AEGIS CAPITAL CORP

Biopharmaceuticals
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Initiating Coverage

August 7, 2023

Key Metrics

SBFM - NASDAQ	$0.49
Pricing Date	August 4 2023
Price Target	$2.60
52-Week Range	$1.50 - $0.45
Shares Outstanding (mm)	24.6
Market Capitalization (mm)	$11.9
3-Mo Average Daily Volume	1,351,227
Book Value/Share	NM

EPSFY: December

	2022A	Prior 2023E	Curr. 2023E	Prior 2024E	Curr. 2024E
1Q-mar	(0.23)	--	(0.08)A	--	(0.08)E
2Q-jun	(0.03)	--	(0.08)E	--	(0.02)E
3Q-sep	(0.08)	--	(0.07)E	--	0.01E
4Q-dec	(1.11)	--	(0.06)E	--	0.05E
FY	(1.76)	--	(0.28)E	--	(0.01)E
P/E					

Revenue (M)

	2022A	Prior 2023E	Curr. 2023E	Prior 2024E	Curr. 2024E
1Q-mar	0.1	--	4.9A	--	7.5E
2Q-jun	0.2	--	5.0E	--	10.0E
3Q-sep	0.1	--	5.4E	--	12.6E
4Q-dec	3.9	--	6.7E	--	15.8E
FY	4.3	--	22.0E	--	45.9E

Company Description:
Sunshine Biopharma, Inc. is a pharmaceutical company offering and researching life-saving medicines in a wide variety of therapeutic areas, including oncology and antivirals. Located in Montreal, Canada, the company began trading on the Nasdaq on February 15, 2022.

Aegis Capital has provided investment banking services for Sunshine Biopharma multiple times over the past two years, most recently in May 2023.

Sunshine Biopharma Inc.

Rating: Buy

Sunshine Biopharma - a company with ramping sales and a high-ceiling pipeline.

Investment Highlights:

We are initiating coverage of Sunshine Biopharma, Inc. with a Buy recommendation and a $2.60 Target Price.

Sunshine Biopharma represents a unique combination of investment opportunities, in our opinion. The company has an existing business in the Canadian generics and OTC supplement sectors that is ramping up. We believe Sunshine could report $22 million in sales this year (up from $4.3 million in 2022) and then double that each year to $46 million in 2024 and $100 million in 2025 (Aegis Capital estimates), achieving profitability by the end of 2024. They are doing this by aggressively adding high-demand drugs to their sales bag and increasing the effectiveness of their marketing in the $8.6 billion Canadian generics market. Based solely on our forecasted sales and net profits for this segment of Sunshine's business, we believe the company could reach a market valuation of $56 to $59 million USD.

Sunshine plans to use these revenues to support the development of its high potential pipeline. The company is developing three novel therapeutics to treat cancer and COVID-19 viral diseases. We think any one of these pipeline drugs could ultimately add at least $1 billion to Sunshine's valuation if successful.

The first pipeline drug is Adva-27a, which is a new chemical entity with a structure similar to a current and well known cancer drug called Etoposide. Adva-27a has superior pharmacologic properties and is 16 times more effective at killing multi-drug resistant cancer cells than Etoposide. Adva-27a is entering animal studies and could be in human clinical studies in 12-18 months (3Q24 to 1Q25).

The second pipeline drug is SBFM-PL4. There are two major proteases encoded by COVID-19 that are vital to the early stages of viral infection, Mpro and PLpro. Sunshine has developed a small molecule inhibitor specific for the PLpro viral protease. Pfizer has an Mpro specific inhibitor called Paxlovid on the market which is expected to record $8-$15 billion in sales this year. SBFM-PL4 could be the first PLpro inhibitor and is expected to start Phase 1 trials in Q3 or Q4 of next year.

The third pipeline drug is an mRNA based therapy called K1.1. Sunshine has developed K1.1 in-house, but has partnered with one of the world's leading mRNA lipid particle delivery companies for its development. K1.1 has shown it is capable of destroying cancer cells in vitro, including multidrug resistant breast cancer cells, ovarian adenocarcinoma cells, and pancreatic cancer cells. Parallel studies using normal human cells showed that K1.1 mRNA had little or no cytotoxic effects. Sunshine plans to start Phase 1 clinical trials in Q3 or Q4 of 2024.

We are initiating coverage of Sunshine Biopharma with a Buy recommendation based on its growing generic and OTC sales and on its unique, high-value pipeline. We recognize that Sunshine's pipeline is all in pre-clinical stages, so our Price Target of $2.60 is based entirely on the projected increase in its generic drug sales with any future value added by its pipeline included as pure upside.

The Disclosure section may be found on pages 14 - 15 of this report.

Company Description

Sunshine Biopharma, Inc. is a pharmaceutical company offering and researching life-saving medicines in a wide variety of therapeutic areas, including oncology and antivirals. Located in Montreal, Canada, the company began trading on the Nasdaq on February 15, 2022. Its ticker symbol is SBFM.

Sunshine Biopharma operates three wholly owned subsidiaries:

- Nora Pharma Inc., a Canadian corporation with a portfolio consisting of 49 prescription drugs on the market in Canada and 28 additional drugs scheduled to be launched in 2023 and 2024. Nora was acquired by Sunshine in Oct. 2022.
- Sunshine Biopharma Canada Inc., a Canadian corporation which develops and sells OTC (Over The Counter) nutritional supplements, such as Essential 9 amino acids, vitamins, calcium, etc.
- Sunshine Biopharma, Inc., the R&D arm of SBFM which is currently developing Adva-27a, K1.1 mRNA and SBFM-PL4, a PLpro inhibitor. Each of these drug candidates are novel therapeutics addressing very large markets in oncology and anti-viral indications.

