UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

(Amendment No. 1)

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): May 24, 2023

ADAMIS PHARMACEUTICALS CORPORATION

(Exact Name of Registrant as Specified in Charter)

Delaware	**0-26372**	**82-0429727**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

11682 El Camino Real, Suite 300 **San Diego, CA**	**92130**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: **(858) 997-2400**

(Former name or Former Address, if Changed Since Last Report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock	ADMP	NASDAQ Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Introductory Note

On May 26, 2023, Adamis Pharmaceuticals Corporation (the "Company" or "Adamis") filed a Current Report on Form 8-K (the "Initial Form 8-K") reporting the completion of a merger transaction with DMK Pharmaceuticals Corporation ("DMK"), pursuant to the terms of an Agreement and Plan of Merger and Reorganization dated as of February 24, 2023 (the "Merger Agreement"), entered into by and among the Company, DMK and Aardvark Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Adamis. Pursuant to the Merger Agreement, DMK merged with and into Merger Sub (the "Merger"), with Merger Sub surviving the Merger and remaining a wholly owned subsidiary of the Company.

In accordance with and as permitted by Items 9.01(a) and 9.01(b) of Form 8-K, Adamis is filing this amendment to the Initial Form 8-K to provide certain historical and pro forma financial information that were not filed with the Initial Form 8-K, in reliance on the instructions to such Items.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired

The audited financial statements of DMK as of and for the years ended December 31, 2022 and 2021, and accompanying notes and the report of BF Borgers CPA PC, are filed as Exhibit 99.1 hereto and are incorporated herein by reference. The unaudited interim financial statements for the three months ended March 31, 2023 and 2022, are filed as Exhibit 99.2 hereto and are incorporated herein by reference.

(b) Pro Forma Financial Information

The pro forma financial information required by Item 9.01(b) is filed as Exhibit 99.3 to this Current Report on Form 8-K and is incorporated herein by reference.

(d) Exhibits

23.1	Consent of BF Borgers CPA PC.
99.1	Audited Financial Statements of DMK Pharmaceuticals Corporation for the years ended December 31, 2022 and 2021.
99.2	Unaudited Financial Statements of DMK Pharmaceuticals Corporation for the three months ended March 31, 2023.
99.3	Unaudited Pro Forma Condensed Combined Consolidated Financial Information.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ADAMIS PHARMACEUTICALS CORPORATION

Dated: June 15, 2023

By: /s/ David C. Benedicto
Name: David C. Benedicto
Title: Chief Financial Officer

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the prospectuses included in the Registration Statements on Form S-8 (Nos. 333-159229, 333-169106, 333-175383, 333-194635, 333-201742, 333-211773, 333-218945, 333-226230, and 333-229379), and Form S-3 (Nos. 333-196976, 333-199454, 333-200447, 333-209401, 333-212880, 333-217400, 333-217408, 333-226100, 333-267365 and 333-249331) of Adamis Pharmaceuticals Corporation (the "Company") of our report dated March 28, 2023 (which includes an explanatory paragraph relating to the uncertainty of the company's ability to continue as a going concern), relating to the financial statements of DMK Pharmaceuticals Corporation for the years ended December 31, 2022 and 2021, which report is included in the Current Report on Form 8-K/A of the Company filed with the Securities and Exchange Commission.

/s/ BF BORGERS CPA PC

Lakewood, CO
June 12, 2023

Exhibit 99.1

Report of Independent Registered Public Accounting Firm

To the shareholders and the board of directors of DMK Pharmaceuticals Corporation

Opinion on the Financial Statements

We have audited the accompanying balance sheets of DMK Pharmaceuticals Corporation as of December 31, 2022 and 2021, the related statements of operations, stockholders' equity (deficit), and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations and has a significant accumulated deficit. In addition, the Company continues to experience negative cash flows from operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matter

Critical audit matters are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments.

We determined that there are no critical audit matters.

/S/ BF Borgers CPA PC
(PCAOB ID 5041)

We have served as the Company's auditor since 2022
Lakewood, CO
March 28, 2023

DMK PHARMACEUTICALS CORPORATION
COMBINED BALANCE SHEETS

	December 31,	
	2022	**2021**
Assets		
Current assets:		
Cash	**$ 131,310**	**$ 2,804**
Total current assets	131,310	2,804
Total assets	**$ 131,310**	**$ 2,804**
Liabilities and stockholders' (deficit) equity		
Current liabilities:		
Accounts payable	$ 5,560	$ —
Due to related party	4,621	285
Accrual Interest and other current liabilities	364,042	145,466
Deferred grant revenue	122,118	25,000
Total current liabilities	496,341	170,751
Long - Term Liabilities		
Convertible debt - related party	3,093,224	2,228,373
Total liabilities	$ 3,589,565	$ 2,399,124
Commitments and contingencies (Note 5)		
Stockholders' (deficit) equity:		
Common stock, $0.001 par value; 100,000,000 shares authorized; 38,837 and 15,288 shares issued and outstanding at December 31, 2022 and December 31, 2021, respectively	39	15
Additional paid-in capital	579,455	458,573
Accumulated deficit	(4,037,749)	(2,854,908)
Total stockholders' (deficit)	(3,458,255)	(2,396,320)
Total liabilities, and stockholders' (deficit) equity	**$ 131,310**	**$ 2,804**

See accompanying notes to combined financial statements.

DMK PHARMACEUTICALS CORPORATION
COMBINED STATEMENTS OF OPERATIONS

	Twelve Months Ended December 31,	
	2022	**2021**
Grant Revenue	**$ 100,350**	**$ 168,593**
Total revenue	100,350	168,593
Costs and expenses:		
Research and development	336,554	430,260
General and administrative	727,527	1,734,971
Total operating expenses	1,064,081	2,165,231
Loss from operations	(963,731)	(1,996,638)
Other Income (Expense)		
Interest expense	(219,110)	(110,523)
Net loss	**$ (1,182,841)**	**$ (2,107,161)**
Loss per common share - basic and diluted	$ (66.20)	$ (137.83)
Weighted-average number of common shares used in net loss per share attributable to common stockholders — basic and diluted	17,869	15,288

See accompanying notes to combined financial statements.

DMK PHARMACEUTICALS CORPORATION
COMBINED STATEMENTS OF CASH FLOWS

	Twelve Months Ended December 31,	
	2022	**2021**
Operating activities		
Net loss	**$ (1,182,841)**	**$ (2,107,161)**
Adjustments to reconcile net loss to net cash used in operating activities:		
Convertible notes issued for services	873,033	1,877,144
Equity-based compensation	120,882	120,640
Changes in operating assets and liabilities:		
Accounts payable	5,560	(30,010)
Accrued expenses	218,600	110,813
Due to (from) related party	13,654	—
Deferred Revenue	97,118	25,000
Net cash provided by (used in) operating activities	146,006	(3,574)
Financing activities		
Payments on note payable	(17,500)	—
Net cash (used in) financing activities	(17,500)	—
Net increase in cash	**128,506**	**(3,574)**
Cash at beginning of period	**2,804**	**6,378**
Cash at end of period	**$ 131,310**	**$ 2,804**

See accompanying notes to combined financial statements.

DMK PHARMACEUTICALS CORPORATION
COMBINED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' (Deficit) Equity
	Shares	Amount			
Balance at December 31, 2020	**15,288**	**$ 15**	**$ 337,933**	**$ (747,747)**	**$ (409,799)**
Equity-based Compensation Expenses	—	—	120,640	—	**120,640**
Net loss	—	—	—	(2,107,161)	**(2,107,161)**
Balance at December 31, 2021	**15,288**	**$ 15**	**$ 458,573**	**$ (2,854,908)**	**$ (2,396,320)**
Equity-based Compensation Expenses	—	—	120,882	—	**120,882**
Shares issued for Merger	23,949	24	—	—	**24**
Common stock repurchased	400	—	—	—	**—**
Net loss	—	—	—	(1,182,841)	**(1,182,841)**
Balance at December 31, 2022	**38,837**	**$ 39**	**579,455**	**(4,037,749)**	**(3,458,255)**

See accompanying notes to combined financial statements.

