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Adamis Pharmaceuticals (ADMP-NASDAQ) – Neutral Rated

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SYMJEPI Gets Recalled for a Manufacturing Defect

Adamis is voluntarily recalling certain lots of SYMJEPi Pre-Filled Single-Dose Syringes. The recalled product is a result of the potential clogging of the needle preventing the dispensing of epinephrine. U.S. WorldMeds markets and distributes SYMJEPi in the United States, under license from Adamis. Symjepi has been plagued with manufacturing issues which delayed its introduction to the marketplace for years and now appear to have triggered a recall. This morning Adamis press-released hamster data for a Covid product. We find these events incredulous. We remain on the sidelines – Neutral rated.

Investment Highlights

Adamis has been plagued with manufacturing issues and other delays for more than a decade. News of a recall on the company's first commercial product is the latest example. What's amazing to us is the news (which was announced after yesterday's close is followed by another press release – "Adamis Pharmaceuticals Announces Results of Tempol in Omicron Virus Challenge in Hamster Model." As we wrote last month, **Covid – That Ship has Sailed.**

ZIMI (Naloxone). On October 18, 2021, Adamis announced that the U.S. FDA had approved the Company's ZIMHI TM (naloxone HCL Injection, USP) 5 mg/0.5 mL product. The Company's U.S. commercial partner, US WorldMeds, is preparing to launch ZIMHI 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 TM epinephrine Injection 0.1mg | Injectable | Anaphylaxis | ██████████ | ██████████ | ██████████ | ██████████ | ██████████ |
| SYMJEPI TM epinephrine Injection 0.3mg | Injectable | Anaphylaxis | ██████████ | ██████████ | ██████████ | ██████████ | ██████████ |
| ZIMI TM 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 ("USWM")
(2) New Drug Application ("NDA") under FDA review, November 2021 action date
(3) Phase II completed, Phase III study
(4) Phase II/III trial activities commenced, expect to begin patient enrollment Q3 2021

Source: Adamis

| Stock Data | | | |
|---|-------------|---|--------|
| 52-Week Range | \$0.52 | - | \$1.48 |
| Shares Outstanding (mil.) | 148.9 | | |
| Market Capitalization (mil.) | \$95 | | |
| Enterprise Value (mil.) | \$88 | | |
| Debt to Capital | 3% | | |
| Book Value/Share | \$1.18 | | |
| Price/Book | 0.5 | | |
| Average Three Months Trading Volume (K) | 1,237 | | |
| Insider Ownership | 1.0% | | |
| Institutional Ownership | 9.3% | | |
| Short interest (mil.) | 5.5% | | |
| Dividend / Yield | \$0.00/0.0% | | |

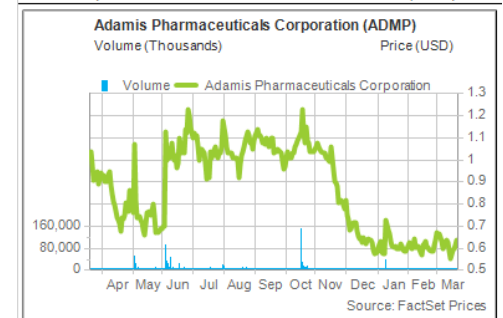


Exhibit 1. Income Statement

| 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 |

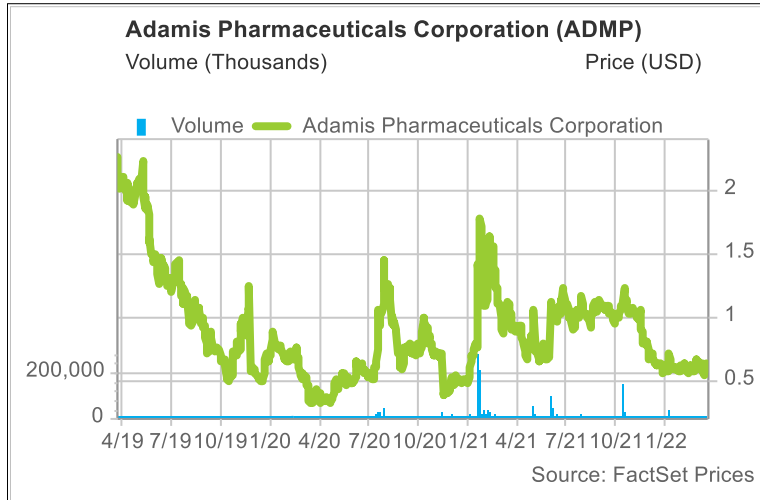
Source: Dawson James estimates, company reports

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
- Update – Neutral – March 22, 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.

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.

Current as of... 15-Mar-22

| | Company Coverage | | Investment Banking | |
|-----------------------------|-------------------------|-------------|---------------------------|-------------|
| Ratings Distribution | # of Companies | % of Total | # of Companies | % of Totals |
| Market Outperform (Buy) | 31 | 74% | 4 | 13% |
| Market Perform (Neutral) | 11 | 26% | 0 | 0% |
| Market Underperform (Sell) | 0 | 0% | 0 | 0% |
| Total | 42 | 100% | 4 | 10% |

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