Management

The Chairman and CEO, Steve Slilaty, Ph.D., and the CFO, Mr. Camille Sebaaly, have been with the company since its founding in 2009. Dr. Slilaty has previously founded two other biotech companies, Quantum Biotechnologies Inc. and Genomics One Corporation, which he took public. He is an accomplished scientific expert, serving as a research team leader at the Biotechnology Research Institute (Montreal), a division of the National Research Council of Canada. Dr. Slilaty is considered one of the pioneers of Gene Therapy. Dr. Slilaty received his Ph.D. degree in Molecular Biology from the University of Arizona and his Bachelor of Science degree in Genetics and Biochemistry from Cornell University.

Investment Thesis

Why Sunshine Biopharma and why now?

The company was founded in 2009, focusing on the development of Adva-27a, a unique anti-cancer compound invented in-house. For years, that was the company's main focus, and it could have remained a more-or-less unnoticed player in the drug development field. In 2020, management thoughtfully and carefully began to redesign the company. Sunshine ramped up its internal R&D efforts and synthesized its first PLpro inhibitors in 2020 and added the K1.1 mRNA anti-cancer program in 2021.

In 2022, the company made several key strategic improvements. They raised over $35 million, they achieved a listing on the Nasdaq Capital Market and they acquired Nora Pharma, Inc. The Nora acquisition gave the company immediate significant revenues from the sale of generic drugs and the ability to expand those revenues to the point of profitability, which we believe Sunshine could reach by the end of 2024. The company plans to use these profits to support the development of its three drug pipeline.

Today, Sunshine Biopharma finds itself on the verge of a string of quarters with projected revenues ramping up from $4.3 million in 2022 to estimated levels of $22 million this year, $46 million next year and $100 million in 2025. Based on our discounted estimated flow of net revenues for 2023 to 2025, we believe SBFM could be valued at $56.5 million, compared to its current market value of $11.9 million. Our targeted price for SBFM shares, based on this discounted net revenue analysis, is $2.60 or 5.4 X higher than the current share price of $0.485.

Our valuation of Sunshine Biopharma is based solely on our estimates for the company's increasing generics revenues. We are convinced that each of SBFM's three drugs in development have blockbuster potential, but they are all 9 to 18 months away from having human clinical data so we view them as too early to include in our valuation. In our opinion, investors are currently getting the upside that these high-ceiling drugs in development represent for free.

We are initiating coverage of Sunshine Biopharma with a BUY recommendation and a Price Target of $2.60.

Details

The Generics Market

The FDA defines a generic drug as identical--or bioequivalent--to a brand name drug in dosage form, safety, strength, route of administration, quality, performance characteristics and intended use. Although generic drugs are chemically identical to their branded counterparts, there may be different inactive ingredients. Generic drugs are typically sold at substantial discounts from the branded price. According to the Congressional Budget Office, generic drugs save consumers an estimated $8 to $10 billion a year at retail pharmacies. A trade group that represents generic drugmakers, the Association for Accessible Medicines, reports that generics account for 90% of all prescriptions filled.

The Generic Drugs Market is segmented by route of administration (oral, topical, injectable, and other), application (cardiovascular, anti-infective, central nervous system, anti-cancer, respiratory, and others), distribution channel (hospitals/clinics, retail pharmacies, and other), and geography (North America, Europe, Asia-Pacific, Middle East & Africa, and South America).

Generic Drug Market Size, Growth Trends and Forecasts: Reports from independent market research groups estimate that the Canadian generic drug market reached $8.9 billion in sales in 2022. A Research & Markets report from May 2023 forecasts the Canadian generics market could grow to $14.8 billion by 2028, exhibiting a growth rate (CAGR) of 8.5% during 2023-2028. The growing number of hospitals and clinics, favorable government initiatives, and the rising prevalence of chronic diseases represent some of the key factors driving the market.

Sunshine's management has previously estimated the Canadian generics market at $8.6 billion. Using this estimate, our forecast for Sunshine's 2023 sales of about $22 million represents about 0.26% of the Canadian generics market and our prediction of $100 million in generics sales in 2025 represents about 1.2% of that market. We feel this growth in market share is reachable.

Current Generics:

Sunshine Biopharma is currently marketing 49 generic drugs as listed below. The company plans to launch 8 more by the end of 2023 and 19 more in 2024, as shown in the second table below).

NAME	ACTION/INDICATION	REFERENCE BRAND
Alendronate	Osteoporosis	Fosamax®
Amlodipine	Cardiovascular	Norvasc®
Apixaban	Cardiovascular	Eliquis®
Atorvastatin	Cardiovascular	Lipitor®
Azithromycin	Antibacterial	Zithromax®
Candesartan	Hypertension	Atacand®
Candesartan HCTZ	Hypertension	Atacand®
Celecoxib	Anti-inflammatory	Celebrex®
Cetirizine	Allergy	Reactine®
Ciprofloxacin	Antibiotic	Cipro®
Citalopram	Central nervous system	Celexa®
Clindamycin	Antibiotic	Dalacin®
Clopidogrel	Cardiovascular	Plavix®
Donepezil	Central nervous system	Aricept®
Duloxetine	Central nervous system	Cymbalta®
Dutasteride	Urology	Avodart®
Escitalopram	Central nervous system	Cipralex®
Ezetimibe	Cardiovascular	Ezetrol®
Finasteride	Urology	Proscar®
Flecainide	Cardiovascular	Tambocor®
Fluconazole	Antifungal	Diflucan®
Fluoxetine	Central nervous system	Prozac®
Hydroxychloroquine	Antimalarial	Plaquenil®
Lacosamide	Central nervous system	Vimpat®
Letrozole	Oncology	Femara®
Levetiracetam	Central nervous system	Keppra®
Mirtazapine	Central nervous system	Remeron®
Montelukast	Allergy	Singulair®

