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Zacks Small-Cap Research

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Ensysce Biosciences (ENSC-NASDAQ)

ENSC: Strategic Acquisition Bolsters Pipeline

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 announced that it has acquired a privately-held company that fits in perfectly with ENSC and helps to bolster and expand their pipeline.

Current Price (08/05/26)	$0.36
Valuation	**$8.25**

SUMMARY DATA

52-Week High	**$2.57**
52-Week Low	**$0.25**
One-Year Return (%)	**-82.93**
Beta	**0.84**
Average Daily Volume (sh)	**16,821,400**
Shares Outstanding (mil)	**15**
Market Capitalization ($mil)	**$6**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**6**
Insider Ownership (%)	**3**
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)
2023	0.8A	0.5A	0.4A	0.5A	2.2A
2024	0.3A	0.2A	3.4A	1.3A	5.2A
2025	1.3A	1.4A	0.5A	1.9A	5.1A
2026	1.0A	1.0E	5.3E	0.0E	7.3E

Earnings per share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	-2.08A	-0.98A	-0.87A	-1.13A	-5.06A
2024	-0.55A	-0.22A	0.07A	-2.90A	-11.45A
2025	-1.39A	-0.79A	-1.29A	-0.75A	-3.98A
2026	-0.52A	-0.50E	0.04 E	-0.29E	-1.27E

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

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Update

Ensysce Biosciences (NASDAQ: ENSC) has focused on developing innovative pharmaceutical technologies designed to make prescription opioids significantly safer. Through its proprietary Trypsin-Activated Abuse Protection (TAAP) and Multi-Pill Abuse Resistance (MPAR) platforms, the company is developing next-generation pain medications engineered to reduce the risks of abuse, misuse, and overdose while still providing effective pain relief for patients with severe pain. In addition to its pain portfolio, Ensysce has expanded the application of its technology into additional therapeutic areas, including opioid use disorder and ADHD, creating multiple opportunities to leverage its intellectual property across large pharmaceutical markets.

The company's latest announcement, however, represents what may be what we believe is its most significant strategic milestone to date. The acquisition of privately held Cy Biopharma advances Ensysce from a company focused primarily on abuse-resistant analgesics into a broader clinical-stage biotechnology company with multiple late-stage opportunities in pain management.

Cy Biopharma brings with it CY200, a clinical-stage neuroplastogenic therapy being developed for Complex Regional Pain Syndrome (CRPS) Type 1, a debilitating chronic pain disorder with few effective treatment options. Importantly, CY200 has already received U.S. FDA Orphan Drug Designation, providing meaningful regulatory benefits that can include market exclusivity, tax credits, and potentially an accelerated development pathway. The addition of an orphan-designated asset immediately diversifies Ensysce's pipeline while complementing its existing expertise in pain therapeutics. Rather than competing with Ensysce's current programs, CY200 broadens the company's reach into another significant area of unmet medical need, creating a more balanced and valuable development portfolio.

Just as important in our view is the financial details that accompanies the transaction. Unlike many biotech acquisitions that require the acquiring company to spend substantial amounts of cash, this transaction actually delivers significant capital to Ensysce. Cy Biopharma contributed approximately $17.1 million in cash generated through a pre-acquisition financing, immediately strengthening Ensysce's balance sheet. Concurrently, Ensysce entered into a private placement expected to generate approximately $43 million in gross proceeds through two financing tranches, with approximately $21.5 million expected at the initial closing and an additional milestone-based tranche of up to $38.6 million tied to clinical progress. Taken together, the acquisition, acquired cash and financing package represent access to as much as $77 million in capital, providing substantial financial resources to advance CY200 through Phase 2 proof-of-concept studies and into registrational development.

The structure of the transaction also demonstrates a long-term alignment between all parties involved. The acquisition was completed as a stock-for-stock merger, with Cy Biopharma shareholders receiving Series C non-voting convertible preferred shares rather than an immediate cash payment. Likewise, the financing investors also received Series C preferred securities that require shareholder approval before conversion into common stock. This structure minimizes the company's immediate cash requirements while aligning former Cy Biopharma shareholders and new institutional investors with the future success of the combined company. It also allows Ensysce to preserve capital for clinical development rather than acquisition costs.

While the transaction could result in significant dilution to existing shareholders if all preferred shares are ultimately converted, management appears to be exchanging ownership percentage for

something considerably more valuable—a substantially larger and better-capitalized biotechnology company. Existing shareholders gain exposure not only to Ensysce's proprietary TAAP and MPAR platforms but also to CY200's development program, the accompanying cash infusion, and financing that may reduce the need for additional near-term capital raises. If the expanded pipeline advances successfully, we believe shareholders will ultimately benefit from ownership in a company with multiple clinical assets targeting large pain-related markets rather than relying on a single development platform.

