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Toll-Free: 866-928-0928 ♦ www.DawsonJames.com ♦ 101 North Federal Highway - Suite 600 ♦ Boca Raton, FL 33432

Adamis Pharmaceuticals (ADMP-NASDAQ) – Neutral Rated

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Jason H. Kolbert
 Senior Analyst

jkolbert@dawsonjames.com

Tempol for Covid? We Believe that Ship has now Sailed: We Remain Neutral-Rated with a Wait & See Approach

Adamis press released that the company has reached 2/3 enrollment in a study for Tempol for the treatment of COVID. The DSAMB now reviews the first n=50 patients. We are skeptical for many reasons but our key issue is that Covid seems to have passed. More countries and states have now “opened” as Omicron infection rates subside. We view the Omicron variant as Nature’s vaccine and signaling the endemic phase of Covid. In other words, our feeling is that Adamis has missed the window.

Investment Highlights

A COVID Treatment? Tempol appears to be an antioxidant that may be capable of inhibiting activated T cell and APC (Antigen Presenting Cell) derived cytokines in-vitro. Initial studies conducted at the Human Immune Monitoring Center at Stanford University investigated the effects of Tempol on immune cells from COVID-19 patients.

ZIMI (Naloxone). On October 18, 2021, Adamis announced that the U.S. FDA had approved the Company's ZIMI TM (naloxone HCL Injection, USP) 5 mg/0.5 mL product. The Company's U.S. commercial partner, US WorldMeds, is preparing to launch ZIMI in the first quarter of 2022 commercially.

SYMJEPI: In October 2020, US WorldMeds completed the transition of control of the commercial operations of SYMJEPI from Sandoz, Inc. SYMJEPI is available through Walgreens Prescription Savings Club. The products are offered at a discounted price of \$99.99 per two-pack, which the company believes is the lowest price for an epinephrine device in the U.S. In other words, the strategy is to be the low-price (lowest margin), a late entrant to the market. Our work to model revenues was originally based on a very different set of assumptions.

Valuation: In August, 2020, we lowered our rating on Adamis to Neutral as the stock had reached our target valuation, and we subsequently removed our price target. Our product models project peak Naloxone sales reaching \$166M (2030E) and SYMJEPI revenues of \$104M (2030E). We have eliminated the compounding pharmacy revenues. We have adjusted our projected share count to reflect the recent raise.

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

PRODUCT	DELIVERY	POTENTIAL INDICATION	PHASE I	PHASE II	PHASE III	NDA	APPROVED
SYMJEPI [®] (epinephrine) Injection 0.1mg	Injectable	Anaphylaxis	✓	✓	✓	✓	✓
SYMJEPI [®] (epinephrine) Injection 0.15mg	Injectable	Anaphylaxis	✓	✓	✓	✓	✓
ZIMI [™] (naloxone) Injection 5mg	Injectable	Opioid Overdose	✓	✓	✓	✓	✓
APC-419 (tempol) Topical Gel	Topical	Radiation Dermatitis	✓	✓	✓	✓	✓
APC-400 (tempol) Oral Capsule	Oral	Respiratory Disease / Anti-inflammatory	✓	✓	✓	✓	✓

(1) Licensed U.S. commercial rights to US WorldMeds ("SYM")
 (2) New Drug Application ("NDA") under FDA review, November 2021 action date
 (3) Phase II completed, Phase III study
 (4) Phase III trial activities commenced, expect to begin patient enrollment Q3 2021

Source: Adamis

Stock Data			
52-Week Range	\$0.55	-	\$1.74
Shares Outstanding (mil.)	148.9		
Market Capitalization (mil.)	\$96		
Enterprise Value (mil.)	\$89		
Debt to Capital	3%		
Book Value/Share	\$1.18		
Price/Book	0.5		
Average Three Months Trading Volume (K)	2,760		
Insider Ownership	1.0%		
Institutional Ownership	10.1%		
Short interest (mil.)	6.4%		
Dividend / Yield	\$0.00/0.0%		