Olanzapine ODT	Central nervous system	Zyprexa®
Olmesartan	Cardiovascular	Olmetec®
Olmesartan HCTZ	Cardiovascular Olmetec	Plus®
Pantoprazole	Acid Reflux	Pantoloc®
Paroxetine	Central nervous system	Paxil®
Perindopril	Cardiovascular	Coversyl®
Pravastatin	Cardiovascular	Pravachol®
Pregabalin	Central nervous system	Lyrica®
Quetiapine	Central nervous system	Seroquel®
Quetiapine XR	Central nervous system	Seroquel XR®
Ramipril	Cardiovascular	Altace®
Rizatriptan ODT	Central nervous system	Maxalt® ODT
Rosuvastatin	Cardiovascular	Crestor®
Sertraline	Central nervous system	Zoloft®
Sildenafil	Urology	Viagra®
Tadalafil	Urology	Cialis®
Telmisartan	Cardiovascular	Micardis®
Telmisartan HCTZ	Cardiovascular	Micardis Plus®
Tramadol Acetaminophen	Central nervous system	Tramacet®
Zolmitriptan	Central nervous system	Zomig®
Zopiclone	Central nervous system	Imovane®

Source: Company presentation

Planned generic launches:

GENERIC DRUGS	THERAPEUTIC AREA(S)	DEVELOPMENT STAGE	LAUNCH DATE
Group A (5 Products)	Central Nervous System - Urology - Cardiovascular	Under Regulatory Review	2023Q2
Group B (3 Products)	Central Nervous System - Gastrointestinal	Under Regulatory Review	2023Q3
Group C (1 Product)	Oncology	Under Regulatory Review	2023Q4
Group D (8 Products)	Central Nervous System - Cardiovascular - Metabolism	Under Regulatory Review	2024Q1
Group E (5 Products)	Cardiovascular - Urology - Endocrinology	Under Regulatory Review	2024Q2
Group F (6 Products)	Urology - Cardiovascular - Oncology - Anti-infectives	Under Regulatory Review	2024Q3

Source: Company presentation

Sunshine's Pipeline

Sunshine Biopharma has three novel drug candidates in its pipeline, all developed in-house. The company believes the combined addressable markets for these three drug candidates is $32 billion.

Drug Candidate	Area	Indication	Approx. Time to IND*
Adva-27a	Oncology	Pancreatic Cancer	12 – 18 Months
K1.1-mRNA	Oncology	Liver Cancer	09 – 12 Months
SBFM-PL4	Antiviral	COVID-19	09 – 12 Months

Source: Company presentation

Adva-27a is the Company's flagship proprietary drug for the treatment of cancer. Adva-27a was designed and synthesized as a novel chemotherapy similar in structure and function to etoposide with equivalent inhibition of topoisomerase II, better pharmacokinetic properties and the ability to overcome and evade multi-drug resistance. Etoposide is a potent anti-cancer drug used to treat multiple cancer types, including small cell lung cancer and testicular cancer. Etoposide inhibits topoisomerase II, an enzyme that "unwinds" DNA and is essential for DNA replication. Inhibition of topoisomerase II leads to chromosomal breaks and cell death. However, the effectiveness of etoposide is limited by a group of drug resistant genes and regulatory mechanisms, both innate and induced, called multi-drug resistance pathways. Multi-drug resistance may account for 90% of cases where chemotherapy fails.

In cell culture studies, Adva-27a was shown to be effective against different types of multidrug resistant cancer cells, including breast cancer cells (MCF-7/MDR), small-cell lung cancer cells (H69AR), uterine carcinoma cells (MES-SA/Dx5) and pancreatic cancer cells (Panc-1). In addition, the metabolic stability of Adva-27a in human liver microsomes and its pharmacokinetic properties in rats were better than those of etoposide. These results indicate that Adva-27appears to have much better plasma accumulation and slower plasma clearance rates in rats compared to etoposide. This leads us to speculate that Adva-27a may be distributed into tissues and organs to a greater extent than etoposide.

In February 2023, Sunshine signed a research agreement with McGill University Health Center to advance the development of Adva-27a through the IND-enabling studies. In addition, an investigator sponsored Phase 1 trial in patients with stage 4 pancreatic cancer will be conducted at McGill University's Jewish General Hospital in Montreal, Canada. Sunshine Biopharma could start its company-sponsored Phase 1 clinical program in 9 to 12 months (3Q2025 to 1Q2025).

Sunshine Biopharma is the owner of all patents and intellectual property pertaining to Adva-27a.

PLpro inhibitor: Sunshine is also developing a PLpro inhibitor for COVID infections. The initial genome expression products of Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2), the causative agent of COVID-19, are two large polyproteins, referred to as pp1a and pp1ab. These two polyproteins are cleaved at 15 specific sites by two virus encoded proteases (Mpro and PLpro) to generate 16 different non-structural proteins essential for viral replication. This makes Mpro and PLpro important targets for inhibition of early stages of COVID-19 infection. PLpro is of particular interest as a therapeutic target because it plays a role in suppression of the human immune system, making the virus more life-threatening.

There is an Mpro inhibitor already on the market. It is Pfizer's Paxlovid, with estimated 2023 sales of $8 to $15 billion. A successful PLpro inhibitor could become a major competitor to Paxlovid, especially if licensed or acquired by a big pharmaceutical company.

