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Adamis Pharmaceuticals (ADMP-NASDAQ) – Neutral Rated

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Reverse Stock Split, Employee Comp. & Covid?

Adamis is requesting shareholder approval to reverse the stock and change protections, in our view, so that management can reward themselves with stock under the guise of attracting and retaining talent. New CEO Marguglio has a press release out promoting Tempol for COVID at the same time promoting their agenda to stockholders to vote for the reverse stock split and an amendment to the employee incentive plan. We have not heard a peep from the new CEO who reached out to us initially when DeCarlo stepped down occurred in May but there was zero follow-up. We remain skeptical and thus have a neutral rating on the stock.

Investment Highlights

Adamis highlighted the ongoing phase 2 clinical trial of Tempol as a treatment for COVID-19. The next Data Safety Monitoring Board (DSMB) meeting to review interim data results has been scheduled for late September. While we believe the drug is safe, we are a long way from saying this is an efficacious therapy that's needed for COVID.

Symjepi Manufacturing is Still on Hold. Adamis believes the issues have been identified and as such, we may see Symjepi return to the marketplace soon, initially the company said 2Q22 but that deadline has passed. Recall that in October 2020, US WorldMeds completed the transition of control of the commercial operations of SYMJEPi from Sandoz, Inc. SYMJEPi (once it returns to the market) should be 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. Our work to model revenues was originally based on a very different set of assumptions.

ZIMI (Naloxone). The product is now being commercialized, which is good news given the over-dose crisis that the U.S. is seeing as a result of more and more illegal drugs being laced with fentanyl, requiring ever higher doses of reversing agents to save poisoned users.

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 \$50M (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.

Current Price		\$0.36					
Price Target		NA					
PRODUCT	DELIVERY	POTENTIAL INDICATION	PHASE I	PHASE II	PHASE III	NDA	APPROVED
SYMJEPI [®] (epinephrine) Injection 0.1mg	Injectable	Anaphylaxis					(R)
SYMJEPI [®] (epinephrine) Injection 0.15mg	Injectable	Anaphylaxis					(R)
ZIMI [®] (naloxone) Injection 1mg	Injectable	Opioid Overdose					(R)
APC-413 (tempol) Topical Gel	Topical	Respiratory Distress					(R)
APC-405 (tempol) Oral Capsule	Oral	Respiratory Distress / Anti-Inflammatory					(R)

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

Source: Adamis

Stock Data			
52-Week Range	\$0.31	-	\$1.48
Shares Outstanding (mil.)	149.7		
Market Capitalization (mil.)	\$54		
Enterprise Value (mil.)	\$47		
Debt to Capital	5%		
Book Value/Share	\$1.18		
Price/Book	0.3		
Average Three Months Trading Volume (K)	1,213		
Insider Ownership	1.0%		
Institutional Ownership	8.6%		
Short interest (mil.)	3.8%		
Dividend / Yield	\$0.00/0.0%		

