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Zacks Small-Cap Research

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Ensysce Biosciences (ENSC-NASDAQ)

ENSC: Earnings Release Highlights 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.

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 continued its path toward approval of its lead drug known as PF614 and looks to start phase 3 testing soon.

Current Price (11/09/23)	$1.96
Valuation	**$17.50**

SUMMARY DATA

52-Week High	**$41.06**
52-Week Low	**$0.85**
One-Year Return (%)	**-96.58**
Beta	**0.68**
Average Daily Volume (sh)	**172,692**
Shares Outstanding (mil)	**3**
Market Capitalization ($mil)	**$3**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**31**
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	0.5A	0.4A	0.3E	2.0E
2024	0.2E	0.3E	0.3E	0.3E	1.1E

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	-0.98A	-0.87A	-0.93E	-4.86E
2024	-0.85E	-0.86E	-0.89E	-0.93E	-3.53E

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

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Earnings Update

- Cash and cash equivalents were $1.5 million at the end of 3Q, down from $3.8 million at the end of 1Q.
    - During 3Q, Ensysce completed a convertible note financing offer that netted the company roughly $560,000 before fees and offering expenses, with the potential for another $1.13 million upon “satisfaction of certain conditions.”
- Net loss for Ensysce for 3Q 2023 was $0.87 per share, better than our estimated $1.08 loss.
- The company filed a prospectus for the potential issuance of up to 6.1 million shares for a conversion of a note into stock and warrants.

Company Update

Ensysce Biosciences continues to be one of the companies that we cover that we believe most of America would hope is successful and one we are becoming more convinced will achieve its goals. The opioid crisis remains a plague on the American public and is destroying families and entire communities. The National Institute on Drug Abuse reported more than 107,000 overdose deaths in 2022—and that doesn’t count the millions of family members and friends impacted by those deaths. Ensysce has extremely promising technology that is abuse resistant, while still providing the much-needed pain relief that many Americans need with a longer lasting dose than its bioequivalent OxyContin.

Our confidence in the ultimate approval of this important drug continues to grow as the company continues to obtain the financing needed to continue the testing process. Financing has become more difficult over the past year as credit markets have tightened along with the Federal Reserve tightening monetary policy. That process can tend to make investors more cautious, especially in the small cap market space. We understand that this can be a frustrating time for believers in the ENSC story, with small cap stocks struggling and some of the financing activities causing some dilution of current shareholders, but we continue to believe that patience will be rewarded. Major tests are forthcoming, and we believe, based on the data we’ve seen from earlier tests, that the results will be quite positive and propel the stock higher.

The company announced in September that two scale up manufactures had been completed for PF614, the company’s lead product, in preparation for the critical phase 3 studies.

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.

