November 16, 2022

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

Brad Sorensen
312-265-9574
bsorensen@zacks.com

scr.zacks.com
10 S. Riverside Plaza, Chicago, IL 60606

Ensysce Biosciences (ENSC-NASDAQ)

ENSC: ***Test results continue to point to progress.***

ENSC is a clinical stage pharmaceutical company dedicated to bringing a novel opioid to the market that resists the addictive properties that have plagued society.

Current Price (11/15/22)	$2.16
Valuation	**$24.00**

OUTLOOK

Ensysce Biosciences is committed to finding a solution to the opioid crisis plaguing the US and other developed countries around the world. Through its proprietary TAAP technology Ensysce is in the process of receiving approval for an abuse-resistant yet still pain-relieving opioid.

The company continues to post positive results for its solutions and is looking at expanding the use of the company's proprietary technology to other conditions.

SUMMARY DATA

52-Week High	**$102.40**
52-Week Low	**$1.93**
One-Year Return (%)	**-92.87**
Beta	**0.19**
Average Daily Volume (sh)	**958,703**
Shares Outstanding (mil)	**2**
Market Capitalization ($mil)	**$4**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**18**
Insider Ownership (%)	**53**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2022 Estimate	**-0.1**
P/E using 2023 Estimate	**-0.1**
Zacks Rank	**N/A**

Risk Level	**High**
Type of Stock	**Small-Blend**
Industry	**Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	N/A	N/A	1.2A	0.4E	1.7A
2022	0.6A	0.2A	0.3A	1.5E	2.6E
2023	0.6E	0.7E	0.8E	0.8E	2.9E
2024	2.2E	20E	25E	35E	82.2E

Earnings per share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	N/A	-0.39A	-0.71A	0.45A	-1.48A
2022	-0.06A	-0.24A	-0.15E	-0.14E	-0.59E
2023	-0.20E	-0.21E	-0.21E	-0.20E	-0.82E
2024	-0.10E	0.50E	0.55E	0.43E	1.38E

© Copyright 2022, Zacks Investment Research. All Rights Reserved.

Latest Developments

- Ensysce announced results of the clinical study evaluating human abuse potential of intranasal administration of PF614.
    - The human abuse potential (HAP) study was designed to test if drug users "liked" PF614.
        - This measure is recommended by the FDA in the guidance on "Assessment of Abuse Potential of Drugs."
        - The study indicated drug users "liked" PF614 significantly less than intranasal crushed oxycodone, a very exciting initial result and one that we expected to see.

- The company announced it received written FDA guidance, which stated that the company's proposed clinical development approach appears reasonable to support a new drug application for PF614 for an acute pain indication.
    - The guidance is encouraging to us in our belief that the PF614 product is moving rapidly toward commercialization.
    - Management noted that pursuing PF614 use for acute pain indications will reduce the development timeline and be more cost effective than an initial chronic pain indication.
        - The company also indicated that it would continue to pursue PF614 approval for chronic pain.

- Management noted that it is pursuing other uses for its TAAP technology, including drugs used for treating ADHD.

- The company initiated a 1-for-20 reverse stock split in late October 2022.

- Ensysce reported 3Q results:
    - Cash stood at $4.5 million as of September 30, 2022, versus $3.7 million as of June 30, 2022.
    - The net loss for 3Q 2022 was $9.9 million—not unexpected as a clinical stage company such as ENSC is in the research and development phase that needs to occur before revenue can be generated.

Summary

We continue to be pleased with the progress Ensysce is making toward helping solve the opioid epidemic that ruins thousands of lives every year. Test results continue to show positive results and the company has made several financial moves to increase the likelihood the company's testing can lead to commercialization. It may take some patience but given the stakes involved, we believe that ENSC is worth of look from both an investor and societal perspective.

