28 June 2024
Company Sponsored Research
Update Note | Sector: Healthcare

Enveric Biosciences Inc. – EB-003 Advances as Enveric's Lead Candidate; Establishes Strategic Partnerships with Potential Milestones Up to $410 Million

Enveric Biosciences Inc. (NASDAQ: ENVB)

Share Price: $0.63 | Valuation: $6.64

Key Statistics

52 Week Range	$0.61 - $3.90
Avg. Volume (3 months)	530.30K
Shares Outstanding	7.75M
Market Capitalization	$4.88M
EV/Revenue	n/a
Cash Balance*	$6.4M
Analyst Coverage	2

***Cash balance as of March 2024**

Revenue (in $mm)

Dec - FY	2022A	2023E	2024E
1Q	0.00	0.00	0.00
2Q	0.00	0.00	0.00
3Q	0.00	0.00	0.00
4Q	0.00	0.00	0.00
FY	0.00	0.00	0.00

EPS (in $)

Dec – FY	2023A	2024E	2025E
1Q	(2.31)	(0.61)	(0.40)
2Q	(3.04)	(0.55)	(0.35)
3Q	(1.30)	(0.52)	(0.35)
4Q	(1.44)	(0.40)	(0.31)
FY	(8.09)	(2.08)	(1.41)

Stock Price Chart (in $)

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Investment Highlights

- **EB-003 Elevated to Lead Development Candidate by Enveric Biosciences:** Enveric has designated EB-003 as its lead development candidate. EB-003, a pioneering neuroplastogenic molecule, targets severe mental disorders like depression, anxiety, and addiction without the hallucinogenic side effects common to psychedelic drugs. This compound promotes neuroplasticity while potentially circumventing the psychedelic effects, facilitating potential treatment in outpatient settings and broader acceptance. Enveric is currently progressing through pre-clinical development phases, with plans for a Pre-IND meeting with the FDA scheduled for early 2025. The company asserts that EB-003 could potentially revolutionize treatment for resistant mental health conditions, highlighted by discussions of similar treatments at recent FDA advisory meetings which underscored challenges like 'expectation bias' affecting current psychedelic therapies. Preliminary data has shown EB-003's ability to bind to the 5-HT2A receptor and induce neuroplasticity without eliciting significant hallucinogenic responses in animal models, a promising indicator for its non-hallucinogenic potential in humans. Confirming this non-hallucinogenic effect in human trials will be a critical focus in the clinical development of EB-003.

- **Expanding Footprint Across Psychedelic Space with Significant Partnerships:** The company has initiated a targeted business development campaign to unlock value from its extensive library of drug candidates through potential out-licensing agreements. As part of this effort, the company has executed seven non-binding out-license term sheets with four strategic partners, involving drug candidates derived from psychedelic and cannabinoid structures targeting cancer, joint disease, and neuropsychiatric indications. If converted into definitive agreements, these term sheets could represent up to $410 million in milestone payments plus future royalties.

    - In a notable development, Enveric has signed a $66.5 million non-binding term sheet with MindBio Therapeutics (CNSX: MBIO) to out-license a class of novel psilocin prodrug (NPP) candidates targeting mental health disorders. Enveric's patented library of NPP compounds includes molecules with enhanced gastrointestinal stability, increased absorption properties, and variable cleavable substitutions affecting pharmacokinetics. MindBio plans to develop a candidate from the NPP class for neuropsychiatric conditions such as depression, utilizing microdosing to mitigate hallucinogenic effects. Upon finalizing a definitive agreement, MindBio will obtain an exclusive global license for Enveric's formulations and methods, assuming responsibility for all preclinical, clinical, and commercial development on a royalty-bearing basis.

    - Additionally, Enveric had previously entered into two non-binding term sheets with an undisclosed biotechnology company to advance cannabinoid-COX-2 conjugate compounds for joint disease treatment. This collaboration targets a range of joint pathologies, including osteoarthritis and rheumatoid arthritis, through both pharmaceutical and non-pharmaceutical applications. Under these term sheets, Enveric could receive up to $61 million in development and sales milestone payments for pharmaceutical applications, with royalty rates from 2.5% to 10% and up to $21 million for non-pharmaceutical applications, with royalties ranging from 0.25% to 7%.

  The strategic partnerships allow Enveric Biosciences to accelerate the development of its innovative drug candidates while mitigating financial and operational risks. These collaborations offer significant upside potential through milestone payments and royalties, validating Enveric's extensive portfolio of novel compounds.