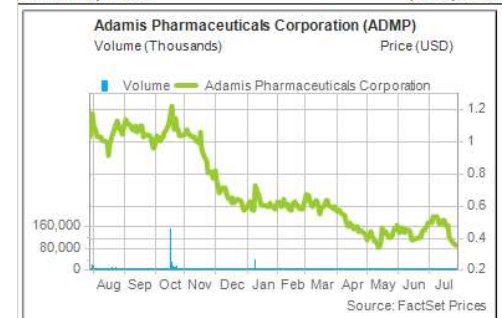


Exhibit 1. Income Statement

Adamis Pharmaceuticals Corporation: Income Statement (\$000)																	
ADMP: YE December	2018A	2019A	2020A	2021A	1Q22A	2Q22E	3Q22E	4Q22E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Symjepi Gross revenues (not included in total product sales)*		670	800			2,000	5,000	6,000	13,000	18,941	24,905	31,130	34,730	38,477	42,376	46,432	50,650
Naloxone Gross revenues (not included in total product sales)*			0	0		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
APC-4000 Fluticasone - Taper Dry Powder Inhaler (DPI)			-	-					-	-	-	-	-	-	-	-	-
APC-8000 Tadalafil (Erectile Dysfunction)			-	-					-	-	-	-	-	-	-	-	-
Pharmaceutical Compounding business	15,087	22,113	16,527						-	-	-	-	-	-	-	-	-
Total Product Sales *	15,087	22,783	16,527	-	-	3,270	6,376	7,428	18,291	45,933	107,718	144,329	156,888	170,344	184,807	200,396	217,248
Royalty Revenue on Symjepi & Naloxone*	-	335	200	2,209	1,155	1,635	3,188	3,714	9,691	22,966	53,859	72,164	78,444	85,172	92,403	100,198	108,624
% Royalty (slides on Commercial levels)		50%	25%		50%	50%	50%	50%	53%	50%	50%	50%	50%	50%	50%	50%	50%
Symjepi / Naloxone Milestones	-	-	-	-					-	-	-	-	-	-	-	-	-
Product Sales & Royalties & Milestones	15,087	22,448	17,127	8,880	1,155	1,635	3,188	3,714	9,691	22,966	53,859	72,164	78,444	85,172	92,403	100,198	108,624
Expenses																	
Cost of Goods Sold	9,798	15,479	14,894	6,872	1,463	100	250	300	2,113	947	1,245	1,556	1,736	1,924	2,119	2,322	2,533
%COGS	65%	68%	90%			3%	4%	4%	12%	2%	1%	1%	1%	1%	1%	1%	1%
Research and Development + Impairment	18,804	10,376	8,281	11,262	4,222	2,838	3,075	3,193	11,825	12,417	13,038	13,689	13,826	13,965	14,104	14,245	14,388
%R&D	125%	46%	50%			87%	48%	43%	65%	27%	12%	9%	9%	8%	8%	7%	7%
General and Administrative	25,948	25,288	30,581	16,144	3,383	3,913	4,239	4,402	16,305	16,468	16,633	16,799	16,967	17,137	17,308	17,481	17,656
%SG&A	48%	49%	61%	47%	37%	57%	56%	56%	54%	55%	54%	52%	52%	52%	52%	51%	51%
Total expenses	54,550	51,142	49,778	34,278	9,067	6,851	7,564	7,895	30,244	29,832	30,916	32,045	32,530	33,025	33,531	34,048	34,576
Operating income (Loss)	(39,464)	(29,351)	(32,651)	(32,069)	(7,913)	(5,216)	(4,376)	(4,181)	(21,686)	(6,866)	22,944	40,119	45,914	52,147	58,872	66,150	74,048
Interest expense	(158)	(123)	(160)	(7)	4												
Interest Income	245	176	84	7	(440)												
Gain/Loss on extinguishment of debt			(322)		5,010	(1,850)											
Change in fair value of derivative liabilities				(7,540)	9												
Change in fair value of conversion feature liability			465														
Change in fair value of warrants																	
Impairment Expense																	
Total other income	-	(322)	465	(2,531)	(1,841)	-	-	-	-	-	-	-	-	-	-	-	-
Pretax Income	(39,376)	(29,298)	(49,389)	(34,600)	(10,189)	(5,216)	(4,376)	(4,181)	(21,686)	(6,866)	22,944	40,119	45,914	52,147	58,872	66,150	74,048
Discontinued operations																	
Write down of discontinued operations receivable				(11,294)													
Loss from continued operations			(2)	67	(165)	-	-	-	(165)	(1,236)	4,589	9,629	11,019	12,515	16,484	19,845	25,176
Income Tax Benefit (Provision)	369	(9)															
Tax Rate	0%	0%	0%	0%	0%	0%	0%	0%	1%	18%	20%	24%	24%	24%	28%	30%	34%
GAAP Net Income (loss)	(39,007)	(29,307)	(49,391)	(45,828)	(10,354)	(5,216)	(4,376)	(4,181)	(21,521)	(5,630)	18,355	30,491	34,895	39,632	42,388	46,305	48,872
Deemed Dividend on Preferred Stock																	
GAAP-EPS	(1.00)	(0.57)	(0.64)	(0.32)	(0.07)	(0.03)	(0.03)	(0.03)	(0.14)	(0.04)	0.12	0.20	0.23	0.26	0.28	0.30	0.32
GAAP EPS (dil)	(1.00)	(0.57)	(0.59)	(0.32)	(0.07)	(0.03)	(0.03)	(0.03)	(0.14)	(0.04)	0.11	0.18	0.20	0.22	0.23	0.25	0.25
Wgtd Avg Shrs (Bas) - '000s	39,085	53,263	77,570	144,157	149,617	149,767	149,916	150,066	149,842	150,442	151,045	151,650	152,257	152,867	153,479	154,094	154,712
Wgtd Avg Shrs (Dil) - '000s	39,085	53,304	83,462	144,157	149,617	151,113	152,624	154,151	151,876	156,478	161,220	166,105	171,138	176,324	181,666	187,171	192,843

Source: Company Reports and Dawson James

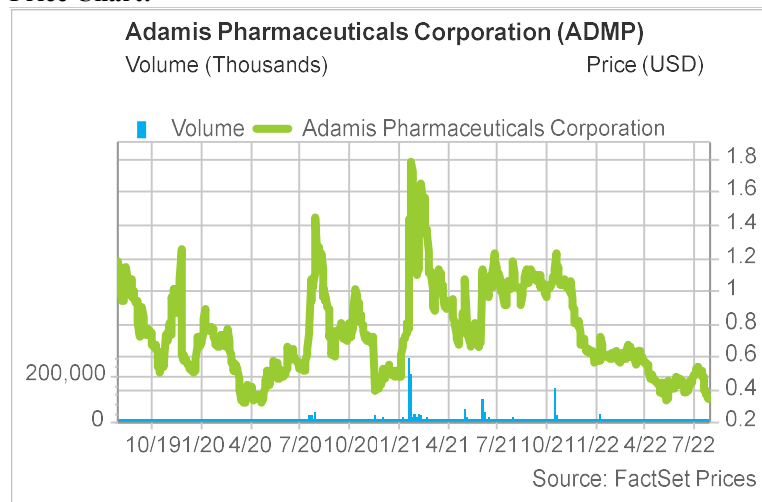
* Revenues are shown but only royalties are counted.

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
 Update – Neutral – May 19, 2022 – Price Target NA
 Update – Neutral – July 29, 2022 – Price Target NA

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- 2) **Neutral:** The analyst believes the price of the stock is fairly valued for the next 12-18 months;
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Current as of 25-Jul-22

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	30	68%	5	17%
Market Perform (Neutral)	13	30%	0	0%
Market Underperform (Sell)	1	2%	0	0%
Total	44	100%	5	11%

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