INCOME STATEMENT AND BALANCE SHEET

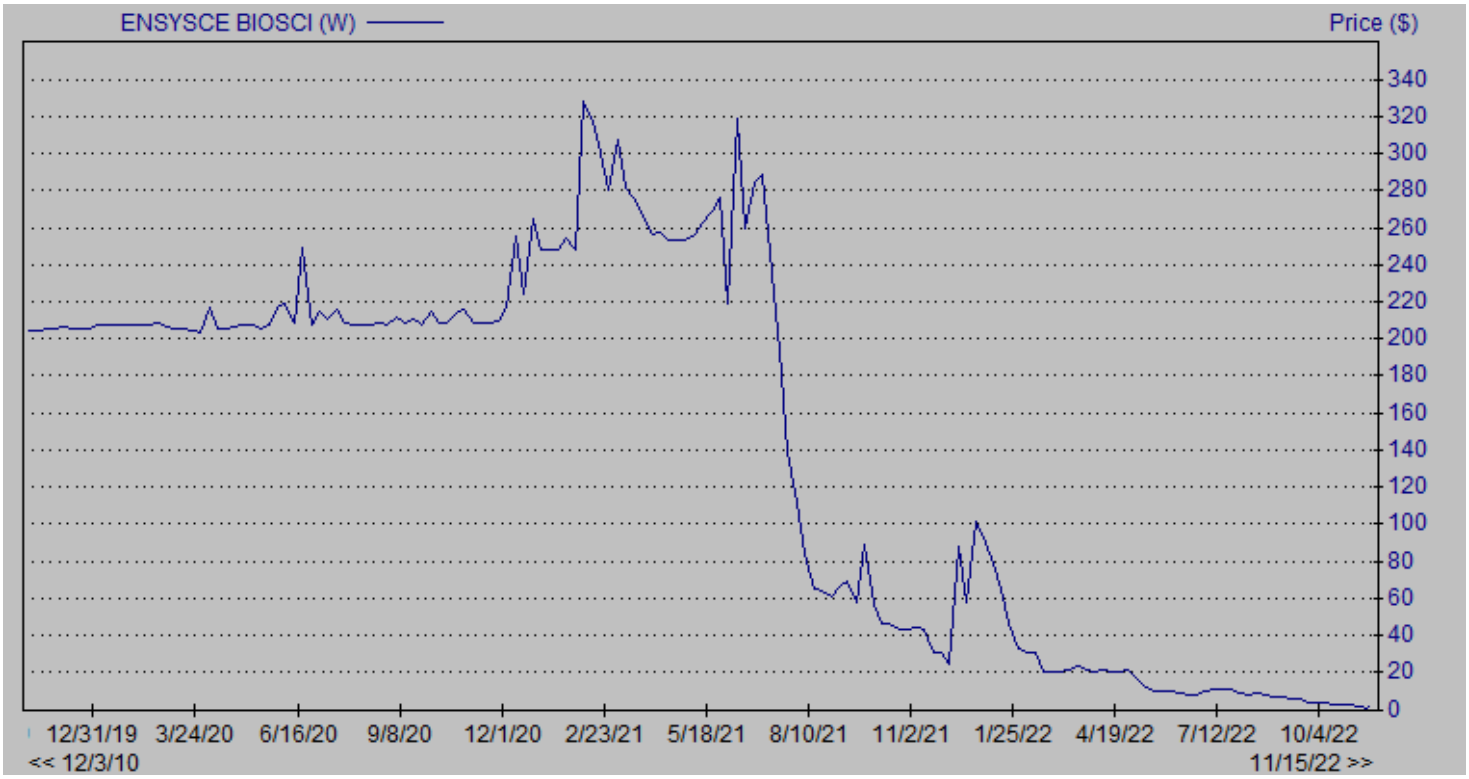
Ensysce Biosciences

Income Statement and Balance Sheet

		03/2022A	06/2022A	09/2022A	12/2022E	12/2023E	12/2024E	12/2025E
Income								
	Federal Grants	603,098	207,471	279,351	2,600,000	2,900,000	2,200,000	0
	Sales	0	0	0	0	0	80,000,000	254,500,000
Operating Expenses								
	COGS	0	0	0	0	0	(12,800,000)	(40,720,000)
	R&D	(3,140,096)	(5,311,298)	(4,756,096)	(23,400,000)	(30,700,000)	(21,200,000)	(16,100,000)
Other	Sales/Marketing	0	0	0	(4,900,000)	(13,600,000)	(36,200,000)	(54,700,000)
	Admin/general/other	(2,265,806)	(2,819,293)	(5,387,499)	(2,200,000)	(3,100,000)	(6,800,000)	(7,500,000)
	Adjustments to net income	3,136,118	(76,170)	8,679	0	0	0	0
Gain/loss		(1,666,686)	(7,999,290)	(9,855,565)	(23,000,000)	(30,900,000)	54,200,000	230,900,000
Loss attributable to noncontrolling interest				21,492				
Deemed div. related to warrants down round provision				(63,539)				
Shares		27,287,618	33,988,783	1,928,727	1,928,727	2,025,163	2,126,422	2,232,743
Per share		($0.06)	($0.24)	($5.13)	($11.92)	($15.26)	$25.49	$103.42

		03/2022A	06/2022A	09/2025A	2022E	2023E	2024E	2025E
Assets								
	Cash	8,440,952	3,734,646	4,503,081	4,548,112	4,775,517	5,014,293	5,265,008
	Other	3,930,540	4,214,370	3,786,747	3,824,614	4,015,845	4,216,637	4,427,469
Total Assets		12,371,492	7,949,016	8,289,828	8,372,726	8,791,363	9,230,931	9,692,477
Liabilities								
	Accounts Payable	959,630	3,048,037	1,285,514	1,324,079	1,363,802	1,404,716	1,446,857
	Other liabilities	7,842,279	5,200,443	10,624,450	10,943,184	11,271,479	11,609,623	11,957,912
Long-term liabilities		2,458,310	498,114	2,801,796	2,885,850	2,972,425	3,061,598	3,153,446
Total liabilities		11,260,219	8,746,594	14,711,760	15,153,113	15,607,706	16,075,937	16,558,215
Shareholder deficit/surplus		1,111,273	(797,578)	(6,421,932)	(6,780,387)	(6,816,344)	(6,845,007)	(6,865,738)
Total liabilities and shareholder equity		12,371,492	7,949,016	8,289,828	8,372,726	8,791,363	9,230,931	9,692,477

HISTORICAL STOCK PRICE



DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, Brad Sorensen, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.
Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.
SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer. Therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.