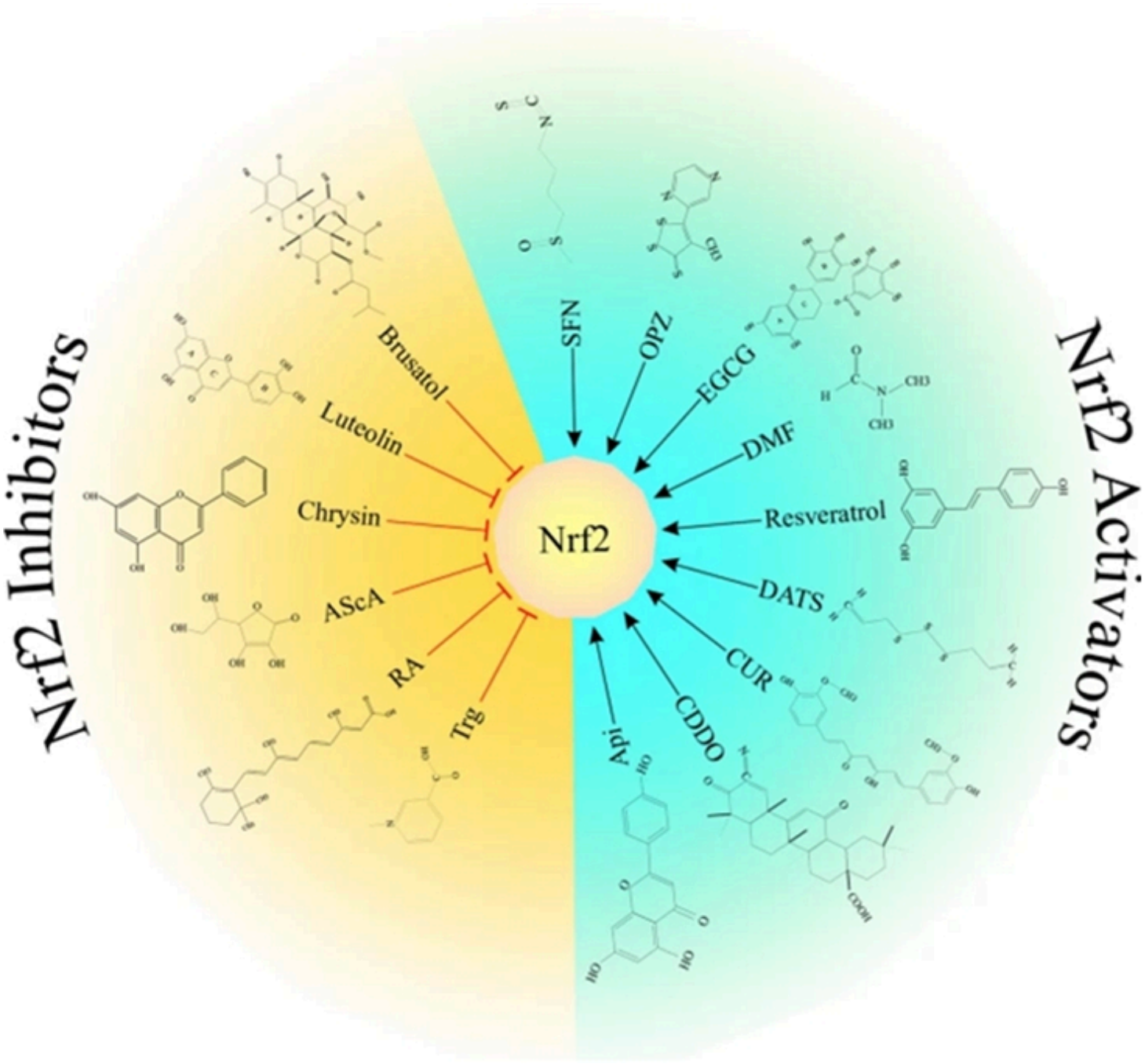
In August of 2020, the company synthesized its first group of PLpro small molecule inhibitors. The small molecules were computer modelled and designed by Dr. Steve N. Slilaty, CEO of Sunshine Biopharma. The company has composition of matter patent protection for both Mpro and PLpro inhibitors it has designed.

In February of 2021, Sunshine signed an exclusive license agreement with the University of Georgia for two PLpro inhibitors developed there, strengthening the company's patent protection. The company and the university will jointly develop these two PLpro inhibitors as well as SBFM-PL4, Sunshine's lead PLpro inhibitor.

In February 2022, Sunshine entered into a research agreement with the University of Arizona for the purposes of conducting research focused on determining the in vivo safety, pharmacokinetics, and dose selection properties of three University of Arizona owned PLpro inhibitors. In February 2023 this collaboration was extended to include exclusive worldwide rights for all of the University of Arizona and University of Illinois Chicago technology pertaining to PLpro protease inhibitors of SARS-CoV-2.

The company estimates it could take 9-12 months until it has completed the requirements for IND filing and the subsequent initiation of Phase 1 clinical trials.

K1.1 mRNA. K1.1 is an mRNA that encodes an inhibitor of a transcription factor essential for initiation of cell division, Nrf-2 (nuclear factor erythroid 2-related factor 2). Nrf2 is a transcription factor responsible for the regulation of a number of crucial cell signaling and enzymatic pathways such as cell defense mechanisms, response to oxidative stress and the cancer multidrug resistance genes, MDR1 (p-Glycoprotein), MRP1 and BCRP. Multiple Nrf2 activators have been developed, but only a few inhibitors. For example, Tecfidera, a treatment for relapsing multiple sclerosis, works by activating Nrf2.



Source: *Cell Communication and Signaling* (2022).

By temporarily inhibiting Nrf2 activity with an mRNA injection immediately before or during chemotherapy, the Company hopes to achieve an enhanced performance of anticancer drugs and consequently better overall therapeutic outcomes for cancer patients.

In November 2022, Sunshine entered into a collaboration agreement with a leading lipid nanoparticle company for the purpose of formulating K1.1 mRNA molecules into lipid nanoparticles, ready for use to conduct studies in xenograft mice. Sunshine Biopharma had previously shown that its K1.1 mRNA is capable of destroying cancer cells in vitro, including multidrug resistant breast cancer cells (MCF-7/MDR), ovarian adenocarcinoma cells (OVCAR-3), and pancreatic cancer cells (SUIT-2). Parallel studies using normal human cells (HMEC) showed that K1.1 mRNA had little or no cytotoxic effects.

