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Zacks Small-Cap Research

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Ensysce Biosciences (ENSC-NASDAQ)

ENSC: 1Q Earnings Release as Progress 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 (05/15/23)	$3.08
Valuation	**$17.85**

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 recently released results from testing of its PF614-MPAR drug, which proved it can limit opioid exposure when too many pills are swallowed. We believe this is an important development in the fight against opioid addiction and a catalyst for the stock. The company also released 1Q 2023 results.

SUMMARY DATA

52-Week High	**$208.50**
52-Week Low	**$3.08**
One-Year Return (%)	**-98.00**
Beta	**0.58**
Average Daily Volume (sh)	**1,849,074**
Shares Outstanding (mil)	**2**
Market Capitalization ($mil)	**$4**
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	**N/A**
P/E using 2024 Estimate	**N/A**
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	1.4A	2.5A
2023	0.8A	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	-2.55A	11.62A*
2023	-2.08A	-3.60E	-3.62E	-3.66E	-14.43E
2024	-5.10E	-5.11E	-5.14E	-5.19E	-20.54E

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

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Company Update

Enscyse Biosciences has been one of the companies that we cover that we believe most of America is hoping is successful. The opioid crisis remains a plague on the American public and is destroying families and whole communities. The National Institute on Drug Abuse reported more than 106,000 overdose deaths in 2021—and that doesn't count the millions of family members and friends impacted by those deaths. Enscyse has extremely promising technology that aims to eliminate the ability to overdose or abuse the pain reliever, while still providing the much-needed pain relief that many Americans need.

We are extremely excited about the recent announcement that the company has completed the final Part B part of a study designed to test the effectiveness of PF614-MPAR, which is the company's pain medication with overdose protection. The exciting part is that the results of this trial were successful—great news for the company and potentially a game-changing development in the fight against opioid addiction. The company released the following statement regarding the results of the test:

- "We believe PF614-MPAR is the first drug which can limit opioid exposure when too many pills are swallowed, protecting against overdose. In our PF614-MPAR-101 study, the data showed that a 25 mg dose of PF614-MPAR, delivered oxycodone as designed for what may be a prescribed dose of one to two capsules. Importantly, when administering three or more capsules simultaneously, the amount of opioid released and absorbed into the circulation diminished as compared to the unprotected PF614, thereby substantially reducing the risk of overdose."

Overdosing on opioids is a plague on society and destroying families and lives. Having the possibility of a drug that can provide the needed pain relief, while greatly reducing the risk of overdosing is, in our view, an extremely exciting development. The company will now work to define the drug for all planned dosage strengths in order to optimize effects across various dose ranges.

The company also announced 1Q2023 earnings, which are not nearly as important at this point in the process as the test results, but the highlights follow:

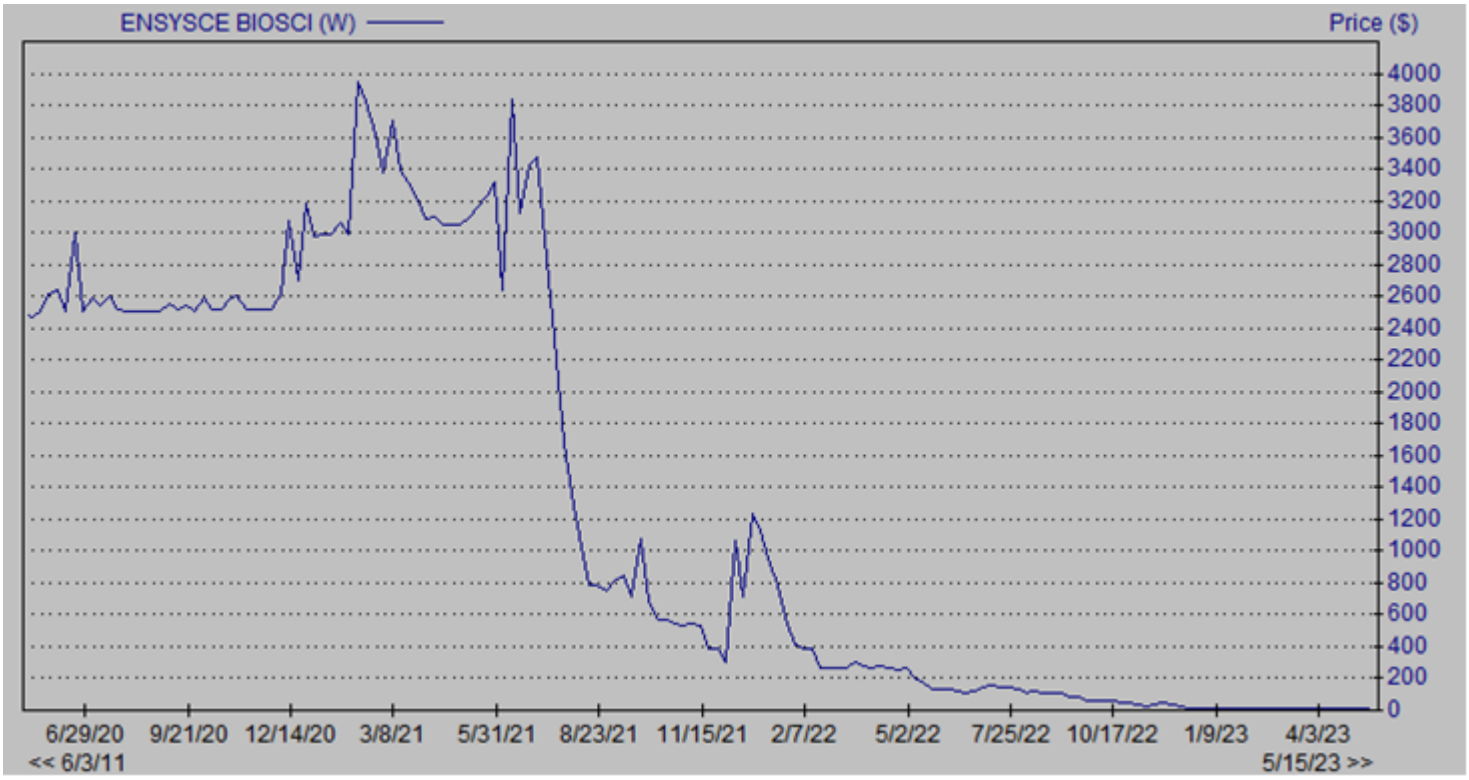
- The company had Federal grants of $789,000, up from just over $600,000 in the last quarter.
- The company reported cash on hand as of March 31, 2023 of $1.4 million, down from $3.1 million at the end of the last quarter as the company continues to spend money to further the approval process.
- Long-term debt remains low at just over $90,000.
- The company reported a loss of $2.08 per share, which was better than our expected loss of just over $3.00 per share.

The company also announced an offering of 1.8 million shares of common stock along with Series A-1 and A-2 warrants to purchase the equivalent number of shares. This offering should provide Ensysce with the cash (approximately $7 million before fees) it needs to continue this exciting mission to bring this vital product to market. However, as a result of the offering, we are reducing our price target in proportion to the dilution that will occur once the shares are offered. We are also reducing the discount rate due to our belief that the risks have decreased modestly after the positive trial. The result is a new price target of $17.85, which we continue to believe is a relatively conservative price target given the potential of the solutions ENSC is developing.

The market for biotechnology stocks has been bumpy lately but we strongly believe, and have shown above, the technology being advanced by Ensysce has enormously important potential for the

American public—and for investors with a higher tolerance for risk and volatility in the near term, ENSC is a stock worth looking at.

HISTORICAL STOCK PRICE



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