NOTE 1. ORGANIZATION AND OPERATIONS

Nature of Business

DMK Pharmaceuticals Corporation. ("DMK" or the "Company") is a pre-clinical stage biotechnology company focused on developing neurotherapies for central nervous system disorders of significant unmet need. The Company is located at 50 Division Street, Suite 501, Somerville, New Jersey.

Merger with Dina Pharma Inc.

On November 1, 2022, the Company entered into an Agreement and Plan of Merger ("Agreement") with Dina Pharma Inc, a New Jersey corporation ("Dina"). Pursuant to the Agreement, Dina merged with and into DMK, with DMK as the surviving company (the "Dina Merger"). The Dina Merger was completed on November 28, 2022. Prior to the Dina Merger, Versi Group LLC ("Versi Group") owned 100% of the outstanding shares of Dina and more than 90% of DMK. In exchange for the issuance of 23,949 shares of DMK common stock to Versi Group, the sole shareholder of Dina, DMK assumed all of the assets and liabilities of Dina, including two convertible promissory notes dated December 31, 2021 and October 1, 2022 issued by Dina to Ebrahim Versi, the Chief Executive Officer of DMK.

The transaction is considered a business combination under common control. A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party both before and after the business combination, and control is not transitory. Assets and liabilities for the combined entity were recorded at their same value as prior to the combination. The transaction combines two commonly controlled entities that historically have not been presented together and the resulting financial statement are effectively considered to be those of a different reporting entity, which requires retrospective combination of the entities for all periods presented as if the combination has been in effect since inception of common control in accordance with ASC 250-10-45-21.

Going Concern

DMK has no products approved for commercial sale, has not generated any revenue from product sales to date and has suffered recurring losses from operations since its inception. The lack of revenue from product sales to date and recurring losses from operations since its inception raise substantial doubt as to the Company's ability to continue as a going concern. The accompanying financial statements are prepared using accounting principles generally accepted in the United States applicable to a going concern, which contemplate the realization of assets and the satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities should the Company be unable to continue as a going concern. DMK will require substantial additional capital to fund its research and development expenses related to its oncology drug. Based on DMK's expected cash requirements, DMK believes that there is doubt that its existing cash and cash equivalents will be sufficient to fund its operations through one year from the financial statements' issuance date. The Company intends to obtain additional capital through the sale of equity securities in one or more offerings or through issuances of debt instruments and may also consider new collaborations or selectively partnering its technology. However, the Company cannot provide any assurance that it will be successful in accomplishing any of its plans.

NOTE 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying combined financial statements have been prepared in conformity with accounting principles generally accepted in the United States ("GAAP"). Any reference in these notes to applicable guidance is meant to refer to the authoritative GAAP as found in the Accounting Standard Codification ("ASC") and Accounting Standards Update ("ASU") of the Financial Accounting Standards Board ("FASB").

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as defined by the FASB ASC requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassification

Certain reclassifications of prior period presentations have been made to conform to the current period presentation.

Cash and Cash Equivalents

DMK considers all highly-liquid investments with original maturities of three months or less to be cash equivalents.

Intangibles

Intangible assets that have finite useful lives are amortized over their useful lives, and are reviewed for impairment when warranted by economic conditions. Intangible assets are included in other assets in the Company's Combined Balance Sheets.

Financial Instruments and Credit Risks

Financial instruments that potentially subject the Company to credit risk include cash and cash equivalents and restricted cash. Cash is deposited in demand accounts in federally insured domestic institutions to minimize risk. Insurance is provided through the Federal Deposit Insurance Corporation ("FDIC"). Although the balances in these accounts exceed the federally insured limit from time to time, the Company has not incurred losses related to these deposits.

Revenue Recognition

DMK's source of revenue has been from research and developmental grants received from the United States National Institute of Health ("NIH") and New Jersey state entities. Grant revenue is recognized when qualifying costs are incurred and there is reasonable assurance that conditions of the grant have been met. Cash received from grants in advance of incurring qualifying costs is recorded as deferred revenue and recognized as revenue when qualifying costs are incurred. The Company records revenue and a corresponding grants receivable when qualifying costs are incurred before the grants are received.

Research and Development Costs

Research and development costs consist of expenses incurred in performing research and development activities, including pre-clinical studies and clinical trials. Research and development costs include salaries and personnel-related costs, consulting fees, fees paid for contract research services, the costs of laboratory equipment and facilities, license fees and other external costs. Research and development costs are expensed when incurred.

Convertible Debt Instruments

The Company follows ASC 480-10, Distinguishing Liabilities from Equity in its evaluation of the accounting for a hybrid instrument. A financial instrument that embodies an unconditional obligation, or a financial instrument other than an outstanding share that embodies a conditional obligation, that the issuer must or may settle by issuing a variable number of its equity shares shall be classified as a liability (or an asset in some circumstances) if, at inception, the monetary value of the obligation is based solely or predominantly on any one of the following: (a) a fixed monetary amount known at inception; (b) variations in something other than the fair value of the issuer's equity shares; or (c) variations inversely related to changes in the fair value of the issuer's equity shares. Hybrid instruments meeting these criteria are not further evaluated for any embedded derivatives and are carried as a liability at fair value at each balance sheet date with remeasurements reported in change on fair value expense in the accompanying Statements of Operations. The convertible promissory notes issued by the Company is stock-settled debt in substance without beneficial conversion option since the conversion price was defined as the outstanding notes balance divided by certain percent of the market price of the common stock on the date of the conversion.

Equity-Based Compensation

DMK measures equity-based compensation based on the grant date fair value of the awards and recognizes the associated expense in the financial statements over the requisite service period of the award, which is generally the vesting period.

The Company uses the Black-Scholes option valuation model to estimate the fair value of the stock-based compensation and incentive units. Assumptions utilized in these models include expected volatility calculated based on implied volatility from traded stocks of peer companies, dividend yield and risk-free interest rate. Additionally, forfeitures are accounted for in compensation cost as they occur.

Income Taxes

Income taxes are recorded in accordance with FASB ASC Topic 740, *Income Taxes* ("ASC 740"), which provides for deferred taxes using an asset and liability approach. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and the tax reporting basis of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The Company provides a valuation allowance against net deferred tax assets unless, based upon the available evidence, it is more likely than not that the deferred tax assets will be realized. The Company has evaluated available evidence and concluded that the Company may not realize the benefit of its deferred tax assets; therefore, a valuation allowance has been established for the full amount of the deferred tax assets.

The Company accounts for uncertain tax positions in accordance with the provisions of ASC 740. When uncertain tax positions exist, the Company recognizes the tax benefit of tax positions to the extent that the benefit will more likely than not be realized. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances. As of December 31, 2022 and 2021, the Company did not have any significant uncertain tax positions and no interest or penalties have been charged. The Company's practice is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company is subject to routine audits by taxing jurisdictions.

NOTE 3. CONVERTIBLE PROMISSORY NOTES TO RELATED PARTIES

During the year ended December 31, 2020, the Company issued an aggregated of $215,396 convertible promissory notes to related parties, The notes bear simple interest at 8% per annum, convertible to capital stock of the Company that are issued in a qualified financing event at 50% of the price per share or other unit of equity securities issued in such qualified financing. $198,600 of the notes were issued for consulting services in year 2020, $16,796 were issued for cash.