Should these mouse studies prove successful, the Company can advance to filing of an IND application to begin Phase 1 trials, likely within 9 to 12 months. The LNP formulated K1.1 mRNA can be readily adapted for delivery into patients using the recently gained knowledge from the mRNA vaccine technology.

Valuation and Assumptions

Sunshine Biopharma has three highly promising drugs in the preclinical stages of development: Adva-27a (a small molecule topoisomerase inhibitor as a potential treatment for multi-drug resistant cancers), a PLpro inhibitor (a novel drug with Paxlovid like potential to treat people with COVID-19 infections) and K1.1 mRNA (a novel anti-cancer agent). However, despite their attractive potential, each of these drug candidates is 9-18 months away from entering their respective Phase 1 clinical programs and therefore too early to effectively contribute to the company's valuation.

To determine the current value of Sunshine Biopharma shares, we use 1) a bottom up approach forecasting the revenues we expect from the company's growing generics business from 2023 to 2025, less our estimates for Cost of Goods Sold (COGS), and then discounting those estimated net revenues to arrive at a current valuation target (a discounted net revenue flow), and 2) a valuation by applying the P/E ratio average for a market leader in the generics industry, Teva (not rated) to our projected 2025 Net Income.

For the first method, the Discounted Net Revenue Flow, we make the assumptions that:

- Sunshine Biopharma has 49 generics on the market in Canada with 8 more to be launched in the remainder of 2023 and an additional 19 more launched in 2024.
- We estimate the company could grow its sales from just under $22 million in 2023 to $100 million in 2025.
- Sunshine believes it could become profitable by the end of 2024.
- We estimate the COGS could average about 62% for the years 2023 to 2025, leaving Gross Margins of about 38%.
- To adjust for the time value of each revenue flow, we applied a discount rate of 8.61%. To calculate the discount rate, we obtained the risk-free rate of 4.31% from the U.S. Treasury Department's (www.treasury.gov) Daily Treasury Long Term Rates Composite (>10 yrs.) for August 4, 2023 (the effective date for our valuation). To calculate the beta, we obtained the 5-year average beta estimates for three major biotechnology index funds traded on the Nasdaq: the ishares Biotechnology Index Fund (IBB), the First Trust NYSE Arca Biotech Index Fund (FBT) and the SPDR S&P Biotech ETF (XBI) for August 4, 2023. These betas are, respectively, 0.84, 0.81 and 1.01. We used the average, 0.89 as our beta. We obtained the risk premium for August 1, 2023, from a website maintained by the New York University's Stern School of Business. The standard approach to figuring the risk premium is the difference in returns on stocks versus bonds. The NYU site, maintained by Dr. Aswath Damodaran, Professor of Finance, uses trailing twelve-month cash yield from stock, bond and real estate markets and normalized for stock buybacks and dividend surges to calculate an implied Equity Risk Premium for each month (www.damodaran.com). For August 1, 2023, that normalized TTM ERP is 4.83%. Plugging in these numbers, the discount rate = risk free rate + (beta * ERP) = 4.31% + (0.89 * 4.83%) = 8.61%.
- The sum of our discounted estimated annual net revenue flows from 2023 to 2025 is $56.5 million. This is our target valuation for SBFM using this methodology.
- Assuming about 22 million shares of common stock to be outstanding as of August 4, 2023, we arrive at a Price Target of $2.57 for SBFM, which we round up to $2.60. We note that shares closed at $0.485 on Friday, August 4, 2023. Therefore, our Price Target represents a 5.4-fold increase.

For the second valuation method, a simpler P/E based estimation, we take the average P/E ratio applied to a leader in the generics market, Teva Pharmaceuticals, and apply that to our estimate for Sunshine Biopharma's Net Income in 2025. The P/E ratio of Teva has been in the 3 to 4 range, we used 3.5 in our calculations. Our estimate for SBFM's 2025 Net Income is about $16.1 million, resulting in a valuation of $59.3 million (or $2.69 per share), very close to our discounted net revenue valuation of $56.5 million.

We are relying on the Discounted Net Revenue Flow valuation method to derive our Price Target of $2.60 per share and note that the additional valuation method confirms this target.

Summary and Investment Opinions

In our opinion, Sunshine Biopharma represents a unique opportunity. The company is just beginning to aggressively ramp up its generics business. We expect revenues to increase from $22 million in 2023 to $46 million in 2024 to $100 million in 2025. Sunshine could become profitable by the end of 2024.

The company plans to use the revenues from its generics business to help fund the development of its portfolio of three high-ceiling drug candidates. Adava-27a and K1.1 mRNA are novel anti-cancer agents while the PLpro small molecule inhibitors under development could produce a major new competitor in the treatment of COVID infected patients. Sunshine has partnered with key university medical centers and pharma companies to aid in the development of these pipeline drugs, which the company estimates have a potential combined addressable market of $32 billion.

Since each of these drug candidates is 9 to 18 months away from completing the requirements to file an IND (Investigational New Drug) application, which the FDA expects before initial or Phase 1 human trials can begin, we do not include them in our valuation and Price Target determination; meaning investors essentially get Sunshine's pipeline upside for free along with the expected increase in value from ramping sales of generics.

In summary, we are initiating coverage on Sunshine Biopharma, Inc. (SBFM) with a Buy recommendation and a $2.60 target price.