- **Valuation:** We have updated our valuation methodology to reflect the latest financial numbers and updated share outstanding figures. Subsequently, we have re-assessed the comparable company analysis, yielding a valuation of $6.64 per share contingent on successful execution by the company.

Company Description

Enveric Biosciences is an innovative mental health company pioneering in the field of psychedelic medicine. Leveraging its unique AI platform, PsyAI™, and a library of novel derivative psychedelic molecules, known as Psybrary™, the company is committed to discovering and developing effective treatments for hard-to-treat mental health conditions.

Please see last page for important disclosures

- **Q1 2024 Financial Results Updates:** Enveric Biosciences concluded the first quarter of 2024 with cash reserves of $6.36 million. Operating cash burn for the three months ended March 2024 amounted to $2.59 million compared to $5.13 million for the same period in the previous year. Total operating expenses reduced to $2.48 million in Q1 2024 compared to $4.86 million in Q1 2023. This reduction was attributed to a decrease in both general and administrative as well as research and development expenditures, leading to a significant reduction in net losses. For the first quarter ended March 31, 2024, the company reported a net loss of $2.46 million compared to a net loss of $4.80 million for the same period in 2023.

- **Q1 2024 Operational Updates:** In the first quarter of 2024, Enveric Biosciences made notable progress by advancing its preclinical asset, EB-003, towards Investigational New Drug (IND) submission and the initiation of Phase 1 clinical trial. EB-003 is designed to eliminate hallucinogenic activity, facilitating more convenient outpatient dosing and providing more predictable, durable treatment benefits for neuropsychiatric conditions. This quarter was highly productive, reinforcing Enveric's commitment to addressing safety issues in first-generation psychedelic therapies and paving the way for potentially innovative treatments for depression and anxiety.

Company Overview

Enveric Biosciences, Inc. (NASDAQ: ENVB) is a patient-centric biotechnology company headquartered in Naples, FL, with additional offices in Cambridge, MA, and Calgary, AB, Canada. The company is making significant strides in the development of novel small-molecule therapeutics for the treatment of mental health disorders, including anxiety, depression, and addiction. Enveric's unique approach to drug development is driven by a combination of synthetic chemistry and synthetic biology. This has resulted in the creation of a proprietary library, the Psybrary™, which houses a diverse portfolio of drug candidates with therapeutically relevant neuroactive properties.

Enveric Biosciences, Inc., a patient-focused biotech company is advancing in the creation of unique small-molecule treatments for mental health issues like anxiety, depression, and addiction

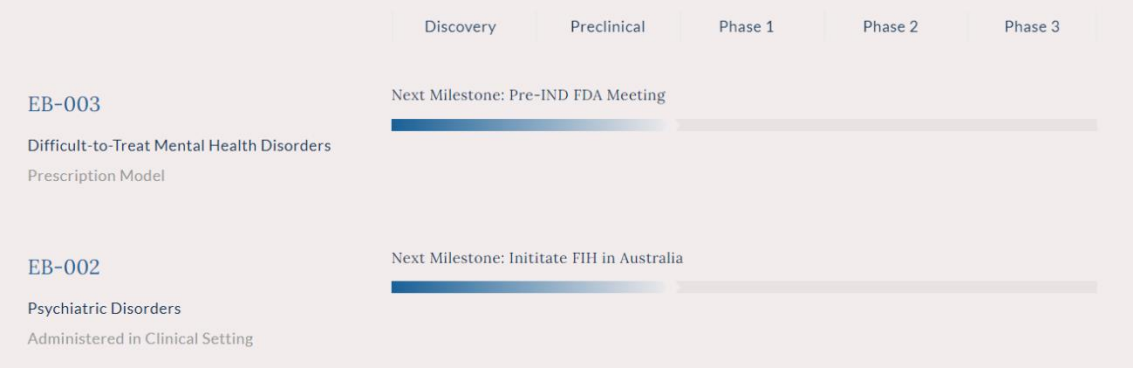

Exhibit 1: Enveric Biosciences Pipeline. Source: Company Website

Enveric is advancing its EB-003 (EVM301 Series), which offers a holistic approach to treating central nervous system disorders. These new chemical entities are designed to modulate multiple brain receptors and networks, offering a rapid onset and lasting therapeutic action. They are intended for both acute and maintenance treatment of anxiety, mood, and substance abuse disorders. The EVM201 Series, comprises next-generation synthetic prodrugs of the active metabolite psilocin. The first product from this series, EB-002, is being developed for the treatment of anxiety disorders. EB-002 has demonstrated oral bioavailability and a well-tolerated safety profile in animal studies. The company has also developed a Phase 1 ready formulation for EB-002 and initiated scaled-up manufacturing.