During the year ended December 31, 2021, the Company issued an aggregated of $1,864,864 convertible promissory notes to related parties including its Chief Executive Officer and Chief Operating Officer. The notes bear simple interest at 8% per annum, convertible to capital stock of the Company that are issued in a qualified financing event at 50% of the price per share or other unit of equity securities issued in such qualified financing. $1,863,600 of the notes were issued for consulting services in year 2021, $1,264 were issued for cash.

During the year ended December 31, 2022, the Company repaid $17,500 convertible notes to one of its debt holders, and issued $873,033 convertible notes to related parties including its Chief Executive Officer and Director of Research Operations. The convertible notes balance as of December 31, 2022 is $3,093,224.

NOTE 4. GRANT REVENUE

On April 21, 2021, NIH awarded a supplemental grant in the amount of $55,000 to the Company, these funds are restricted for the NIH I-Corps program and may not be used for any other purposes without approval.

On March 9, 2022, the Company received a grant of $25,000 from the New Jersey Small Business Innovation Research (“SBIR”) and Small Business Technology Transfer (“STTR”) Support Program. The Company recognized approximately $22,000 of the grant as grant revenue as of December 31, 2022.

On July 28, 2022, the Company entered into a Round 1 Catalyst Seed Research and Development Grant Program Agreement (“Grant Agreement”) with New Jersey Commission on Science, Innovation and Technology (“CSIT”). CSIT will provide the Company up to $150,000 to accelerate the development of technologies to transform new discoveries from the research stage into commercially viable products and services. This six year grant award expires on July 28, 2028. The Company may request in writing and without cost, a maximum of one three-month extension of the project term, subject to the written approval of CSIT. Subject to a written projection completion report delivered to CSIT within 30 days from the expiration date of July 28, 2023, 80% of the grant ($120,000) will be delivered within thirty days of the Grant Agreement is executed and all conditions set forth in Section 5 of the Grant Agreement are satisfied. The remaining 20% of the grant shall be issued within thirty days of receipt by CSIT of an approved project completion report. The Company received $120,000 from CSIT on August 18, 2022 and recorded deferred grant revenue as of December 31, 2022.

NOTE 5. COMMITMENTS AND CONTINGENCIES

License Agreement with Versi Group LLC

On August 18, 2016, the Company entered into a license agreement with Versi Group LLC, under which, the Company acquired an exclusive license to certain compounds and corresponding international patents used in the treatment of pain as an analgesic. In exchange for the license, the Company issued to Versi Group LLC 14,000 shares of the Company’s common stock.

On February 1, 2021, Dina entered into a license agreement with Versi Group LLC, under which, Dina acquired an exclusive license to certain compounds and corresponding international patents. The licensed compounds are the entire delta opioid receptor ligand library of compounds owned by Versi Group LLC and all data related to these compounds. In exchange for the license, Dina issued to Versi Group 20,000 shares of Dina’s common stock.

The cost incurred in obtaining the exclusive license to certain compounds and corresponding patents were expensed immediately since the assets have no alternative future use.

Lease Agreement

The Company presently leases office space under operating lease agreements on a month-to-month basis.

NOTE 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

Certain assets and liabilities are carried at fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last is considered unobservable, are used to measure fair value:

Level 1-Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2-Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3-Significant unobservable inputs including DMK' own assumptions in determining fair value.

The Company believes the recorded values of its financial instruments, including cash and cash equivalents, accounts payable and notes payable approximate their fair values due to the short-term nature of these instruments.

Stock based compensation expenses related to options issued under the 2016 Stock Plan ("Stock Plan") were measured at Level 3 fair value for the years ended December 31, 2022 and 2021, respectively.

NOTE 7. STOCKHOLDERS' EQUITY

Common Stock

In addition to the common stock issued to Versi Group LLC in exchange for the licenses disclosed in NOTE 5, the Company also has common shares issued to its consultants, employees and directors. As of December 31, 2022 and 2021 total common stock outstanding were 38,837 and 15,288, respectively.

NOTE 8. EQUITY-BASED COMPENSATION

The Company has granted options to employees and directors under the Stock Plan. The Stock Plan provides for the grant of incentive stock options ("ISOs"), nonstatutory stock options, stock bonus and opportunities to make direct purchase of the Company's common stock to employees and directors. The total number of shares of common stock reserved for the Stock Plan is 4,850.

During the twelve months ended December 31, 2022 and 2021, the Company awarded 900 stock options each year to its employees and directors, pursuant to the Stock Plan, with exercise price of $149. Stock options fully vest on the grant date and have a contractual term of ten years. Stock options are valued using the Black-Scholes option pricing model and compensation cost is recognized based on the resulting value over the vesting period. Expected volatilities utilized in the model are based on implied volatilities from traded stocks of peer companies. Similarly, the dividend yield is based on historical experience and the estimate of future dividend yields. The risk-free interest rate is derived from the U.S. Treasury yield curve in effect at the time of grant. The expected term of the options is based on the average period the stock options are expected to remain outstanding. The fair value of the option grants of $120,640 and $120,883 respectively, has been estimated with the following assumptions for the year ended December 31, 2022 and 2021:

	2022	**2021**
Risk-free interest rate	1.86%	0.75%
Volatility	132.64	133.26
Expected life (years)	6	6
Expected dividend yield	—	—

The following table summarizes stock option activity for employees and non-employees for the twelve months ended December 31, 2022 and 2021:

	Shares	**Weighted-Average Exercise Price**	**Weighted-Average Remaining Contractual Term (in years)**
Outstanding at December 31, 2020	2,700	$149	8.14
Granted	900	$149	10
Exercised	—		
Forfeited	—		
Expired	—		
Outstanding at December 31, 2021	3,600	$149	7.64
Exercisable at December 31, 2021	3,600	$149	7.64
Granted	900	$149	10
Exercised	—		
Forfeited	—		
Expired	—		
Outstanding at December 31, 2022	4,500	$149	7.14
Exercisable at December 31, 2022	4,500	$149	7.14

NOTE 9. INCOME TAX

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company recognized the amount of taxes payable or refundable for the current year and recognizes deferred tax liabilities and assets for the expected future tax consequences of events and transactions that have been recognized in the Company's financial statements or tax returns. The Company currently has a substantial net operating loss carryforward and the Company has recorded a 100% valuation allowance against net deferred tax assets due to uncertainty of their ultimate realization.

Significant components of the Company's net deferred tax assets for federal income taxes at December 31, 2021 and 2022 consist of the following:

	Years Ended December 31	
	2022	**2021**
Net operating loss carryforward	$ 584,260	$ 524,507
Stock compensation	14,103	14,075
Deferred tax assets	598,363	538,582
Valuation allowance	-598,363	-538,582
Effective income tax asset	$ 0	$ 0
Effective tax rate	0%	0%

NOTE 10. SUBSEQUENT EVENTS

On February 27, 2023, Adamis Pharmaceuticals Corporation (NASDAQ: ADMP), a specialty biopharmaceutical company focused on developing and commercializing products in various therapeutic areas, including opioid overdose, allergy, respiratory and inflammatory disease, and DMK announced that the companies entered into an Agreement and Plan of Merger and Reorganization on February 24, 2023. Pursuant to the Agreement and Plan of Merger and Reorganization, Adamis will acquire DMK, including its library of approximately 750 small molecule neuropeptide analogues and on-going government funding for its development programs.