Sunshine Biopharma Quarterly and Annual Balance Sheets (USD)

Quarter	FY2021	1Q22	2Q22	3Q22	FY2022	1Q23
Date	Dec. 31, 2021	Mar. 31, 2022	Jun. 30, 2022	Sep. 30, 2022	Dec. 31, 2022	Mar. 31, 2023
Cash & equivalents	$21,826,437	$13,177,625	$41,727,775	$40,555,931	$21,826,437	$19,294,218
Accounts receivable	$1,912,153	$24	$24	$22	$1,912,153	$1,790,480
Inventory	$3,289,945	$181,496	$205,371	$269,641	$3,289,945	$3,709,987
Prepaid expenses	$283,799	$38,632	$48,562	$27,390	$283,799	$152,262
Deposits		$7,590	$7,590	$7,590		
Total Current Assets	**$27,312,334**	**$13,405,367**	**$41,989,322**	**$40,860,574**	**$27,312,334**	**$24,946,947**
Property, plant & equipment	$394,249	$3,975	$1,642	$3,770	$394,249	$368,032
Intangible assets	$776,856	$0	$0	$0	$776,856	$948,240
Right-of-use asset	$760,409	$0	$0	$0	$760,409	$728,129
Total assets	**$29,243,848**	**$13,409,342**	**$41,990,964**	**$40,864,344**	**$29,243,848**	**$26,991,348**
Accounts payable & accrued expenses	$2,802,797	$95,234	$104,684	$480,209	$2,802,796	$2,736,154
Earnout payable	$3,632,000	$0	$0	$0	$3,632,000	$3,632,000
Income tax payable	$373,191	$0	$0	$0	$373,191	$416,245
Right-of-use liability	$123,026	$0	$0	$0	$123,026	$121,303
Total Current Liabilities	**$6,931,014**	**$95,234**	**$104,684**	**$480,209**	**$6,931,014**	**$6,905,702**
Deferred Tax liability	$43,032	$0	$0	$0	$43,032	$43,032
Right-of-use liability	$642,232	$0	$0	$0	$642,232	$613,136
Total Liabilities	**$7,616,278**	**$95,234**	**$104,684**	**$480,209**	**$7,616,278**	**$7,561,870**
Preferred stock, Series B	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
Common stock	$22,585	$7,150	$18,886	$18,886	$22,585	$22,139
Capital paid in excess of par	$80,841,752	$47,219,498	$76,331,451	$76,331,451	$80,841,752	$80,335,376
Accumulated comprehensive income	161,847	(22,132)	(34,777)	(79,903)	161,847	$173,007
Accumulated deficit	(59,399,614)	(33,891,408)	(34,430,280)	(35,887,299)	(59,399,614)	($61,102,044)
Total Stockholders Equity	**$21,627,570**	**$13,314,108**	**$41,886,280**	**$40,384,135**	**$21,627,570**	**$19,429,478**
Total Equity & Liabilities	**$29,243,848**	**$13,409,342**	**$41,990,964**	**$40,864,344**	**$29,243,848**	**$26,991,348**
Change in cash and securities:		**($8,648,812)**	**$28,550,150**	**($1,171,844)**	**($18,729,494)**	**($2,532,219)**

Source: Company filings and Aegis Capital estimates

Sunshine Biopharma Quarterly and Annual Income Statements and Estimates (USD)