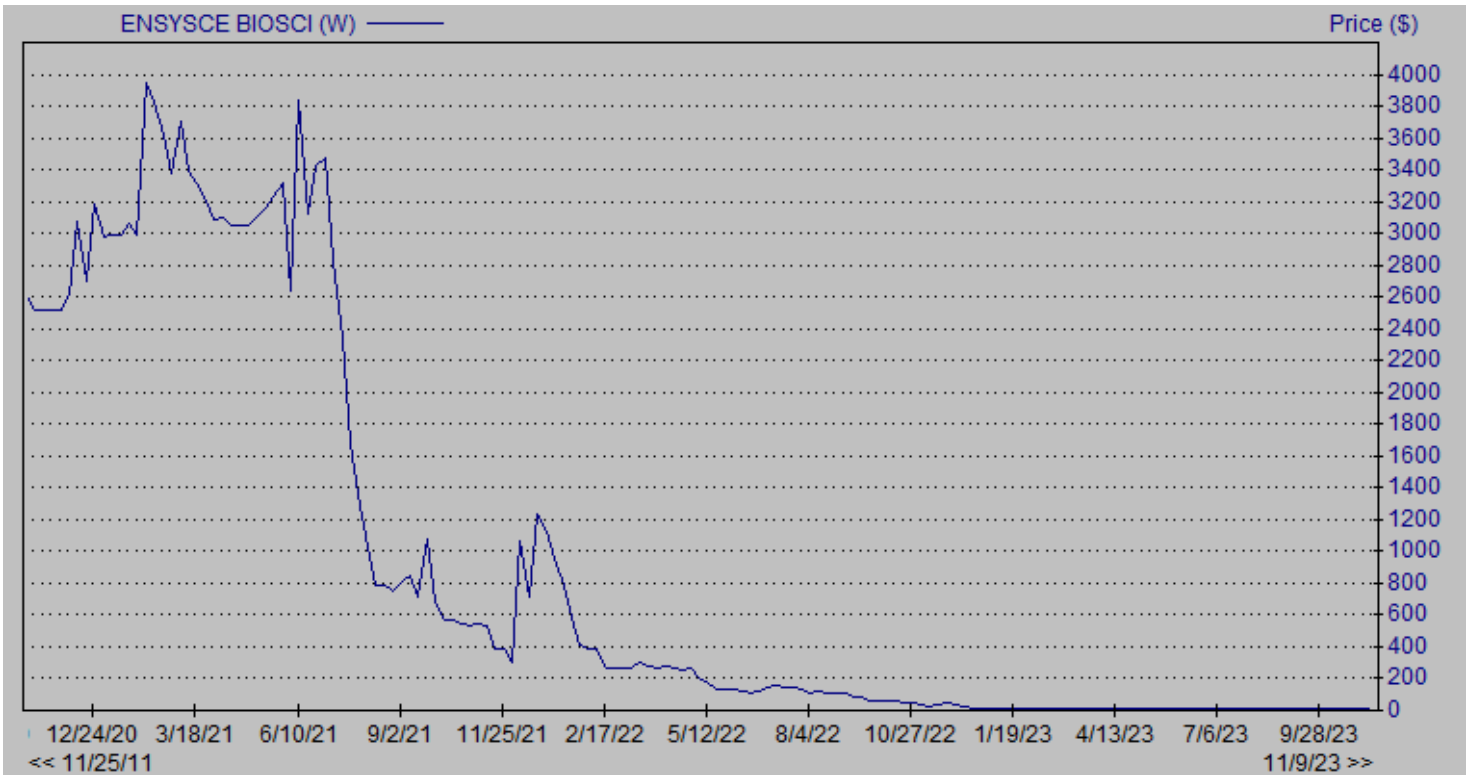
PROJECTED INCOME STATEMENT & BALANCE SHEET

Ensysce Biosciences

Income Statement and Balance Sheet

		03/2023A	06/2023A	09/2023E	12/2023E	12/2024E	12/2025E	12/2026E
Income								
	Federal Grants	789,635	490,472	435,380	279,351	1,117,404	2,200,000	0
	Sales	0	0	0	0	0	0	80,000,000
Operating Expenses								
	COGS	0	0	0	0	0	0	(12,800,000)
	R&D	(1,796,015)	(1,643,726)	(1,914,970)	(2,010,719)	(8,042,874)	(8,445,018)	(8,867,269)
Other	Sales/Marketing	0	0	0	0	0	0	(8,000,000)
	Admin/general/other	(1,554,855)	(1,086,048)	(1,211,216)	(1,271,777)	(5,087,107)	(5,341,463)	(5,608,536)
	Adjustments to net income	369,429	0	0	0	0	0	0
Gain/loss		(2,191,806)	(2,239,302)	(2,690,806)	(3,003,144)	(12,012,577)	(11,586,480)	65,524,196
Loss attributable to noncontrolling interest		3,941	7,060	1,235				
Deemed div. related to warrants down round pr		(8,309)	(3,729)					
Shares		1,054,202	2,274,113	3,085,873	3,240,167	3,402,175	3,572,284	3,750,898
Per share		($2.08)	($0.98)	($0.87)	($0.93)	($3.53)	($3.24)	$17.47
Assets								
	Cash	1,415,765	3,829,482	1,464,381	1,479,025	1,552,976	1,630,625	1,712,156
	Other	2,499,097	2,528,141	1,754,305	1,771,848	1,860,440	1,953,462	2,051,136
Total Assets		3,914,862	6,357,623	3,218,686	3,250,873	3,413,417	3,584,087	3,763,292
Liabilities								
	Accounts Payable	1,598,166	1,274,629	916,416	943,908	972,226	1,001,393	1,031,434
	Other liabilities	2,377,802	1,242,491	1,114,122	1,147,546	1,181,972	1,217,431	1,253,954
Long-term liabilities		91,318	47,696	30,473	31,387	32,329	33,299	34,298
Total liabilities		4,067,286	2,564,816	2,061,011	2,122,841	2,186,527	2,252,122	2,319,686
Shareholder deficit/surplus		(152,424)	3,792,807	1,157,675	1,128,032	1,226,890	1,331,965	1,443,606
Total liabilities and shareholder equity		3,914,862	6,357,623	3,218,686	3,250,873	3,413,417	3,584,087	3,763,292

HISTORICAL STOCK PRICE



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