Exhibit 99.2

DMK PHARMACEUTICALS CORPORATION
COMBINED BALANCE SHEETS

	March 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash	**$ 148,296**	**$ 131,310**
Total current assets	148,296	131,310
Total assets	**$ 148,296**	**$ 131,310**
Liabilities and stockholders' (deficit) equity		
Current liabilities:		
Accounts payable	$ 4,871	$ 5,560
Due to related party	6,041	4,621
Accrual Interest and other current liabilities	454,295	364,042
Deferred grant revenue	147,118	122,118
Total current liabilities	612,325	496,341
Long - Term Liabilities		
Convertible debt - related party	3,093,224	3,093,224
Total liabilities	$ 3,705,549	$ 3,589,565
Commitments and contingencies (Note 5)		
Stockholders' (deficit) equity:		
Common stock, $0.001 par value; 100,000,000 shares authorized; 38,837 and 38,837 shares issued and outstanding at March 31, 2023 and December 31, 2012, respectively	39	39
Additional paid-in capital	579,455	579,455
Accumulated deficit	(4,136,747)	(4,037,749)
Total stockholders' (deficit)	(3,557,253)	(3,458,255)
Total liabilities, and stockholders' (deficit) equity	**$ 148,296**	**$ 131,310**

See accompanying notes to combined financial statements.

DMK PHARMACEUTICALS CORPORATION
COMBINED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2023	**2022**
Grant Revenue	**$ —**	**$ 43,542**
Total revenue	—	43,542
Costs and expenses:		
Research and development	—	73,716
General and administrative	12,639	74,196
Total operating expenses	12,639	147,912
Loss from operations	(12,639)	(104,370)
Other Income (Expense)	1,265	73
Interest expense	(87,624)	(42,402)
Net loss	**$ (98,998)**	**$ (146,699)**
Loss per common share - basic and diluted	$ (2.55)	$ (9.60)
Weighted-average number of common shares used in net loss per share attributable to common stockholders — basic and diluted	38,837	15,288

See accompanying notes to combined financial statements.

DMK PHARMACEUTICALS CORPORATION
COMBINED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2023	**2022**
Operating activities		
Net loss	**$ (98,998)**	**$ (146,699)**
Adjustments to reconcile net loss to net cash used in operating activities:		
Equity-based compensation	—	120,882
Changes in operating assets and liabilities:		
Accounts payable	(689)	—
Accrued expenses	90,253	42,276
Due to (from) related party	1,420	926
Deferred Revenue	25,000	—
Net cash provided by (used in) operating activities	16,986	17,385
Net increase in cash	**16,986**	**17,385**
Cash at beginning of period	**131,310**	**2,804**
Cash at end of period	**$ 148,296**	**$ 20,189**

See accompanying notes to combined financial statements.

NOTE 1. ORGANIZATION AND OPERATIONS

Nature of Business

DMK Pharmaceuticals Corporation. (“DMK” or the “Companyis a pre-clinical stage biotechnology company focused on developing neurotherapies for central nervous system disorders of significant unmet need. The Company is located at 11 Sheephill Drive. Gladstone, New Jersey.

Business Combination under Common Control

On November 1, 2022, the Company entered into an Agreement and Plan of Merger (“Agreement”) with Dina Pharma Inc. a New Jersey corporation. Pursuant to the Agreement, DINA will merge with DMK (the “Merger”) accordance with the Agreement and the New Jersey Business Corporation Act. Upon consummation of the Merger, the DINA will cease to exist, and DMK will continue as the surviving company. The merger was completed on November 28, 2022. Prior to the merger, the Versi Group LLC owned 100% of the outstanding shares of Dina Pharmaceuticals, Inc., and more than 90% of DMK Pharmaceuticals, Corporation. The transaction is considered a business combination under common control. A business combination involving entities under common control is a business combination in which, all the combing entities are ultimately controlled by the same party both before and after the business combination and control is not transitory. Assets and liabilities for the combined entity were recorded at their same value as prior to the combination. The transaction combines two commonly controlled entities that historically have not been presented together, the resulting financial statement are effectively considered to be those of a different reporting entity, which requires retrospective combination of the entities for all periods presented as if the combination has been in effect since inception of common control in accordance with ASC 250-10-45-21.

Merger Agreement

One February 24, 2023, Adamis Pharmaceuticals Corporation (NASDAQ: ADMP), a specialty biopharmaceutical company focused on developing and commercializing products in various therapeutic areas, including opioid overdose, allergy, respiratory and inflammatory disease, and DMK Pharmaceuticals, Corporation announced that the companies have entered into an Agreement and Plan of Merger and Reorganization. Pursuant to the Agreement and Plan of Merger and Reorganization, Adamis will acquire DMK, including its library of approximately 750 small molecule neuropeptide analogues and on-going government funding for its development programs.

Going Concern

DMK has no products approved for commercial sale, has not generated any revenue from product sales to date and has suffered recurring losses from operations since its inception. The lack of revenue from product sales to date and recurring losses from operations since its inception raise substantial doubt as to the Company's ability to continue as a going concern. The accompanying financial statements are prepared using accounting principles generally accepted in the United States applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities should the Company be unable to continue as a going concern. DMK will require substantial additional capital to fund its research and development expenses related to its oncology drug. Based on DMK’ expected cash requirements, DMK believes that there is doubt that its existing cash and cash equivalents, will be sufficient to fund its operations through one year from the financial statements issuance date. The Company intends to obtain additional capital through the sale of equity securities in one or more offerings or through issuances of debt instruments and may also consider new collaborations or selectively partnering its technology. However, the Company cannot provide any assurance that it will be successful in accomplishing any of its plans.

NOTE 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying combined financial statements have been prepared in conformity with accounting principles generally accepted in the United States ("GAAP"). Any reference in these notes to applicable guidance is meant to refer to the authoritative GAAP as found in the Accounting Standard Codification ("ASC") and Accounting Standards Update ("ASU") of the Financial Accounting Standards Board ("FASB").

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as defined by the FASB ASC requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

DMK considers all highly-liquid investments with original maturities of three months or less to be cash equivalents.

Intangibles

Intangible assets that have finite useful lives are amortized over their useful lives, and are reviewed for impairment when warranted by economic conditions. Intangible assets are included in other assets in the Company's Combined Balance Sheets.

Financial Instruments and Credit Risks

Financial instruments that potentially subject the Company to credit risk include cash and cash equivalents and restricted cash. Cash is deposited in demand accounts in federally insured domestic institutions to minimize risk. Insurance is provided through the Federal Deposit Insurance Corporation (“FDIC”). Although the balances in these accounts exceed the federally insured limit from time to time, the Company has not incurred losses related to these deposits.

Revenue Recognition

DMK’ source of revenue has been from a grant received from the National Institute of Health. Grant revenue is recognized when qualifying costs are incurred and there is reasonable assurance that conditions of the grant have been met. Cash received from grants in advance of incurring qualifying costs is recorded as deferred revenue and recognized as revenue when qualifying costs are incurred. The Company records revenue and a corresponding grants receivable when qualifying costs are incurred before the grants are received.

Research and Development Costs

Research and development costs consist of expenses incurred in performing research and development activities, including pre-clinical studies and clinical trials. Research and development costs include salaries and personnel-related costs, consulting fees, fees paid for contract research services, the costs of laboratory equipment and facilities, license fees and other external costs. Research and development costs are expensed when incurred.

Convertible Debt Instruments

The Company follows ASC 480-10, Distinguishing Liabilities from Equity in its evaluation of the accounting for a hybrid instrument. A financial instrument that embodies an unconditional obligation, or a financial instrument other than an outstanding share that embodies a conditional obligation, that the issuer must or may settle by issuing a variable number of its equity shares shall be classified as a liability (or an asset in some circumstances) if, at inception, the monetary value of the obligation is based solely or predominantly on any one of the following: (a) a fixed monetary amount known at inception; (b) variations in something other than the fair value of the issuer’s equity shares; or (c) variations inversely related to changes in the fair value of the issuer’s equity shares. Hybrid instruments meeting these criteria are not further evaluated for any embedded derivatives and are carried as a liability at fair value at each balance sheet date with remeasurements reported in change on fair value expense in the accompanying Statements of Operations. The convertible promissory notes issued by the Company is stock-settled debt in substance without beneficial conversion option since the conversion price was defined as the outstanding notes balance divided by certain percent of the market price of the common stock on the date of the conversion.