Preliminary data has shown EB-003's ability to bind to the 5-HT2A receptor and induce neuroplasticity without eliciting significant hallucinogenic responses in animal models, a promising indicator for its non-hallucinogenic potential in humans. Confirming this non-hallucinogenic effect in human trials will be a critical focus in the clinical development of EB-003. Further, the company's recent developments have highlighted positive results from animal studies demonstrating oral bioavailability, a well-tolerated side-effect profile for EB-002, the development of Phase 1 ready formulation for EB-002, and the initiation of scaled-up manufacturing. Enveric has also received a Notice of Allowance from the United States Patent and Trademark Office (USPTO) for a patent application involving its EVM301 Series of molecules, as well as for C4-carboxylic acid-substituted tryptamine derivatives for next-generation psilocin prodrug.

Anxiety Disorder Faces Limited Treatment Options

Among the most common and debilitating psychiatric disorders, anxiety disorder affects an estimated 4.05% of the world's population, translating to 301 million people.[1] Notably, the prevalence of this disorder is even higher in the United States, affecting more than 40 million people or 19.1% of the country's population.[2] The global prevalence of anxiety disorder has been rising over the last three decades and has increased by more than 55% from 1990 to 2019.[1] COVID-19 exacerbated the prevalence of anxiety and depression even further, as it increased by 25% in the first year of the pandemic.[3] Anxiety Disorder represents a group of mental health conditions that are characterized by significant feelings of anxiety and fear. These feelings are strong enough to interfere with one's daily activities and are not just a temporary concern or reaction to a stressful event but are persistently present over a longer period. Anxiety disorders can be categorized into various types, each with unique characteristics. According to a 2005 study, the financial burden of anxiety disorders ranges from $42.3 billion to $46.6 billion.[4] The majority of these costs, over 75%, are due to factors such as illness, death, reduced productivity, and other indirect expenses.

Anxiety Disorders with a global prevalence of over 300 million people represents a group of mental health conditions that are characterized by significant feelings of anxiety and fear

Anxiety Disorder	12-month Prevalence	Lifetime Prevalence	About the Disease
Specific Phobia	10.1%	13.8%	This disorder is characterized by an excessive and irrational fear of a specific object, situation, or activity that is generally not harmful.
Social Anxiety Disorder (SAD)	8.0%	13.0%	Also known as social phobia, this disorder involves a significant fear of social situations where the individual fears they may be judged, embarrassed, or humiliated.
Generalized Anxiety Disorder (GAD)	2.9%	6.2%	GAD is characterized by chronic and excessive worry about various aspects of life, such as work, health, or finances.
Panic Disorder	3.1%	5.2%	People with this condition experience recurrent, unexpected panic attacks.
Agoraphobia	1.7%	2.6%	Fear of places or situations where escape might be difficult, often resulting in avoidance of these situations.

Exhibit 2: Types of Anxiety Disorders and their Prevalence Rates. Source: Kessler RC et al.

It is estimated that only 36.9% of those suffering from some form of anxiety disorder receive treatment.[5] The present therapeutic approach for anxiety disorders typically combines psychotherapy and prescription medications such as antidepressants (serotonin-norepinephrine reuptake inhibitors (SNRIs) and selective serotonin reuptake inhibitors (SSRIs)), as well as a category of drugs known as benzodiazepines, Antihistamine and Beta-blockers. Even with such high prevalence rates across the globe and in the United States, there is a dearth of novel medications under investigation for anxiety disorders, with conventional treatment options failing to achieve the necessary results across a significant number of cases.

The current standard of care involves use of psychotherapy and prescription medications such as antidepressants, as well as a category of drugs known as benzodiazepines, Antihistamine, and beta-blockers

[1] Javaid, S.F., Hashim, I.J., Hashim, M.J. et al. Epidemiology of anxiety disorders: global burden and sociodemographic associations. Middle East Curr Psychiatry 30, 44 (2023).
[2] https://www.nami.org/About-Mental-Illness/Mental-Health-Conditions/Anxiety-Disorders
[3] https://www.who.int/news/item/02-03-2022-covid-19-pandemic-triggers-25-increase-in-prevalence-of-anxiety-and-depression-worldwide
[4] Devane CL, Chiao E, Franklin M, Kruep EJ. Anxiety disorders in the 21st century: status, challenges, opportunities, and comorbidity with depression. Am J Manag Care. 2005;11(12 Suppl): S344-S353.
[5] https://adaa.org/understanding-anxiety/facts-statistics#Facts%20and%20Statistics