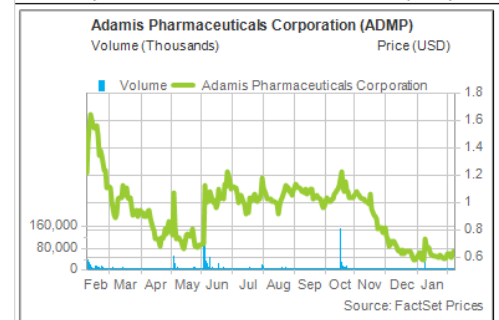


Exhibit 1. Income Statement

Adamis Pharmaceuticals Corporation: Income Statement (\$000)																					
ADMP- YE December	2018A	2019A	2020A	1Q21A	2Q21A	3Q21A	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	800	4,109	4,011	760	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	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
APC-4000 Fluticasone - Taper Dry Powder Inhaler (DPI)			-	0	0	0	0	-	0	0	0	0	-	-	-	-	-	-	-	-	-
APC-8000 Tadalafil (Erectile Dysfunction)			-	0	0	0	0	-	0	0	0	0	-	-	-	-	-	-	-	-	-
Pharmaceutical Compounding business	15,087	22,113	16,527	0	0	0	0	-	0	0	0	0	-	-	-	-	-	-	-	-	-
Total Product Sales *	15,087	22,783	16,527	4,109	4,011	760	4,336	16,060	7,513	7,839	8,493	8,819	32,664	66,183	134,345	177,610	194,018	211,480	230,111	250,037	271,399
Royalty Revenue on Symjepi & Naloxone*	-	335	200	4,109	4,011	760	4,336	13,216	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%	25%	100%	100%	100%	100%	82%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Symjepi / Naloxone Milestones	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Product Sales & Royalties & Milestones	15,087	22,448	17,127	4,109	4,011	760	4,336	13,216	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
Expenses																					
Cost of Goods Sold	9,798	15,479	14,894	3,642	3,871	1,236	217	8,965	315	328	356	370	1,369	1,960	2,577	3,221	3,593	3,981	4,384	4,804	5,240
%COGS	65%	68%	90%	89%	96%	163%	5%	56%	4%	4%	4%	4%	4%	3%	2%	2%	2%	2%	2%	2%	2%
Research and Development + Impairment	18,804	10,376	8,281	2,261	2,233	4,620	2,348	8,695	2,100	2,191	2,374	2,465	9,130	9,586	10,065	10,569	10,674	10,781	10,889	10,998	11,108
%R&D	125%	46%	50%	55%	56%	608%	54%	54%	28%	28%	28%	28%	28%	14%	7%	6%	6%	5%	5%	4%	4%
General and Administrative	25,948	25,288	30,581	5,919	7,141	5,125	8,339	30,887	7,175	7,487	8,111	8,423	31,195	31,507	31,822	32,141	32,462	32,787	33,115	33,446	33,780
%SG&A	48%	49%	61%	50%	54%	47%	76%	64%	75%	75%	75%	75%	75%	73%	72%	70%	69%	69%	68%	68%	67%
Total expenses	54,550	51,142	49,776	11,823	13,244	10,981	10,904	48,546	9,590	10,006	10,840	11,257	41,694	43,053	44,464	45,930	46,729	47,546	48,387	49,247	50,128
Operating income (Loss)	(39,464)	(29,351)	(32,651)	(7,714)	(9,233)	(10,221)	(6,568)	(33,735)	(5,833)	(6,087)	(6,594)	(6,848)	(25,362)	(9,962)	22,708	42,875	50,280	58,192	66,668	75,771	85,571
Interest expense	(158)	(123)	(160)																		
Interest Income	245	176	84																		
Gain/Loss on extinguishment of debt		(322)		(39)		(2)															
Change in fair value of derivative liabilities				16	(45)	2															
Change in fair value of conversion feature liability			465	(7,642)	8	5,010															
Change in fair value of warrants					(44)	43															
Impairment Expense																					
Total other income	-	(322)	465	(7,665)	(81)	5,052	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pretax Income	(39,376)	(29,298)	(49,389)	(15,379)	(9,314)	(5,168)	(6,568)	(33,735)	(5,833)	(6,087)	(6,594)	(6,848)	(25,362)	(9,962)	22,708	42,875	50,280	58,192	66,668	75,771	85,571
Discontinued operations							(7,193)														
Write down of discontinued operations receivable																					
Loss from continued operations																					
Income Tax Benefit (Provision)	369	(9)	(2)	(1)	(0)	(0)	(0)	(2)	(700)	(730)	(791)	(822)	(3,043)	(1,793)	4,542	10,290	12,067	13,966	18,667	22,731	29,094
Tax Rate	0%	0%	0%	0%	0%	0%	0%	0%	12%	12%	12%	12%	12%	18%	20%	24%	24%	24%	28%	30%	34%
GAAP Net Income (loss)	(39,007)	(29,307)	(49,391)	(15,379)	(9,313)	(12,361)	(6,567)	(33,734)	(5,133)	(5,356)	(5,803)	(6,026)	(22,318)	(8,168)	18,166	32,585	38,212	44,226	48,001	53,040	56,477
Deemed Dividend on Preferred Stock																					
GAAP-EPS	(1.00)	(0.57)	(0.64)	(0.12)	(0.06)	(0.08)	(0.04)	(0.31)	(0.03)	(0.04)	(0.04)	(0.04)	(0.15)	(0.05)	0.12	0.22	0.25	0.29	0.31	0.35	0.37
GAAP EPS (dil)	(1.00)	(0.57)	(0.59)	(0.12)	(0.06)	(0.08)	(0.04)	(0.31)	(0.03)	(0.04)	(0.04)	(0.04)	(0.15)	(0.05)	0.11	0.20	0.22	0.25	0.26	0.28	0.29
Wgtd Avg Shrs (Bas) - '000s	39,085	53,263	77,570	129,464	148,886	148,886	149,035	144,068	149,184	149,333	149,483	149,632	149,408	150,007	150,607	151,211	151,817	152,425	153,035	153,648	154,264
Wgtd Avg Shrs (Dil) - '000s	39,085	53,304	83,462	129,464	148,886	148,886	150,375	144,403	150,375	151,879	153,398	154,932	152,646	157,271	162,036	166,946	172,005	177,217	182,587	188,119	193,820