Quarter	FY 2021	1Q22	2Q22	3Q22	4Q22	FY 2022	1Q23	2Q23 Est.	3Q23 Est.	4Q23 Est.	FY 2023 Est.	1Q24 Est.	2Q24 Est.	3Q24 Est.	4Q24 Est.	FY 2024 Est.	FY 2025 Est.
Date	Dec. 31, 2021	Mar. 31, 2022	Jun. 30, 2022	Sep. 30, 2022	Dec. 31, 2022	Dec. 31, 2022	Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023	Dec. 31, 2023	Dec. 31, 2023	Mar. 31, 2024	Jun. 30, 2024	Sep. 30, 2024	Dec. 31, 2024	Dec. 31, 2024	Dec. 31, 2025
Sales	$228,426	$122,645	$150,307	$132,808	$3,939,843	$4,345,603	$4,894,053	$5,000,000	$5,400,000	$6,700,000	$21,994,053	$7,500,000	$10,000,000	$12,600,000	$15,800,000	$45,900,000	$100,000,000
Cost of sales	$117,830	$59,845	$74,683	$65,783	$2,448,717	$2,649,028	$3,065,931	$3,125,000	$3,375,000	$4,154,000	$13,719,931	$4,650,000	$6,200,000	$7,812,000	$9,796,000	$28,458,000	$62,000,000
Gross Profit	**$110,596**	**$62,800**	**$75,624**	**$67,025**	**$1,491,126**	**$1,696,575**	**$1,828,122**	**$1,875,000**	**$2,025,000**	**$2,546,000**	**$8,274,122**	**$2,850,000**	**$3,800,000**	**$4,788,000**	**$6,004,000**	**$17,442,000**	**$38,000,000**
Accounting expenses	$118,423	$73,800	$41,060	$122,913	$103,366	$341,139	$169,750	$150,000	$150,000	$150,000	$619,750	$150,000	$150,000	$150,000	$150,000	$600,000	$750,000
Consulting expenses	$50,873	$5,498	$101,683	$162,852	$572,861	$842,894	$131,615	$140,000	$150,000	$160,000	$581,615	$140,000	$130,000	$130,000	$120,000	$520,000	$500,000
Director fees	$1,215,307	$50,000	$290,000	$695,000	($735,000)	$300,000	$100,000	$150,000	$150,000	$150,000	$550,000	$150,000	$150,000	$150,000	$150,000	$600,000	$600,000
Legal fees	$232,616	$136,225	$109,130	$142,883	$177,027	$565,265	$107,449	$140,000	$170,000	$160,000	$577,449	$100,000	$100,000	$100,000	$100,000	$400,000	$450,000
Marketing expenses	$0	$95,040	$87,680	$217,666	$177,699	$578,085	$127,913	$150,000	$170,000	$200,000	$647,913	$220,000	$250,000	$270,000	$300,000	$1,040,000	$1,600,000
Office expenses	$248,561	$282,505	$90,407	$76,818	$346,277	$796,007	$482,458	$400,000	$400,000	$400,000	$1,682,458	$380,000	$370,000	$350,000	$350,000	$1,450,000	$1,600,000
Patent fees	$37,742	$8,334	$3,230	$3,584	($15,148)		$6,308	$6,500	$7,000	$7,300	$27,108	$8,000	$8,000	$8,500	$8,500	$33,000	$40,000
Research expenses	$672,209	$361,652	$45,943	$362,500	$41,763	$811,858	$432,925	$400,000	$400,000	$350,000	$1,582,925	$350,000	$350,000	$350,000	$350,000	$1,400,000	$1,600,000
Salary expenses	$0	$270,000	$0	$0	$5,784,962	$6,054,962	$2,000,257	$2,400,000	$2,600,000	$2,800,000	$9,800,257	$3,000,000	$3,000,000	$3,300,000	$3,300,000	$12,600,000	$14,400,000
Taxes	$0	$0	$0	$0	$55,233	$55,233	$63,718	$50,000	$50,000	$50,000	$213,718	$50,000	$50,000	$50,000	$50,000	$200,000	$300,000
Depreciation & Amortization	$12,741	$3,110	$2,287	$789	$18,977	$25,163	$34,710	$25,000	$25,000	$25,000	$109,710	$25,000	$25,000	$25,000	$25,000	$100,000	$100,000
Goodwill impairment	$0	$0	$0	$0	$18,326,719	$18,326,719	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total General & Administrative	**$2,588,472**	**$1,286,164**	**$771,420**	**$1,785,005**	**$24,854,736**	**$28,697,325**	**$3,657,103**	**$4,011,500**	**$4,272,000**	**$4,452,300**	**$16,392,903**	**$4,573,000**	**$4,583,000**	**$4,883,500**	**$4,903,500**	**$18,943,000**	**$21,940,000**
Operating Income (Loss)	**($2,477,876)**	**($1,223,364)**	**($695,796)**	**($1,717,980)**	**($23,363,610)**	**($27,000,750)**	**($1,828,981)**	**($2,136,500)**	**($2,247,000)**	**($1,906,300)**	**($8,118,781)**	**($1,723,000)**	**($783,000)**	**($95,500)**	**$1,100,500**	**($1,501,000)**	**$16,060,000**
Loss on debt conversions	($9,726,485)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Foreigh exchange gain (loss)	$50	($9)	$29	$25	($521)	($476)	$15	$20	$20	$20	$75	$15	$15	$15	$15	$60	$50,000
Interest income	$0	$3	$146,043	$260,938	$111,666	$518,650	$213,881	$300,000	$350,000	$320,000	$1,183,881	$310,000	$300,000	$300,000	$290,000	$1,200,000	$1,000,000
Interest expense	($328,818)	($12,864)	$0	($2)	($26,546)	($39,412)	($41,075)	($30,000)	($30,000)	($30,000)	($131,075)	($30,000)	($30,000)	($30,000)	($30,000)	($120,000)	($120,000)
Debt forgiveness	$51,031	$0	$10,852	$0	$0	$10,852	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Interest foregiveness	$7,909	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Other Income (loss)	**($9,996,313)**	**($12,870)**	**$156,924**	**$260,961**	**$84,599**	**$489,614**	**$172,821**	**$270,020**	**$320,020**	**$290,020**	**$1,052,881**	**$280,015**	**$270,015**	**$270,015**	**$260,015**	**$1,080,060**	**$930,000**
Net Income (Loss) before taxes	($12,474,189)	($1,236,234)	($538,872)	($1,457,019)	($23,279,011)	($26,511,136)	($1,656,160)	($1,866,480)	($1,926,980)	($1,616,280)	($7,065,900)	($1,442,985)	($512,985)	$174,515	$1,360,515	($420,940)	$16,990,000
Provision for taxes	$0	$0	$0	$0	$0	$233,304	$46,270	$20,000	$20,000	$10,000	$96,270	$20,000	$20,000	$20,000	$20,000	$80,000	$120,000
Net Income (Loss)	**($12,474,189)**	**($1,236,234)**	**($538,872)**	**($1,457,019)**	**($23,279,011)**	**($26,744,440)**	**($1,702,430)**	**($1,886,480)**	**($1,946,980)**	**($1,626,280)**	**($7,162,170)**	**($1,462,985)**	**($532,985)**	**$154,515**	**$1,340,515**	**($500,940)**	**$16,870,000**
Gain from FX translation	($20,268)	$1,007	($12,645)	($45,126)	$241,750	$184,986	$11,160	$20,000	$10,000	$10,000	$51,160	$15,000	$15,000	$15,000	$15,000	$60,000	$70,000
Total Comprehensive Income	**($12,494,457)**	**($1,235,227)**	**($551,517)**	**($1,502,145)**	**($23,037,261)**	**($26,559,454)**	**($1,691,270)**	**($1,866,480)**	**($1,936,980)**	**($1,616,280)**	**($7,111,010)**	**($1,447,985)**	**($517,985)**	**$169,515**	**$1,355,515**	**($440,940)**	**$16,940,000**
Net Income (Loss) per share basic	**($4.76)**	**($0.23)**	**($0.03)**	**($0.08)**	**($1.11)**	**(1.76)**	**($0.08)**	**($0.08)**	**($0.07)**	**($0.06)**	**(0.28)**	**($0.08)**	**($0.02)**	**$0.01**	**$0.05**	**(0.01)**	**0.53**
Net Income (Loss) per share diluted	**($4.76)**	**($0.23)**	**($0.03)**	**($0.08)**	**($1.11)**	**(1.76)**	**($0.08)**	**($0.08)**	**($0.07)**	**($0.06)**	**(0.28)**	**($0.08)**	**($0.02)**	**$0.01**	**$0.05**	**(0.01)**	**0.53**
Shares for basic Net Income	2,612,061	5,272,856	15,849,518	18,885,632	20,715,466	15,180,868	22,036,272	23,500,000	28,000,000	28,200,000	25,434,068	28,500,000	28,900,000	29,300,000	30,000,000	29,175,000	32,000,000
Shares for diluted Net Income	2,612,061	5,272,856	15,849,518	18,885,632	20,715,466	15,180,868	22,036,272	23,500,000	28,000,000	28,200,000	25,434,068	28,500,000	28,900,000	29,300,000	30,000,000	29,175,000	32,000,000

Notes:

Effective February 9, 2022, the Company completed a 1 for 200 reverse split of its common stock.
The Company had previously completed two 20 to 1 reverse stock splits, one in 2019 and the other in 2020.
The Company's financial statements reflect all three reverse stock splits on a retroactive basis for all periods.
Sunshine acquired Nora Pharma Oct. 20, 2022 and has issued combined financial statements since.

