	2,736	2,841	10,521	13,400	15,161	17,064	18,821	20,731	22,809	25,072	27,535	
%COGS	65%	68%	83%	24%	23%	22%	33%	18%	18%	18%	18%	18%	15%	15%	15%	15%	15%	12%	8%	7%	7%	7%	8%	8%	8%	
Research and Development	18,804	10,376	2,037	2,515	2,725	2,830	10,480	2,531	2,641	2,861	2,971	11,004	2,657	2,773	3,004	3,120	11,554	12,132	12,738	13,375	13,509	13,644	13,780	13,918	14,057	
%R&D	125%	46%	46%	47%	39%	38%	42%	25%	25%	25%	25%	25%	17%	17%	17%	17%	17%	11%	7%	6%	5%	5%	5%	4%	4%	
General and Administrative	25,948	25,288	6,054	6,130	6,641	6,896	25,540	5,933	6,191	6,707	6,965	25,796	5,992	6,253	6,774	7,035	26,054	26,314	26,577	26,843	27,112	27,383	27,657	27,933	28,213	
%SG&A	48%	49%	51%	62%	61%	61%	58%	58%	58%	58%	58%	58%	54%	54%	54%	54%	54%	51%	49%	47%	46%	44%	43%	42%	40%	
<b>Total expenses</b>	<b>54,550</b>	<b>51,142</b>	<b>11,778</b>	<b>9,927</b>	<b>10,945</b>	<b>11,371</b>	<b>44,215</b>	<b>10,268</b>	<b>10,714</b>	<b>11,607</b>	<b>12,054</b>	<b>44,643</b>	<b>11,070</b>	<b>11,551</b>	<b>12,514</b>	<b>12,995</b>	<b>48,129</b>	<b>51,846</b>	<b>54,477</b>	<b>57,282</b>	<b>59,441</b>	<b>61,758</b>	<b>64,247</b>	<b>66,923</b>	<b>69,805</b>	
Operating income (Loss)	(39,464)	(29,351)	(7,115)	(4,727)	555	(4,571)	(15,859)	(1,944)	(2,028)	2,803	(2,282)	(3,451)	1,107	1,155	1,252	1,300	4,813	27,008	63,035	86,896	98,478	110,984	124,511	139,167	155,074	
Interest expense	(158)	(123)	(38)																							
Interest Income	245	176	23																							
Gain/Loss on extinguishment of debt		(322)																								
Change in fair value of derivative liabilities																										
Change in fair value of conversion feature liability																										
Change in fair value of warrants																										
Impairment Expense			(3,143)				(3,143)																			
<b>Total other income</b>	<b>-</b>	<b>(322)</b>	<b>(3,143)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,143)</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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Pretax Income</b>	<b>(39,376)</b>	<b>(29,298)</b>	<b>(10,274)</b>	<b>(4,727)</b>	<b>555</b>	<b>(4,571)</b>	<b>(19,002)</b>	<b>(1,944)</b>	<b>(2,028)</b>	<b>2,803</b>	<b>(2,282)</b>	<b>(3,451)</b>	<b>1,107</b>	<b>1,155</b>	<b>1,252</b>	<b>1,300</b>	<b>4,813</b>	<b>27,008</b>	<b>63,035</b>	<b>86,896</b>	<b>98,478</b>	<b>110,984</b>	<b>124,511</b>	<b>139,167</b>	<b>155,074</b>	
Discontinued operations																										
Write down of discontinued operations receivable																										
Loss from continued operations																										
Income Tax Benefit (Provision)	369	(9)	-	-	-	-	-	-	-	-	-	-	133	139	150	156	578	4,861	12,607	20,855	23,635	26,636	34,863	41,750	52,725	
Tax Rate	0%	0%	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	12%	12%	12%	12%	12%	18%	20%	24%	24%	24%	28%	30%	34%	
<b>GAAP Net Income (loss)</b>	<b>(39,007)</b>	<b>(29,307)</b>	<b>(10,274)</b>	<b>(4,727)</b>	<b>555</b>	<b>(4,571)</b>	<b>(19,002)</b>	<b>(1,944)</b>	<b>(2,028)</b>	<b>2,803</b>	<b>(2,282)</b>	<b>(3,451)</b>	<b>974</b>	<b>1,017</b>	<b>1,101</b>	<b>1,144</b>	<b>4,236</b>	<b>22,147</b>	<b>50,428</b>	<b>66,041</b>	<b>74,844</b>	<b>84,348</b>	<b>89,648</b>	<b>97,417</b>	<b>102,349</b>	
Deemed Dividend on Preferred Stock																										
<b>GAAP-EPS</b>	<b>(1.00)</b>	<b>(0.55)</b>	<b>(0.15)</b>	<b>(0.07)</b>	<b>0.01</b>	<b>(0.07)</b>	<b>(0.29)</b>	<b>(0.03)</b>	<b>(0.03)</b>	<b>0.04</b>	<b>(0.03)</b>	<b>(0.05)</b>	<b>0.01</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	<b>0.06</b>	<b>0.33</b>	<b>0.75</b>	<b>0.97</b>	<b>1.10</b>	<b>1.23</b>	<b>1.30</b>	<b>1.41</b>	<b>1.48</b>	
GAAP EPS (dil)	(1.00)	(0.55)	(0.12)	(0.06)	0.01	(0.05)	(0.23)	(0.02)	(0.02)	0.03	(0.03)	(0.04)	0.01	0.01	0.01	0.01	0.05	0.24	0.54	0.68	0.75	0.82	0.85	0.89	0.91	
Wtd Avg Shrs (Bas) - '000s	39,085	53,263	66,500	66,566	66,633	66,699	66,600	66,766	66,833	66,900	66,967	66,866	67,034	67,101	67,168	67,235	67,134	67,403	67,673	67,944	68,216	68,490	68,764	69,040	69,316	
Wtd Avg Shrs (Dil) - '000s	39,085	53,304	82,220	83,042	83,873	84,711	83,462	84,711	85,558	86,414	87,278	85,991	87,278	88,151	89,032	89,923	88,596	91,281	94,047	96,896	99,832	102,857	105,974	109,185	112,494	