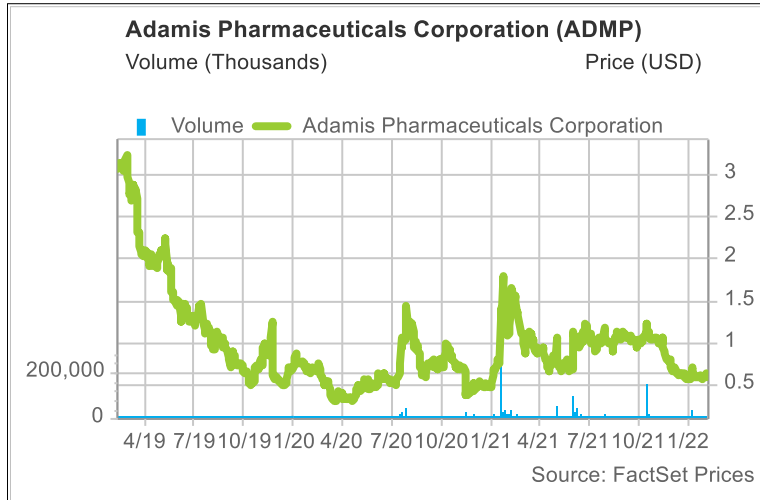
Source: Dawson James estimates, company reports

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
- Rating Change – Neutral – August 24, 2020 – Price Target \$1.00
- Update – Neutral – November 11, 2020 – Price Target NA
- Update – Neutral – November 17, 2020 – Price Target NA
- Update – Neutral – February 5, 2021 – Price Target NA
- Update – Neutral – April 16, 2021 – Price Target NA
- Update – Neutral – December 3, 2021 – Price Target NA
- Update – Neutral – February 8, 2022 – Price Target NA

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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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Current as of... 8-Feb-22

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	31	76%	6	19%
Market Perform (Neutral)	10	24%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Total	41	100%	6	15%

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