

# Zacks Small-Cap Research

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## Scilex Holding Company (SCLX-NASDAQ)

### SCLX: Expanding Access and Accelerating Revenue Growth

SCLX is developing pain relief products that don't involve opioids. We currently value SCLX at \$4.75 using a 10% discount ratio with the belief that estimate will rise as new products come to market.

### OUTLOOK

SCLX is filling a much-needed area of the health care sector, that of developing non-opioid pain relief products. The company already has commercialized products that are proven to improve patients' lives.

We believe SCLX is at the beginning of a rapid ramp higher, with new products in the pipeline and a dedicated sales team and manufacturing facility already in place. Several announcements recently have reinforced our belief in the prospects for SCLX.

Current Price (01/29/24) **\$1.23**  
**Valuation \$4.75**

### SUMMARY DATA

52-Week High **\$14.80**  
 52-Week Low **\$0.95**  
 One-Year Return (%) **-80.32**  
 Beta **0.59**  
 Average Daily Volume (sh) **706,601**

Shares Outstanding (mil) **158**  
 Market Capitalization (\$mil) **\$270**  
 Short Interest Ratio (days) **N/A**  
 Institutional Ownership (%) **78**  
 Insider Ownership (%) **8**

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**

Risk Level **Medium**  
 Type of Stock **Small-Growth**  
 Industry **N/A**

### ZACKS ESTIMATES

#### Revenue

(in millions of \$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	N/A	N/A	N/A	N/A	38.0 A
2023	10.6 A	12.6 A	10.1 A	10.3 E	43.6 E
2024	19.0 E	21.9 E	22.2 E	22.7 E	84.8 E
2025	28.5 E	29.0 E	30.0 E	30.9 E	118.4 E

#### Earnings

(per share)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	N/A	N/A	N/A	N/A	-0.17 E
2023	-0.22 E	-0.19 A	-0.63 A	-0.24 E	-1.28 E
2024	-0.15 E	-0.16 E	-0.16 E	-0.16 E	-0.63 E
2025	-0.12 E	-0.12 E	-0.12 E	-0.12 E	-0.48 E