The transaction also appears to have attracted a strong syndicate of biotechnology-focused institutional investors, led by Ally Bridge Group. Participation from specialist healthcare investors can provide validation of both the scientific potential of the combined pipeline and management's long-term strategy. Such investors often possess deep expertise in evaluating clinical-stage biotechnology companies and may become valuable long-term shareholders as development programs advance. From a strategic perspective, the acquisition significantly expands Ensysce's opportunities. The company now combines differentiated abuse-resistant opioid technology with a novel non-opioid neuroplastogenic therapy for chronic pain, providing exposure to multiple approaches addressing one of healthcare's largest unmet needs. The addition of an orphan-designated clinical asset also introduces the possibility of a faster regulatory pathway and earlier commercialization opportunities while maintaining the company's long-term focus on improving pain management.

The Cy Biopharma acquisition appears to us to represent a transformational event for Ensysce Biosciences. The company has not only broadened its clinical pipeline with an attractive late-stage development asset but has simultaneously strengthened its financial position through a combination of acquired cash and new financing. While shareholders should recognize the potential dilutive nature of the transaction, the additional capital, expanded pipeline, enhanced clinical opportunities and improved financial flexibility have the potential to create substantially greater long-term shareholder value. For investors seeking exposure to innovative pain therapeutics and having a slightly higher risk tolerance, we believe Ensysce now offers a considerably broader and better-capitalized platform than it did prior to the acquisition, positioning the company for what will be its next phase of growth.

PROJECTED INCOME STATEMENT & BALANCE SHEET

Ensysce Biosciences

Income Statement and Balance Sheet

		1Q/2025A	2Q/2025A	3Q/2025A	4Q/2025A	1Q/2026A	2Q/2026E	3Q/2026E	4Q/2026E	12/2027E
Income										
	Federal Grants	1,319,772	1,371,438	493,104	1,882,336	960,999	970,609	5,300,000	0	0
	Sales	0	0	0	0	0	0	0	0	2,500,000
Operating Expenses										
	COGS	0	0	0	0	0	0	0	0	(250,000)
	R&D	(1,885,528)	(1,923,430)	(2,954,909)	(3,613,029)	(3,346,881)	(3,413,819)	(3,482,095)	(3,551,737)	(1,979,804)
Other	Sales/Marketing	0	0	0	0	0	0	0	0	(250,000)
	Admin/general/other	(1,379,817)	(1,178,365)	(1,279,290)	(1,037,276)	(1,176,348)	(1,176,349)	(1,176,350)	(1,176,351)	(1,448,808)
	Interest	(3,856)	(3,160)	0	0	(3,923)	0	0	0	(15,424)
	Adjustments to net income	0	0	11,967	321	9,738	0	0	0	0
Gain/loss		(1,945,573)	(1,733,517)	(3,729,128)	(2,767,648)	(3,556,415)	(3,619,559)	641,555	(4,728,088)	(928,612)
Loss attributable to noncontrolling		0	(166)	0	0	0	0	0	0	0
Deemed div. rel.to warrants		0	0	0	0	0	0	0	0	0
Net Loss Attr. to Common S/H		(1,945,573)	(1,733,351)	(3,729,128)	(2,767,648)	(3,556,415)	(3,619,559)	641,555	(4,728,088)	(928,612)
Shares		1,401,144	2,202,299	2,890,797	3,690,197	6,839,385	7,181,354	15,540,422	16,317,443	17,133,315
Per share		($1.39)	($0.79)	($1.29)	($0.75)	($0.52)	($0.50)	$0.04	($0.29)	($0.05)
Assets										
	Cash	3,052,491	2,211,575	1,673,218	4,310,354	745,482	670,934	21,603,840	10,801,920	9,721,728
	Other	1,559,383	3,362,880	1,506,246	3,142,125	1,422,321	1,493,437	1,568,109	1,646,514	1,728,840
Total Assets		4,611,874	5,574,455	3,179,464	7,452,479	2,167,803	2,164,371	23,171,949	12,448,435	11,450,568
Liabilities										
	Accounts Payable	615,295	1,042,832	463,458	3,267,610	1,610,186	1,642,390	1,675,238	1,708,742	1,742,917
	Other liabilities	1,145,881	1,470,178	1,841,257	1,300,119	1,226,629	1,263,428	1,301,331	1,340,371	1,380,582
Long-term liabilities		130,180	1,033	35	0	0	0	0	0	0
Total liabilities		1,891,356	2,514,043	2,304,750	4,567,729	2,836,815	2,905,818	2,976,568	3,049,113	3,123,499
Shareholder deficit/surplus		2,720,518	3,060,412	874,714	2,884,750	(669,012)	(741,447)	20,195,381	9,399,322	8,327,069
Total liabilities and shareholder equity		4,611,874	5,574,455	3,179,464	7,452,479	2,167,803	2,164,371	23,171,949	12,448,435	11,450,568

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