

# Zacks Small-Cap Research

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## Scilex Holding Company (SCLX-NASDAQ)

### SCLX: Deal Brings Huge Potential

SCLX is developing pain relief products that don't involve opioids. We currently value SCLX at \$6.25 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.

The company announced a deal with a developer of a Phase 2 drug with a large market potential to be the exclusive developer and have the right to commercialize the treatment targeting obesity and Alzheimer's disease.

Current Price (12/09/24) \$0.69  
**Valuation \$6.25**

### SUMMARY DATA

52-Week High \$2.42  
 52-Week Low \$0.52  
 One-Year Return (%) -33.29  
 Beta 0.96  
 Average Daily Volume (sh) 1,798,606

Shares Outstanding (mil) 192  
 Market Capitalization (\$mil) \$132  
 Short Interest Ratio (days) N/A  
 Institutional Ownership (%) 70  
 Insider Ownership (%) 9

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

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	13.5 A	46.8 A
2024	10.9 A	16.4 A	16.9 E	17.4 E	61.6 E
2025	16.0 E	16.9 E	17.8 E	18.8 E	69.5 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 A	-0.19 A	-0.63 A	-0.25 A	-1.28 A
2024	-0.24 A	-0.31 A	-0.30 E	-0.34 E	-1.19 E
2025	-0.16 E	-0.18 E	-0.17 E	-0.16 E	-0.67 E

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## Company Update

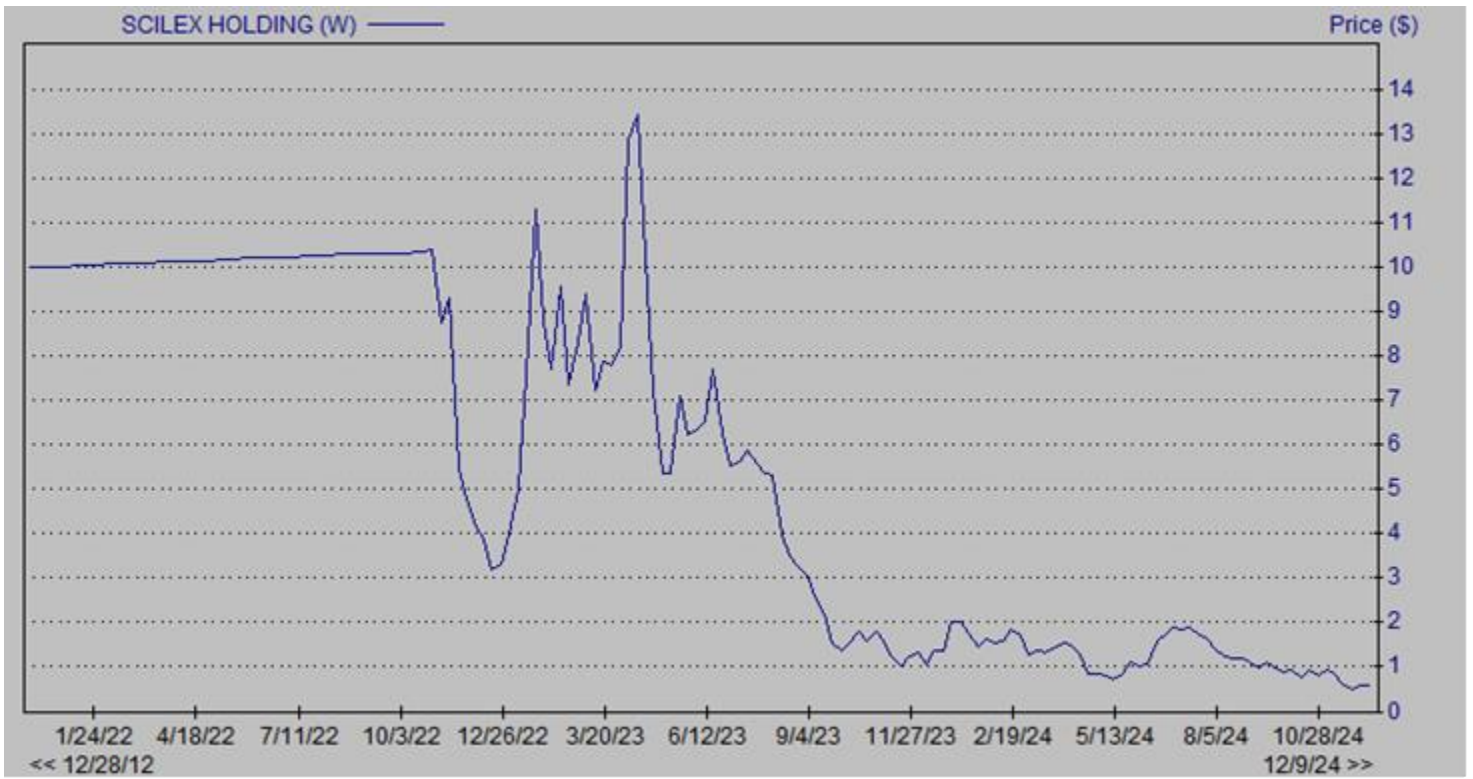
Scilex Holding Company is a revenue-generating company that is focused on addressing one of the biggest issues facing humanity today—that of the overuse of opioids. Scilex is focused on developing non-opioid pain management products that provide the relief patients so desperately need, while avoiding the debilitating addiction that often comes with the use of opioids. Roughly 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. And while that is an extremely important therapy, the company is not resting on past successes and continues to attempt to bring relief of various tragic conditions to patients.

As we've noted previously, the company is growing the sales of its Ztlido treatment by an estimated 19-39% over the last quarter, proving their ability to successfully market and commercialize products. We were therefore pleased to see that the company has made a deal with NeuoBiogen to be the exclusive developer of KDS2010, an oral tablet product candidate that is currently in Phase 2 trials in obesity and Alzheimer's disease indications. With the weight loss drug market exploding in the past couple of years and the search for a treatment for Alzheimer's ramping up and becoming more desperate we believe this is a very beneficial move for SCLX. The company has proven, as we have written, that the company has multiple products already in the developmental pipeline and has proven the ability to navigate that process successfully.

As a result of the potential for new revenue streams from this treatment, we are boosting our target price of SCLX to \$6.25 per share, which we continue to believe is a conservative target based on the products both existing and in the pipeline.

This announcement and plans for the future that we've discussed at length reinforce our belief that SCLX is poised to resume its move higher and that investors continue to underestimate the value of the treatments the company currently has and is developing. We appreciate that the company is attempting to unlock some of that value by this transaction and 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 realizes the story developing at Scilex.

## HISTORICAL STOCK PRICE



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