Redefining Anxiety Treatment: The Emergence of Psychedelics

Psychedelics is a new frontier in the treatment of anxiety disorders, promising unprecedented potential in terms of efficacy and therapeutic breakthroughs. These substances, which include psilocybin (the active ingredient of "magic mushrooms"), LSD (lysergic acid diethylamide), and MDMA (3,4-Methylenedioxymethamphetamine), have recently been the focus of rigorous scientific research. However, their global spread in the 1960s led to stringent drug control laws in many Western countries, including the United States, where these substances are still classified as Schedule I drugs (Substances categorized as illegal with no currently accepted medical use and a high potential for abuse). This classification and the ensuing stigma have hindered scientific research and broad medical acceptance. Recently, a resurgence of interest in psychedelic research is focusing on these substances as a potential treatment for addiction, mood disorders, anxiety, and cancer-related depression. In contrast to conventional antidepressants that come with adverse side effects and limited efficacy, Psychedelics can potentially serve as an effective alternative due to their low toxicity, low addictive potential, and absence of long-term negative physiological or psychological implications.

Psychedelics presents a promising avenue to address limitations of existing treatments, including limited effectiveness, high recurrence, risk of abuse, and numerous side effects

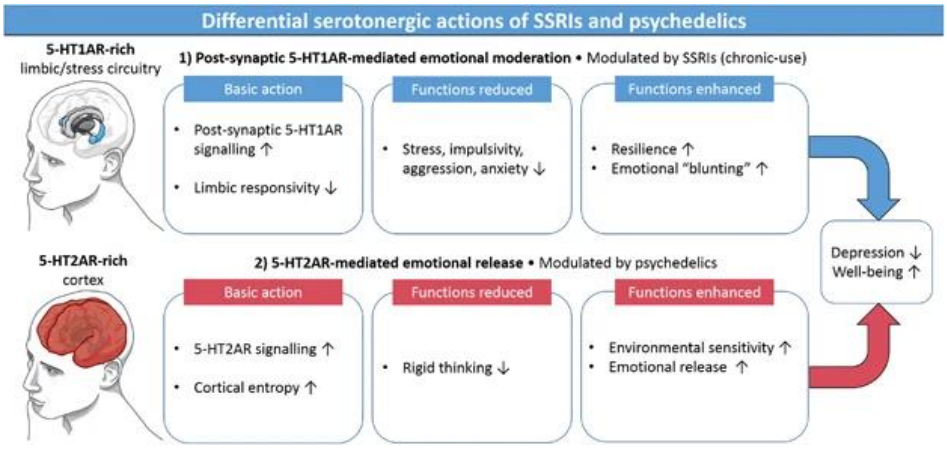

Exhibit 3: A two-part model of serotonin function that concentrates on the impacts of signaling after synapse at the 5-HT1AR and 5HT2AR receptors. Source: Carhart-Harris, R. et al.

Proprietary Discovery Platform - Psybrary™ + PsyAI™ Overcoming Current Limitations

Enveric Biosciences, a next-generation mental health company, is an emerging player that is leveraging a proprietary AI platform, PsyAI™, and a library of novel derivative molecules based on psychedelics, Psybrary™, to identify promising drug candidates. This unique method of lead discovery and generation enables the company to create novel molecules with the potential to overcome the current limitation in psychedelics-assisted treatment.

