February 7, 2023

Zacks Small-Cap Research

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Ensysce Biosciences (ENSC-NASDAQ)

ENSC: ***Testing progresses and funding continues.***

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 (02/06/23)	$0.72
Valuation	**$3.65**

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 improved its balance sheet and continues move its products along the path to approval.

SUMMARY DATA

52-Week High	**$34.40**
52-Week Low	**$0.62**
One-Year Return (%)	**-97.89**
Beta	**0.42**
Average Daily Volume (sh)	**4,935,570**
Shares Outstanding (mil)	**6**
Market Capitalization ($mil)	**$5**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**N/A**
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 2023 Estimate	**-0.1**
P/E using 2024 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	0.5E	0.5E	0.6E	0.6E	2.2E

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	-5.13A	-3.51E	-4.76E*
2023	-1.75E	-2.00E	-1.25E	-1.09E	-6.09E
2024	-1.00E	-1.25E	-1.25E	-1.35E	-4.85E

*quarters don't add to yearly total in 2022 due to reverse stock split and share issuance.

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Latest Developments

- Enscysce announced initiation of the final stage of the Phase I study of PF614-MPAR, which is the overdose protection version of its lead product—PF614.
    - PF614-MPAR is another product the company is developing to enhance its battle against the plague of opioid abuse.
        - The PF614-MPAR product is designed to provide optimal pain relief at prescribed doses.
        - The product is designed to, if the target dose is exceeded, progressively inhibit the release of oxycodone from the excess PF614 ingested—preventing an overdose.
        - This final stage of Phase I follows a successful initial phase of testing.

- The company announced a registered direct offering of $3 million of common stock, which is equivalent to 3,571,431 shares at $0.84/share. Additionally, the company issued, in a private placement, warrants to purchase up to an aggregate of 3,571,431 million shares at an exercise price of $0.715/share.
    - The company also announced a dividend of 0.001 of a share of a new Series A Preferred Stock for each existing common share of stock held as of February 13.
        - The preferred stock is uncertified and nontransferable except in connection with the transfer of common stock.

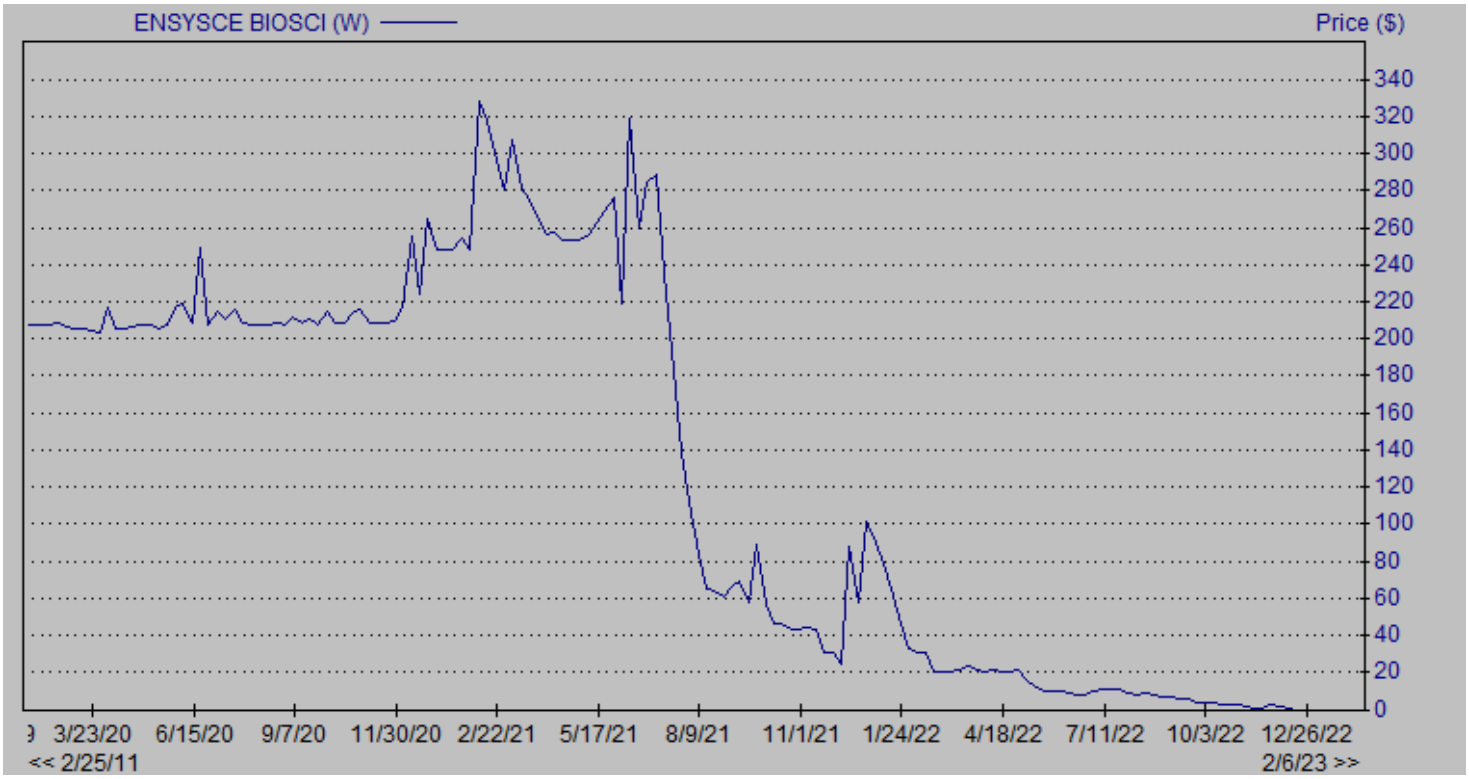
- Valuation adjustments:
    - As a result of the offering and recent commentary we have made some adjustments to our valuation of ENSC.
        - We adjusted the share count that the valuation is based on to account for the above-mentioned offering.
        - We continue to be optimistic about the prospects for the products being developed by Ensysce and are pleased that funding continues to come in, enabling testing to continue. We are not going to upgrade our revenue projections at this time, but remain optimistic about the development process.
            - The result of these changes is a valuation of ENSC of $3.65.

Summary

The reduction in valuation should not be viewed as a diminishing of our enthusiasm for ENSC and the products it is endeavoring to bring to the market. We continue to view the work that Ensysce is undertaking as vital in the fight against the opioid abuse epidemic in the company and continue to be encouraged by the positive test results that continue to be reported. And while no shareholder ever loves to be diluted by a share offering, the action was needed and justified in order to bolster the company's balance sheet to better enable the company to bring its products to market.

Additionally, while we continue to believe that ENSC represents a good investment for investors with patience and a higher tolerance for volatility, we also believe that each step along the FDA approval road that gets completed adds to the possibility of a purchase by a larger pharmaceutical company that wants to add this important technology to its portfolio. We recognize that certain actions can be frustrating to investors but we urge those folks to look at the bigger picture and believe they'll see a company with very promising products that could be an important part of the fight against a terrible public health crisis that obtained funding that it needed to bolster its balance sheet and allow it to continue to progress.

HISTORICAL STOCK PRICE



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