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## Company Update

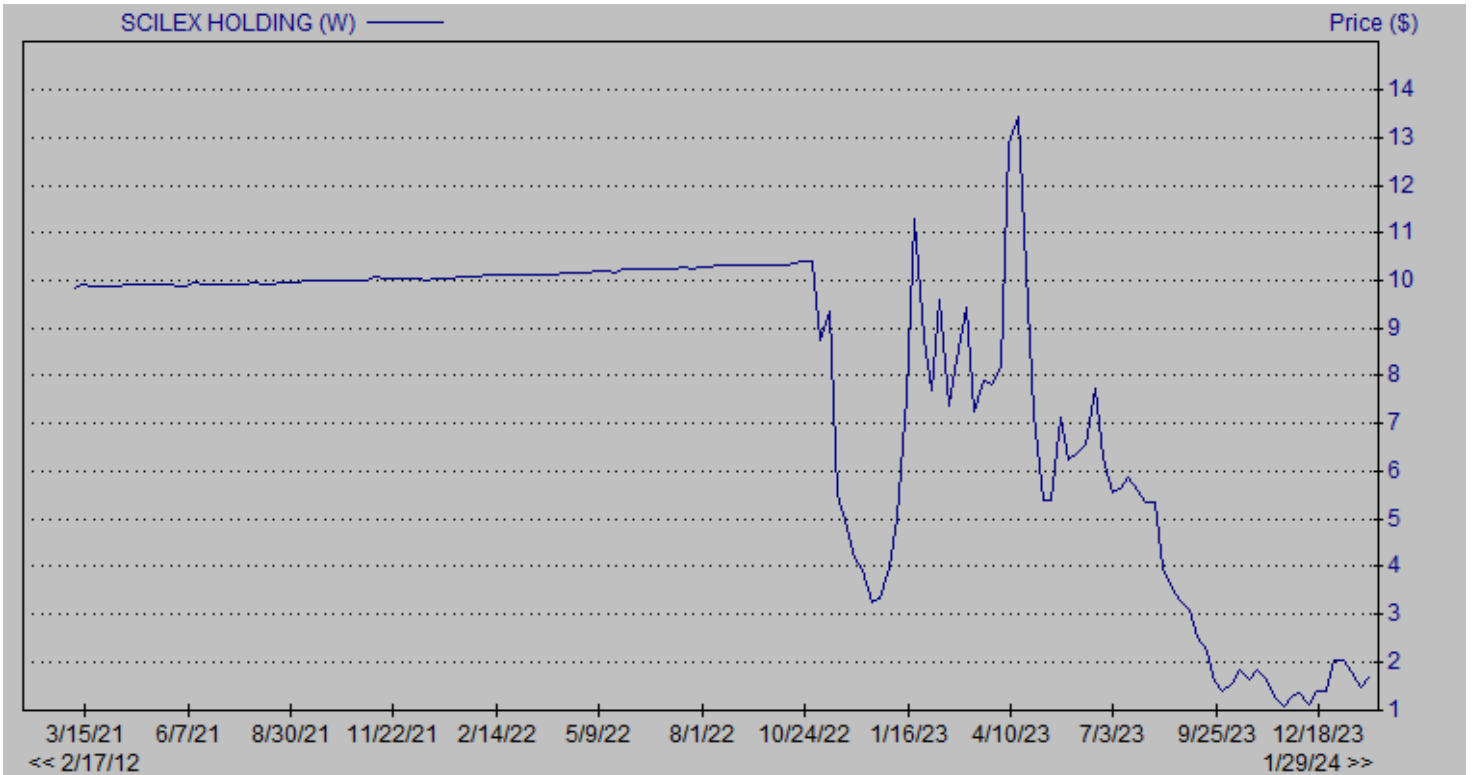
Scilex Holding Company is a revenue-generating company that is focused on addressing one of the biggest issues facing humanity today—that of the overuse of opioids. Scilex is focused on developing non-opioid pain management products that provide the relief patients so desperately need, while avoiding the debilitating addiction that often comes with the use of opioids. Roughly 80,000 Americans died in 2022 from the overuse of opioids and there is no doubt that a good number of those started their opioid use to reduce physical pain of various types.

Scilex has provided several updates over the past month that have bolstered our belief in the company's prospects and reiterate our price target of \$4.75 for SCLX. Recently, the company has announced that:

- Its primary treatment, ZTlido, was added to the Medicaid Preferred Drug List (PDL) in three new states, which will provide coverage for an approximately 6.5 million additional people.
- Another of its breakthrough treatments, ELYXYB, is getting an expanding audience after the company signed an insurance coverage agreement with a national Pharmacy Benefit Manager.
  - The company also announced that it has submitted an NDS to Health Canada's Pharmaceutical Drugs Directorate for the approval of ELYXYB for acute treatment of migraines. The estimated market potential in 2025 for Canada is approximately \$400 million according to Mordor Intelligence.
- Looking ahead, the company sees another important treatment entering the market in 2024, known as Gloperba, which is the first and only liquid oral version of the anti-gout medicine colchicine indicated for the prophylaxis of painful gout flairs in adults.
- In a CEO letter, Jaisim Shah noted that the company has a goal to grow gross sales to more than \$200 million,
  - That number would exceed our estimates, but we are not raising our estimates at this time as we watch how the beginning of the year develops.

These announcements reinforce our belief that SCLX is poised to move nicely higher and that investors continue to underestimate the value of treatments the company currently has and is developing. We urge investors to take a look at a company that is earning revenue, growing that revenue in a meaningful way, and adding to its portfolio of very important treatments before the rest of the investing community realized the story developing at Scilex.

# HISTORICAL STOCK PRICE



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