Gross Margins	48.4%	51.2%	50.3%	50.5%	37.8%	39.0%	37.4%	37.5%	37.5%	38.0%	37.6%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%

Source: Company filings and Aegis Capital estimates

Net Revenue Model for SBFM

		0	1	2
Year		**2023**	**2024**	**2025**
Estimated annual revenues		$21,994,053	$45,900,000	$100,000,000
Estimated COGS		$13,719,931	$28,458,000	$62,000,000
Estimated Net Revenues		**$8,274,122**	**$17,442,000**	**$38,000,000**
Discounted Net Revenues		$8,274,122	$16,059,295	$32,213,949
Sum of Discounted Net Revenues	$56,547,366			
Discounted Net Revenues per current shares	$2.57			

Key Model Assumptions				
Discount rate	8.61%	Risk free rate (www.treasury.gov) as of August 4, 2023	4.31%	LT composite > 10 yrs
Current shares	22,036,272	Beta (avg beta of IBB, FBT and XBI)	0.89	Source: Yahoo Finance, 5-yr avg beta on August 4, 2023
		Equity Risk Premium (ERP) (www.damodaran.com)	4.83%	TTM cash yield for August 1, 2023
		Discount rate = Risk free rate+(beta*ERP)	8.61%	

Source: Company filings and Aegis Capital estimates

Required Disclosures

Price Target

$2.60

Valuation Methodology

We employ a discounted Net Revenue methodology (see Valuation section).

Risk Factors

The biotechnology and medical device sectors have substantial risk factors not associated with other investment sectors. The company referred to in this report should be considered a Speculative investment. Some of these risks are:
Regulatory risk. Companies developing a new drug or device to treat most healthcare problems must get approval from the FDA (Food and Drug Administration) before it can be sold in the United States.
Clinical Development Risk. If the results of clinical trials do not meet investors' expectations, the company's share price could fall.
Dilution risk. The company may need to raise cash by offering shares, which dilutes the ownership of current shareholders.
Intellectual property risk. The company may not be able to prevent competitors from developing the same products.
Safety risk. The company's products may cause unintended harm to patients.
All investors are encouraged to read the risks set forth in the form 10-K which each public company must file with the SEC (Securities and Exchange Commission)

For important disclosures go to www.aegiscap.com.

I, David Bouchey, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject companies and their securities. I also certify that I have not been, do not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendations in this report.

Research analyst compensation is not dependent upon investment banking revenues received by Aegis Capital Corp.

Aegis Capital Corp. intends to seek or expects to receive compensation for investment banking services from the subject company within the next three months.

The firm nor the Research Analyst have any material conflict of interest in which the Research Analyst has a reason to know or knows at the time of publication of this research report.

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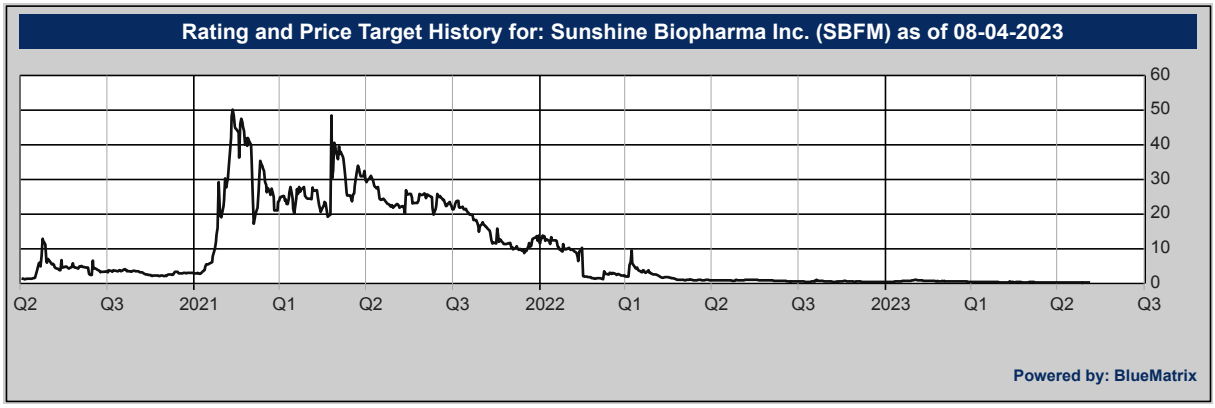
Aegis Capital Corp. makes a market in Sunshine Biopharma Inc..

Aegis Capital Corp. has performed investment banking services for and received fees from Sunshine Biopharma Inc. within the past 12 months.



Rating	Percent	Investment Banking Services/Past 12 Mos. Percent
BUY [BUY]	93.41	49.41
HOLD [HOLD]	6.59	16.67
SELL [SELL]	0.00	0.00

Meaning of Ratings

A) A Buy rating is assigned when we do not believe the stock price adequately reflects a company's prospects over 12-18 months.

B) A Hold rating is assigned when we believe the stock price adequately reflects a company's prospects over 12-18 months.

C) A Sell rating is assigned when we believe the stock price more than adequately reflects a company's prospects over 12-18 months.

Other Disclosures

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The common stock of the subject company in this report may not be suitable for certain investors based on their investment objectives, degree of risk, as well as their financial status.

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