Equity-Based Compensation

DMK measures equity-based compensation based on the grant date fair value of the awards and recognizes the associated expense in the financial statements over the requisite service period of the award, which is generally the vesting period.

The Company uses the Black-Scholes option valuation model to estimate the fair value of the stock-based compensation and incentive units. Assumptions utilized in these models include expected volatility calculated based on implied volatility from traded stocks of peer companies, dividend yield and risk-free interest rate. Additionally, forfeitures are accounted for in compensation cost as they occur.

Income Taxes

Income taxes are recorded in accordance with FASB ASC Topic 740, *Income Taxes* ("ASC 740"), which provides for deferred taxes using an asset and liability approach. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and the tax reporting basis of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The Company provides a valuation allowance against net deferred tax assets unless, based upon the available evidence, it is more likely than not that the deferred tax assets will be realized. The Company has evaluated available evidence and concluded that the Company may not realize the benefit of its deferred tax assets; therefore, a valuation allowance has been established for the full amount of the deferred tax assets.

The Company accounts for uncertain tax positions in accordance with the provisions of ASC 740. When uncertain tax positions exist, the Company recognizes the tax benefit of tax positions to the extent that the benefit will more likely than not be realized. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances. As of December 31, 2022 and 2021, the Company did not have any significant uncertain tax positions and no interest or penalties have been charged. The Company's practice is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company is subject to routine audits by taxing jurisdictions.

NOTE 3. CONVERTIBLE PROMISSORY NOTES TO RELATED PARTIES

During the year ended December 31, 2020, the Company issued an aggregated of $215,396 convertible promissory notes to relates parties, The notes bear simple interest at 8% per annum, convertible to capital stock of the Company that are issued in a qualified financing event at 50% of the price per share or other unit of equity securities issued in such qualified financing. $198,600 of the notes were issued for consulting services in year 2020, $16,796 were issued for cash.

During the year ended December 31, 2021, the Company issued an aggregated of $1,864,864 convertible promissory notes to related parties including its Chief Executive Officer and Director of Research Operations, The notes bear simple interest at 8% per annum, convertible to capital stock of the Company that are issued in a qualified financing event at 50% of the price per share or other unit of equity securities issued in such qualified financing. $1,863,600 of the notes were issued for consulting services in year 2021, $1,264 were issued for cash.

During the year ended December 31, 2022, the Company repaid $17,500 convertible notes to one of its debt holders, and issued $873,033 convertible notes to related parties including its Chief Executive Officer and Director of Research Operations. Convertible notes balance as of December 21, 2022 is $3,093,224.

During the three months ended March 31, 2023, there was no convertible notes issued to by the Company.

NOTE 4. DEFERRED GRANT REVENUE and GRANT REVENUE

On March 9, 2022, the Company received a grant of $25,000 from New Jersey Small Business Innovation Research ("SBIR") and Small Business Technology Transfer ("STTR") Support Program. The Company recognized approximately $22,000 of the grant as grant revenue as of December 31, 2022.

On July 28, 2022, the Company entered into a Round 1 Catalyst Seed Research and Development Grant Program Agreement ('Grant Agreement") with New Jersey Commission on Science, Innovation and Technology ("CSIT"). CSIT will provide the Company up to $150,000 to accelerate the development of technologies to transform new discoveries from research state into commercially viable products and services. This six – year grant award expires on July 28, 2028. The Company may request in writing and without cost a maximum one three-month extension of the project term, subject to the written approval of CSIT. Subject to a written projection completion report delivered to CSIT within in 30 days from the expiration date of July 28, 2023, 80% of the grant ($120,000) is delivered within thirty days of the Grant Agreement is executed and all conditions set forth in Section 5 of the Grant Agreement. The remaining 20% of the grant shall be issued within thirty days of receipt by the CSIT of an approved project completion report. The Company received $120,000 from CSIT on August 18, 2022 and recorded deferred grant revenue as of December 31, 2022.

On February 8, 2023, The Company entered into Small Business Innovation Research and Small Business Technology Transfer Program Grant Agreement with New Jersey Commission on Science, Innovation and Technology("CSIT"), under which CSIT will provide grants up to $25,000 to the Company to enhance the innovative economy in New Jersey. The Company received the $25,000 grant in March 2023, and reported as deferred grant revenue as of March 31, 2023.

Deferred revenue balance is $147,118 and 122,118 as of March 31, 2023 and December 31, 2022, respectively.

Grant revenue amount is $0 and $43,452 for the three months ended March 31, 2022 and 2023, respectively. Grant revenue recognized during the three months ended March 31, 2022 was related to qualified expense incurred for Developing a Novel Mixed Opioid Agonist for the Treatment of Opioid Use Disorder project sponsored by National Institute on Drug Abuse.

NOTE 5. COMMITMENTS AND CONTINGENCIES

License Agreement with the Versi Group LLC

On August 18th, 2016, the Company entered into a license agreement with Versi Group LLC, under which, the Company acquired an exclusive license to certain compound and corresponding international patents used in the treatment of pain as an analgesic. In exchange for the license, the Company issued to Versi Group LLC 14,000 shares of the Company's common stock.

On February 1st, 2021, Dina entered into a license agreement with Versi Group LLC, under which, Dina acquired an exclusive license to certain compounds and corresponding international patents. The licensed compounds are the entire delta opioid receptor ligand library of compounds owned by the Versi Group LLC and all data related to these compounds. In exchange for the license, Dina issued to Versi Group 20,000 shares of Dina's common stock.

The cost incurred in obtaining the exclusive license to certain compound and corresponding patents were expensed immediately since the assets have no alternative future use.

Lease Agreement

The Company presently leases office space under operating lease agreements on a month to month basis.

NOTE 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

Certain assets and liabilities are carried at fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last is considered unobservable, are used to measure fair value:

Level 1-Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2-Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3-Significant unobservable inputs including DMK' own assumptions in determining fair value.

The Company believes the recorded values of its financial instruments, including cash and cash equivalents, accounts payable and note payable approximate their fair values due to the short-term nature of these instruments.

Stock based compensation expenses related to options issued under the 2016 Stock Plan ("Stock Plan") were measured at Level 3 fair value for the three months ended March 31, 2022.

NOTE 7. STOCKHOLDERS' EQUITY

Common Stock

In November 2022, DMK acquired DINA and issued 23,949 DMK shares to Versi Group LLC, single shareholder of DINA. The transaction is treated as business combination under common control. See disclosure in NOTE1.

In addition to the common stock issued to Versi Group LLC in exchange for the licenses disclosed in NOTE 5, the Company also has common shares issued to its consultants, employees and director. As of December 31, 2022 and 2021 total common stock outstanding were 38,837 and 15,288, respectively.

NOTE 8. EQUITY-BASED COMPENSATION

The Company has granted options to employees and director under the 2016 Stock Plan (“Stock Plan”). The Stock Plan provides for the grant of incentive stock options ("ISOs"), nonstatutory stock options, stock bonus and opportunities to make direct purchase of the Company’s common stock to employees and director. Total common stock reserved for the Stock Plan is 4,850.

