

Zacks Small-Cap Research

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Scilex Holding Company (SCLX-NASDAQ)

SCLX: Distribution and Use Expanding

SCLX is developing pain relief products that don't involve opioids. We currently value SCLX at \$4.50 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 continue to believe that SCLX is at the beginning of a rapid ramp higher. Distribution of its products is expanding and the desire for non-opioid pain relief continues to grow.

Current Price (03/04/24) \$1.23
Valuation \$4.50

SUMMARY DATA

52-Week High \$14.80
52-Week Low \$0.95
One-Year Return (%) -85.87
Beta 0.76
Average Daily Volume (sh) 1,086,957

Shares Outstanding (mil) 163
Market Capitalization (\$mil) \$218
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	-0.14 E	-0.13 E	-0.14 E	-0.56 E
2025	-0.11 E	-0.11 E	-0.10 E	-0.10 E	-0.42 E

Company Update

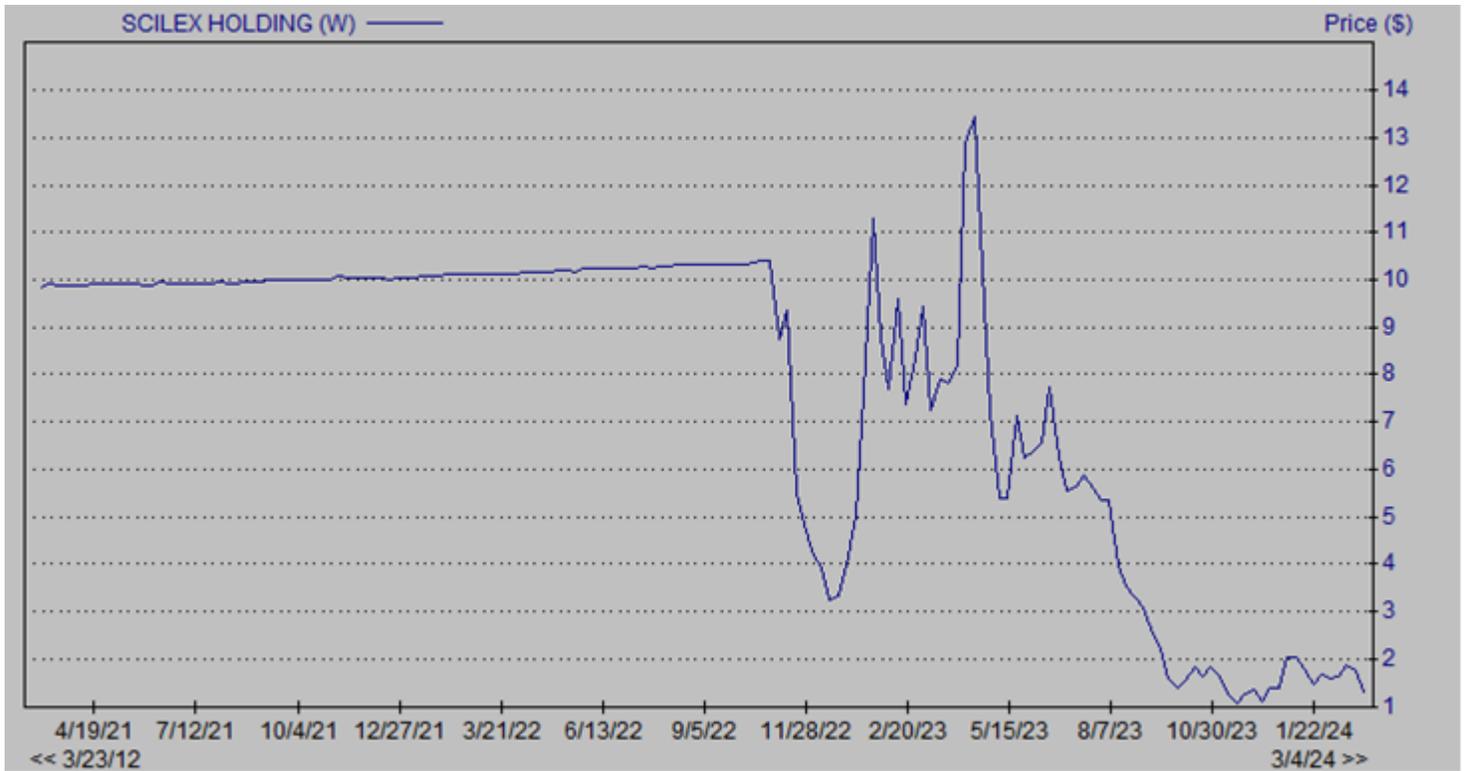
Scilex Holding Company is a revenue-generating company that is focused on addressing one of the biggest issues facing humanity today—that of the overuse of opioids. Scilex is focused on developing non-opioid pain management products that provide the relief patients so desperately need, while avoiding the debilitating addiction that often comes with the use of opioids. Roughly 112,000 Americans died in 2023 from overdoses and there we have no doubt that a good number of those involved opioid use at some point to reduce physical pain of various types.

Scilex continues to grow its product offerings and distribution channels, leading to more patients being helped and more revenue coming in. Just in the last month the company has announced:

- One of its primary drugs, Ztlido, according to the company, recently reached the one million mark in terms of patients treated.
 - Additionally, the company noted that, based on prescription data from Symphony Health, Ztlido is now the number one prescribed non-opioid branded pain medication by pain specialists in the U.S.
 - Management also noted that 89% of patients using Ztlido expressed satisfaction with the drug.
- Another drug we have written extensively about, Gloperba, is expected to be launched in the first half of 2024.
 - As a reminder, Gloperba is the first and only liquid oral version of the anti-gout medicine colchicine.
 - Gout impacts approximately 9.2 million people in the U.S.
- Finally, the company announced a funding raise by issuing 5,882,353 share of common stock and an equal number of warrants to raise approximately \$9.2 million before expenses.
 - We applaud this move and believe the additional liquidity will prove crucial to the expansion of the company's product line and distribution channels.
 - As a result of the additional share issuance, we are adjusting our price target to \$4.50 per share but continue to believe that will prove to be conservative.

These announcements reinforce our belief that SCLX is poised to resume its move 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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