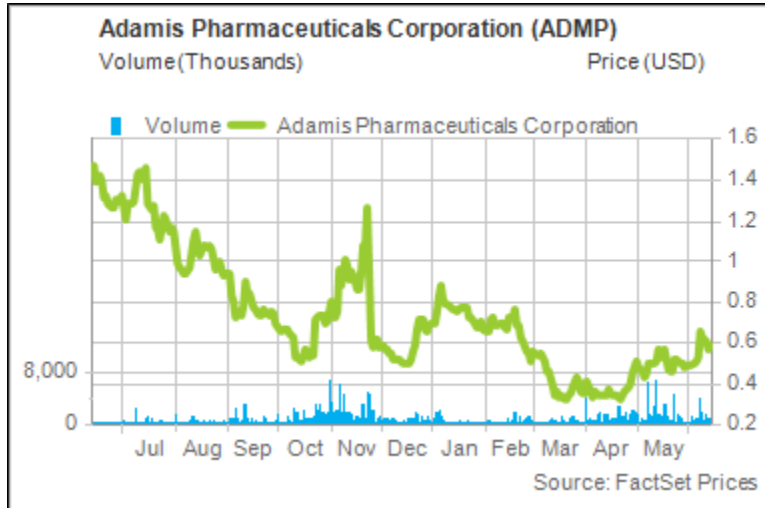
Source: Dawson James estimates.

Companies mentioned in this report:

US WorldMeds (private)

**Important Disclosures:**

**Price Chart:**



Price target and ratings changes over the past three years:

- Initiated – Buy – July 2, 2019 – Price Target \$5.00
- Update – Buy – August 13, 2019 – Price Target \$4.00
- Update – Buy – August 28, 2019 – Price Target \$4.00
- Update – Buy – November 26, 2019 – Price Target lowered from \$4.00 to \$1.00
- Rating Change – Neutral – February 27, 2020 – Rating Lowered from Buy to Neutral
- Update – Neutral – April 1, 2020 – Price Target NA
- Update – Neutral – May 21, 2020 – Price Target NA
- Rating Change – Buy – June 15, 2020 – Price Target \$1.00

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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;
- 2) **Neutral:** The analyst believes the price of the stock is fairly valued for the next 12-18 months;
- 3) **Sell:** The analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

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Ratings Distribution	Company Coverage		Investment Banking	
	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	23	92%	3	13%
Market Perform (Neutral)	2	8%	1	50%
Market Underperform (Sell)	0	0%	0	0%
Total	25	100%	4	16%

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