During the three months ended March 31, 2022, the Company awarded 900 stock options to its employees and director, pursuant to the plan described above, with exercise price of $149. Stock options fully vest on the grant date and have a contractual term of ten years. Stock options are valued using the Black-Scholes option pricing model and compensation cost is recognized based on the resulting value over the vesting period. Expected volatilities utilized in the model are based on implied volatilities from traded stocks of peer companies. Similarly, the dividend yield is based on historical experience and the estimate of future dividend yields. The risk-free interest rate is derived from the U.S. Treasury yield curve in effect at the time of grant. The expected term of the options is based on the average period the stock options are expected to remain outstanding. The fair value of the option grants was $120,882 , has been estimated with the following assumptions for the three months ended March 31, 2022. There were no stock option granted by the Company for the three months ended March 31, 2023.

	2022
Risk-free interest rate	1.86%
Volatility	132.64
Expected life (years)	6
Expected dividend yield	-

The following table summarizes stock option activity for employees and non-employees for the three months ended March 31, 2023 and 2022:

	Shares	**Weighted-Average Exercise Price**	**Weighted-Average Remaining Contractual Term (in years)**
Outstanding at December 31, 2021	3,600	$ 149	7.64
Granted	900	$ 149	10
Exercised	—		
Forfeited	—		
Expired	—		
Outstanding at March 31, 2022	4,500	$ 149	7.90
Exercisable at March 31, 2022	4,500	$ 149	7.90
Granted	—		
Exercised	—		
Forfeited	—		
Expired	—		
Outstanding at March 31, 2023	4,500	$ 149	6.90
Exercisable at March 31, 2023	4,500	$ 149	6.90

NOTE 10. SUBSEQUENT EVENTS

The Company’s management reviewed all material events through the date that the financial statements were issued for subsequent event disclosure consideration.

Exhibit 99.3

Unaudited Pro Forma Condensed Combined Consolidated Financial Information

Adamis Pharmaceuticals Corporation ("Adamis" or the "Company") has determined the merger transaction with DMK Pharmaceuticals Corporation ("DMK") meets the definition of an acquisition of a business as defined in Rule 11-01(d) of Regulation S-X of the Securities Exchange Commission ("SEC"). The accompanying unaudited Pro Forma Condensed Combined Consolidated Balance Sheet as of March 31, 2023 and Statements of Operations of the Company and DMK Pharmaceuticals Corporation for the three months ended March 31, 2023 and year ended December 31, 2022 were prepared for the purpose of complying with Rule 8-04 of Regulation S-X of the SEC and for inclusion in the Company's filings with the SEC. The following unaudited pro forma condensed combined consolidated financial information presented has been prepared in accordance with Article 11 of Regulation S-X, Pro Forma Financial Information, as amended by the final rule, Release No. 33-10786 "Amendments to Financial Disclosures about Acquired and Disposed Businesses", and is being provided pursuant to Rule 8-04 of Regulation S-X. Release No. 33-10786 replaces the existing pro forma adjustment criteria with simplified requirements to depict the accounting for the transaction ("Transaction Accounting Adjustments") and the option to present the reasonably estimable synergies and other transaction effects that have occurred or are reasonably expected to occur ("Management's Adjustments"). The unaudited pro forma condensed combined financial information does not give effect to the potential impact of current financial conditions, regulatory matters, operating efficiencies or other savings or expenses that may be associated with the integration of the two companies.

The Company has accounted for the merger transaction with DMK as of May 25, 2023, as an asset acquisition, in accordance with FASB Accounting Standards Codification ("ASC") Topic 805 "Business Combinations" ("ASC 805"). The Company determined the merger constituted an acquisition of assets as substantially all of the fair value of the gross assets acquired were concentrated in a single identifiable asset (DP1-125), and therefore, the acquisition is not considered a business. With an asset acquisition, acquired in-process research and development ("acquired IPR&D") is expensed at acquisition date, unless it has an alternative future use. Additionally, in an asset acquisition, direct transaction costs are accumulated, a component of the consideration transferred and expensed with the acquired IPR&D that has no alternative use. For accounting purposes, the Company is considered to be acquiring DMK in the merger.

The unaudited pro forma condensed combined consolidated statement of operations as of March 31, 2023, and December 31, 2022, do not include any adjustments for income taxes relating to the merger as the tax impact is still being evaluated. The pro forma financial information is presented for illustrative purposes only, does not purport to present Adamis' financial position or the results of operations had the merger transaction actually been completed as of the date indicated, and does not project the Company's financial position or results of operations for any future date or period. Further, are based on assumptions that Adamis believes are reasonable under the circumstances and is intended for informational purposes only.

The unaudited pro forma condensed combined consolidated financial statements are intended to show how the merger might have affected the historical financial statements if the merger had been contemplated on January 1, 2022, for the purposes of the statement of operations, and as of March 31, 2023, for the purposes of the balance sheet.

The unaudited pro forma condensed combined consolidated statement of operations presented below are based on the historical financial statements of Adamis and DMK, adjusted to give effect to the acquisition of DMK by Adamis for accounting purposes. The pro forma adjustments are described in the accompanying notes presented on the following pages.

The unaudited pro forma condensed combined consolidated statement of operations has been derived from and should be read in conjunction with the historical consolidated financial statements and related notes of Adamis and DMK which are included, with respect to DMK, filed in this Form 8-K, and with respect to Adamis, in Adamis' annual report on Form 10-K for the year ended December 31, 2022 and Adamis' quarterly report on Form 10-Q for the period ended March 31, 2023.

UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED BALANCE SHEETS
As of March 31, 2023

	Historical				
ASSETS	Adamis March 31, 2023	DMK March 31, 2023	Transaction Accounting Adjustments		Pro Forma Combined
CURRENT ASSETS					
Cash	$ 3,099,843	$ 148,296	$ —		$ 3,248,139
Restricted Cash	30,079	—	—		30,079
Receivable from Fagron	21,173	—	—		21,173
Inventories	664,358	—	—		664,358
Prepaid Expenses and Other Current Assets	750,272	—	—		750,272
Current Assets of Discontinued Operations	2,981,305	—	—		2,981,305
	7,547,030	148,296	—		7,695,326
LONG TERM ASSETS					
Property, Plant & Equipment, net	1,244,669	—	—		1,244,669
Right-of-Use Assets	232,222	—	—		232,222
Other Non-Current Assets	52,174	—	—		52,174
Total Assets	$ 9,076,095	$ 148,296	$ —		$ 9,224,391
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Accounts Payable	$ 9,780,979	$ 4,871	$ —		$ 9,785,850
Due to Related Party		6,041	—		6,041
Accrued Other Expenses	1,829,554	454,295	(450,889)	B	2,983,082
			657,666	F	—
			492,456	K	—
Product Recall Liability	130,152	—	—		130,152
Lease Liabilities, current portion	250,361	—	—		250,361
Deferred Revenue, current portion	27,779	147,118	—		174,897
Current Liabilities of Discontinued Operations	929,700	—	—		929,700
	12,948,525	612,325	699,233		14,260,083
LONG-TERM LIABILITIES					
Deferred Revenue, net of current portion	171,302	—	—		171,302
Convertible Debt - Related Party	—	3,093,224	(3,093,224)	B	—
Warrant Liabilities, at fair value	5,480,646	—	—		5,480,646
Total Liabilities	18,600,473	3,705,549	(2,393,991)		19,912,031
COMMITMENTS AND CONTINGENCIES					
MEZZANINE EQUITY					
Convertible Preferred Stock	157,303	—	—		157,303
STOCKHOLDERS' (DEFICIT) EQUITY					
Preferred Stock	—	—	—		—
Common Stock	15,051	39	(39)	C(1)	15,330
			279	C	—
Additional Paid-in Capital	303,815,511	579,455	(579,455)	H	309,841,079
			415,809	I	—
			5,609,759	C	—
Accumulated Deficit	(313,506,993)	(4,136,747)	4,136,747	A	(320,696,102)
			(7,189,109)	D	—
Treasury Stock	(5,250)	—	—		(5,250)
Total Stockholders' Deficit	(9,681,681)	(3,557,253)	2,393,991		(10,844,943)
Total Liabilities, Mezzanine Equity and Stockholders' Deficit	$ 9,076,095	$ 148,296	$ —		$ 9,224,391

See accompanying notes.

UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED STATEMENT OF OPERATIONS
Three Months Ended March 31, 2023

	Historical			
	Adamis Three Months Ended March 31, 2023	DMK Three Months Ended March 31, 2023	Transaction Accounting Adjustments	Pro Forma Combined
REVENUE, net	$ 1,453,000	$ —	$ —	$ 1,453,000
COST OF GOODS SOLD	1,788,066	—	—	1,788,066
Gross Loss	(335,066)	—	—	(335,066)
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	4,782,086	12,639	100,000 J	4,894,725
RESEARCH AND DEVELOPMENT	1,310,529	—	32,500 J	1,343,029
Total Operating Expenses	(6,092,615)	(12,639)	(132,500)	(6,237,754)
Loss from Operations	(6,427,681)	(12,639)	132,500	(6,572,820)
OTHER EXPENSE				
Interest Income	11	—	—	11
Interest Expense and Other Income (Expense)	(113,034)	(86,359)	86,359 G	(113,034)
Excess of March 2023 Warrant Fair Value over Offering Proceeds	(2,476,109)	—	—	(2,476,109)
Change in Fair Value of Warrant liability	2,205	—	—	2,205
Total Other Expense	(2,586,927)	(86,359)	86,359	(2,586,927)
Net Loss from Continuing Operations before income taxes	$ (9,014,608)	$ (98,998)	$ (46,141)	$ (9,159,747)
Income Tax Expense	—	—	—	—
Net Loss from Continuing Operations	$ (9,014,608)	$ (98,998)	$ (46,141)	$ (9,159,747)
DISCONTINUED OPERATIONS				
Net Income from Discontinued Operations before income Taxes	$ 71,701	$ —	$ —	$ 71,701
Income Taxes - Discontinued Operations	—	—	—	—
Net Income from Discontinued Operations	$ 71,701	$ —	$ —	$ 71,701
Net Loss Applicable to Common Stock	$ (8,942,907)	$ (98,998)	$ (46,141)	$ (9,088,046)
Basic and Diluted Loss Per Share:				
Continuing Operations	$ (0.06)	$ (2.55)		$ (3.68)
Discontinued Operations	$ —	$ —		$ (0.03)
Basic and Diluted Net Loss Per Share	$ (0.06)	$ (2.55)		$ (3.65)
Basic and Diluted Weighted Average Shares Outstanding	152,916,598	38,837		2,487,338

See accompanying notes.

UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2022

	Historical			
	Adamis Year Ended December 31, 2022	DMK Year Ended December 31, 2022	Transaction Accounting Adjustments	Pro Forma Combined
REVENUE, net	$ 4,756,078	$ 100,350	$ —	$ 4,856,428
COST OF GOODS SOLD	6,187,486	—		6,187,486
Gross Loss	(1,431,408)	100,350	—	(1,331,058)
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	13,247,594	727,527	400,000 J	14,375,121
Acquired IPR&D	—	—	7,938,202 E	7,938,202
RESEARCH AND DEVELOPMENT	10,379,964	336,554	130,000 J	10,846,518
Total Operating Expenses	(23,627,558)	(1,064,081)	(8,468,202)	(33,159,841)
Loss from Operations	(25,058,966)	(963,731)	(8,468,202)	(34,490,899)
OTHER EXPENSE				
Interest Income	44,126	—	—	44,126
Interest Expense and Other Income (Expense)	—	(219,110)	219,110 G	—
PPP2 Loan Contingent loss	(1,787,417)	—	—	(1,787,417)
Loss on Fagron Variable Consideration, net	(962,619)	—	—	(962,619)
Insurance Proceeds	600,000	—	—	600,000
Gain on ERC	875,307	—	—	875,307
Change in Fair Value of Warrant liability	92,163	—	—	92,163
Total Other Expense	(1,138,440)	(219,110)	219,110	(1,138,440)
Net Loss from Continuing Operations before income taxes	$ (26,197,406)	$ (1,182,841)	$ (8,249,092)	$ (35,629,339)
Income Tax Expense	(2,000)	—		(2,000)
Net Loss from Continuing Operations	$ (26,199,406)	$ (1,182,841)	$ (8,249,092)	$ (35,631,339)
DISCONTINUED OPERATIONS				
Net Loss from Discontinued Operations before income Taxes	$ (278,867)	$ —	$ —	$ (278,867)
Income Taxes - Discontinued Operations	—	—	—	—
Net Loss from Discontinued Operations	$ (278,867)	$ —	$ —	$ (278,867)
Net Loss Applicable to Common Stock	$ (26,478,273)	$ (1,182,841)	$ (8,249,092)	$ (35,910,206)
Basic and Diluted Loss Per Share:				
Continuing Operations	$ (0.17)	$ (66.20)		$ (14.58)
Discontinued Operations	$ —	$ —		$ (0.11)
Basic and Diluted Net Loss Per Share	$ (0.18)	$ (66.20)		$ (14.70)
Basic and Diluted Weighted Average Shares Outstanding	149,851,278	17,869		2,433,548

See accompanying notes.

Notes to the Unaudited Pro Forma Condensed Combined Consolidated Financial Statements

1. Basis of Presentation

On May 25, 2023, Adamis Pharmaceuticals Corporation (“Adamis” or the “Company”), a Delaware corporation, completed its merger transaction with DMK Pharmaceuticals Corporation (“DMK”), a privately held, clinical stage neuro-biotechnology company focused on developing novel therapies for opioid use disorder and other neuro-based conditions, in accordance with the terms of an Agreement and Plan of Merger and Reorganization dated as of February 24, 2023 (the “Merger Agreement”), entered into by and among the Company, DMK and Aardvark Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Adamis (“Merger Sub”). Effective May 25, 2023, pursuant to the Merger Agreement, DMK merged with and into Merger Sub (the “Merger”), with Merger Sub surviving the Merger and remaining a wholly owned subsidiary of the Company. In connection with the Merger, the name of Merger Sub as the surviving corporation was changed to DMK Pharmaceuticals Corporation.

As a result of the consummation of the Merger, and after giving effect to the 70-for-1 reverse stock split of the outstanding shares of common stock of Adamis, effective at the effective time of the Merger (the “Effective Time”), the shares of DMK common stock then outstanding were canceled and automatically converted into and became the right to receive 302,815 shares of Adamis common stock and, with respect to certain former DMK stockholders, 1,941.2 shares of Series E Convertible Preferred Stock (“Series E Preferred”) of the Company. The issuance of the shares of Adamis common stock and Series E Preferred to the former stockholders of DMK in connection with the Merger was approved by the Company’s stockholders at a special meeting of stockholders held on May 15, 2023.

At the Effective Time, outstanding DMK stock options to purchase shares of DMK common stock were assumed by the Company and became options to purchase a total of 231,490 shares of Adamis common stock, with proportionate adjustments to the exercise prices per share of such options based on the exchange ratio determined pursuant to the Merger Agreement. The assumed options continue to be governed by the terms of the DMK 2016 Stock Plan, which was assumed by the Company in connection with the closing of the Merger. The replacement value of the options assumed was treated as additional purchase price consideration paid by Adamis.

The unaudited pro forma condensed combined consolidated statement of operations for the three months ended March 31, 2023, and the year ended December 31, 2022, combine the audited historical statements of operations of Adamis and DMK for their respective year ended December 31, 2022, and give pro forma effect to the Merger as if it had been completed on January 1, 2022.

The unaudited pro forma combined financial statements reflect the issuance of 302,815 shares of Adamis common stock and 1,941.2 Series E Preferred Shares (“Series E”) convertible into shares of Adamis common stock at a conversion rate of 1,000 common shares for 1 Series E Preferred Share (subject to beneficial ownership limitations of 9.99%) to former DMK shareholders. Based on the limited exception under ASC 480-10-S99-3A(3)(f) for equity instruments that are subject to a deemed liquidation provision “if all of the holders of equally and more subordinated equity instruments of the entity would always be entitled to also receive the same form of consideration (for example, cash or shares) upon the occurrence of the event that gives rise to the redemption (that is, all subordinate classes would also be entitled to redeem), the Company determined that the Series E should be classified as permanent equity. Additionally, based on the accounting guidance per ASC 260-10-45-40 as the Series E receive no preferred dividends, there is no adjustment to the numerator for the calculation of diluted EPS and under the guidance of ASC 260-10-45-4, the Series E common stock equivalents are not included in the calculation of diluted EPS as this would be anti-dilutive (since the Company generates net losses).

2. Purchase Price

The total purchase price of the Merger is as follows:

Fair Value of Adamis Common Stock issued to DMK shareholders	$	757,038
Fair Value of Adamis Series E Preferred Stock issued to DMK shareholders		4,853,000
Fair value of DMK options assumed and replaced by Adamis		415,809
Adamis Transaction Costs		1,406,759
DMK incurred Merger-related costs paid for by Adamis		492,456
Total Consideration Transferred	$	7,925,062

For pro forma purposes, in determining the number of Adamis shares of common stock issued as part of the purchase price, the number of shares of DMK common stock outstanding was 43,621. Additionally, the beneficial ownership limitations as set forth in the Merger Agreement were applied to determine the amount common stock and preferred stock issuable. The fair value of the common stock issued was based on the closing stock price of Adamis on the closing date, May 25, 2023. For pro forma purposes, the fair value of the DMK options assumed and replaced were based on the Black Scholes option pricing model, taking into consideration the implied fair value per share value of the DMK common stock and DMK volatility based on the DMK peer group stock price analysis. Additionally, costs incurred by DMK related to the Merger and paid by Adamis and the asset acquisition transaction costs were primarily based on actual invoices.

The allocation of the total purchase price is estimated as follows:

Assets Acquired:	
Cash	$ 148,296
Total assets acquired	148,296
Liabilities Assumed:	
Accounts Payable	4,871
Due to Related Party	6,041
Accrued Expenses	3,406
Deferred Grant Revenue	147,118
Total liabilities assumed	161,436
Net Liabilities acquired	(13,140)
Acquired In-Process R&D (IPR&D)	7,938,202
Total Purchase Price	$ 7,925,062

The Company determined due to the early stage of development related to the acquired IPR&D that there was no alternative use, and, as such the acquired IPR&D was expensed. Direct asset acquisition transaction costs were accumulated, a component of the consideration transferred and expensed with the acquired IPR&D.

3. Transaction adjustments to Unaudited Pro Forma Condensed Combined Financial Statements

Adjustments included in the column under the heading “Transaction Accounting Adjustments” are primarily based on information contained within the Merger Agreement.

A: To reflect the elimination of DMK’s historical accumulated deficit.

B: To reflect the settlement of DMK’s convertible notes and associated accrued interest prior to the closing of the Merger as these were not assumed by Adamis.

C: To reflect the consideration transferred of 302,815 shares of Adamis common stock and 1,941,200 shares of Series E convertible preferred stock for all outstanding shares of DMK common stock.

C1: To reflect the elimination of DMK historical common stock.

D: Represents the adjustment to accumulated deficit related to expensing acquired IPR&D.

Accumulated Deficit transaction adjustment reconciliation to total acquired IPR&D:

Acquired IPR&D per third-party valuation	$	6,531,443
Total Adamis transaction costs		1,406,759
Total Acquired IPR&D		7,938,202
Less: Transaction costs accrued as of March 31, 2023, reflected in Adamis historical statement of operations		(749,093)
Accumulated Deficit transaction adjustment	$	7,189,109

E: Represents the allocation of the purchase price (inclusive of Adamis transaction costs) to acquired IPR&D. As the Merger was determined to be an asset acquisition and the acquired IPR&D was determined to have no alternative future use, the acquired IPR&D was expensed. See Note 2 for the total purchase price.

F: To accrue for Adamis transaction costs not yet reflected in Adamis' balance sheet as of March 31, 2023.

G: To remove interest expense related to the convertible notes as these were not assumed by Adamis and are reflected in stockholders' deficit.

H: To reflect the elimination of historical DMK additional paid-in capital.

I: To reflect the fair value of DMK options assumed and replaced by Adamis as part of the purchase consideration of the Merger.

J: To reflect the incremental salary expense for the combined company related to Adamis hiring two former DMK employees in connection with the Merger. The additional salary expense relates to cash compensation only, is recurring and may increase.

Included in selling, general and administrative expense is the incremental salary expense related to the Adamis CEO position that was assumed by DMK's former CEO. The incremental difference in salary is estimated at $400,000 per year.

Included in research and development expense is the salary expense related to the new Adamis R&D position assumed by a DMK R&D employee. The incremental difference in salary is estimated at $130,000 per year.

K: To reflect Adamis additional purchase consideration related to DMK incurred Merger costs.

4. **Computation of Pro Forma Combined Net Loss Per Common Share**

The unaudited pro forma weighted average number of basic and diluted shares outstanding and pro forma net loss per common share basic and diluted are calculated as follows:

	Three Months Ended March 31, 2023	Year Ended December 31, 2022
Adamis weighted average shares outstanding - basic and diluted (recast, see below)	2,184,523	2,140,733
Adamis common stock issued to DMK shareholders pursuant to the Merger Agreement (See Note 1)	302,815	302,815
Pro forma weighted average shares outstanding – basic and diluted	2,487,338	2,443,548
Pro forma net loss attributable to common shareholders – basic	$ (9,088,046)	$ (35,910,206)
Pro forma net loss attributable to common shareholders – diluted	$ (9,088,046)	$ (35,910,206)
Pro forma net loss per common share – basic	$ (3.65)	$ (14.70)
Pro forma net loss per common share – diluted	$ (3.65)	$ (14.70)

To reflect the 1 for 70 reverse stock split approved by Adamis' Board of Directors in May 2023, the basic and diluted average shares outstanding have been recast. Additionally, the basic and diluted net loss per share (continuing operations) have been revised using the recast basic and diluted weighted average shares outstanding.

As Reported:

	Three Months Ended March 31, 2023
Continuing Operations	$ (0.06)
Basic and Diluted Net Loss Per Share	$ (0.06)
Basic and Diluted Weighted Average Shares Outstanding	152,916,598

As Adjusted for the 1:70 Reverse Stock Split (unaudited):

	Three Months Ended March 31, 2023
Continuing Operations	$ (4.13)
Basic and Diluted Net Loss Per Share	$ (4.09)
As reported Basic and Diluted Weighted Average Shares Outstanding	152,916,598
Divided by 1 for 70 reverse stock split	70
Basic and Diluted Weighted Average Shares Outstanding	2,184,523

As Reported:

	Year Ended December 31, 2022
Continuing Operations	$ (0.17)
Basic and Diluted Net Loss Per Share	$ (0.18)
Basic and Diluted Weighted Average Shares Outstanding	149,851,278

As Adjusted for the 1:70 Reverse Stock Split (unaudited):

	Year Ended December 31, 2022
Continuing Operations	$ (12.24)
Basic and Diluted Net Loss Per Share	$ (12.37)
As reported Basic and Diluted Weighted Average Shares Outstanding	149,851,278
Divided by 1 for 70 reverse stock split	70
Basic and Diluted Weighted Average Shares Outstanding	2,140,733