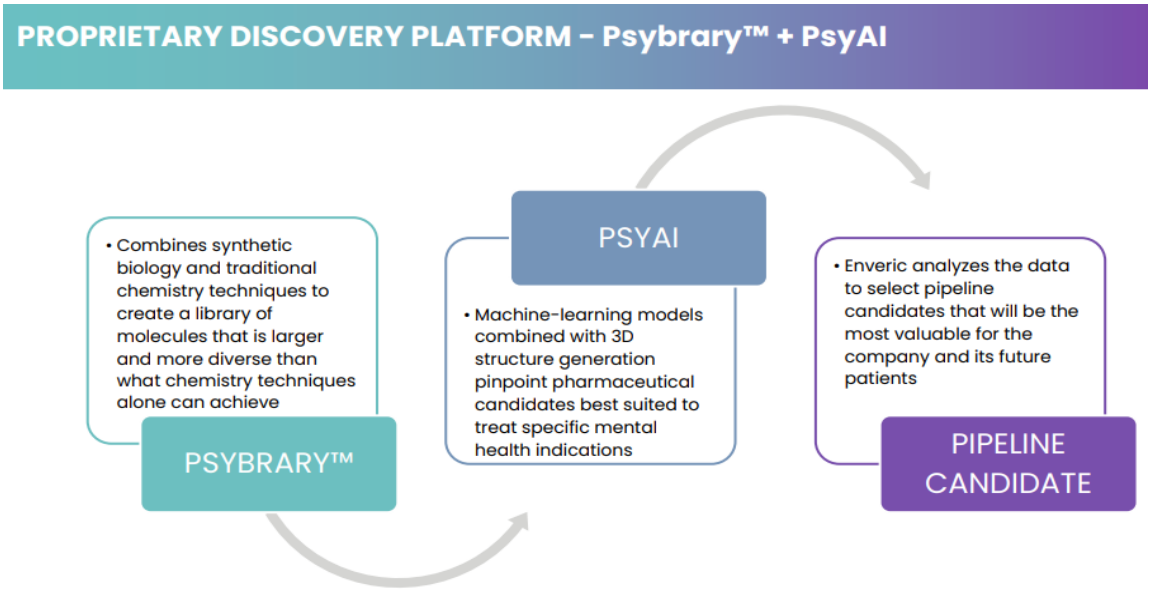

Exhibit 4: Proprietary Discovery Platform. Source: Investor Presentation

The Psybrary™, a library of 500 psychedelic molecular compounds, houses three types of molecules: Generation 1 (classic psychedelics), Generation 2 (pro-drugs), and Generation 3 (new chemical entities). Generation 2 and Generation 3 molecules are modified version of classic psychedelics that has been created by combining the strengths of both advanced synthetic biology and synthetic chemistry techniques. The aim of these modifications is to optimize their therapeutic potential while minimizing adverse effects. Psybrary™ includes 15 patent families with over a million potential variations and hundreds of synthesized molecules.

Enveric Biosciences employs it AI tool PsyAI™, to swiftly identify and rank promising psychedelics-derived drugs from its 500-compund Psybrary™

To screen these newly synthesized molecules, Enveric Biosciences uses PsyAI™, proprietary artificial intelligence (AI) tool, to speed up the development of pharmaceutical candidates specifically tailored for hard-to-treat mental health conditions such as cancer-related distress, PTSD, and other CNS disorders. This AI integration aims to expedite and streamline the development stages while also minimizing costs. PsyAI™ technology utilizes a set of machine-learning models and other computation techniques that offers an innovative approach to predicting the drug potential of compounds in their Psybrary™. These include factors such as drug-likeness, CNS exposure, oral bioavailability, toxicity, and serotonin 5HT-2A receptor affinity and activity. This allows to predict ideal molecular binding structures, evaluate manufacturing possibilities, and determine potential pharmacological effects, all in an effort to identify the most suitable drug candidates.

Additionally, Enveric believes the resulting new drug candidates hold several advantages and desired attributes, such as enhanced precision with a wide range of dosing flexibility, greater safety profile with fewer GI issues, more rapid therapeutic effect, and optimized delivery route. Their well-researched approach, backed by an expanding IP portfolio, positions them to potentially succeed in the emerging field of psychedelic-inspired treatments.

EVM301 Series - Third Generation New Chemical Entities with Optimized Psychoactive Properties

Enveric Biosciences is also developing its third generation of therapies, EVM301, which represents a new wave of potential therapeutic agents aimed at treating anxiety, depression, and addiction disorders. The therapeutic agents in the EVM301 series are currently in the early stages of discovery and characterization, with efforts to speed up the identification of potential neuroactive drug candidates. The company has also received a Notice of Allowance from the United States Patent and Trademark Office (USPTO) for a patent application pertaining to its EVM301 Series of molecules. The EVM301 series comprises tryptamine-based drug candidates that are currently in the stages of lead generation and characterization. The key goal of EVM301 is to develop compounds that can maximize therapeutic effects and minimize hallucinatory activity with an optimized treatment regimen. EVM301 series of molecules are being developed in a way to engage the serotonin 5HT2A receptor and other neurotransmitter receptors to stimulate neuroplasticity - the brain's ability to change and adapt in response to experience. This could yield substantial therapeutic benefits, especially in the treatment of anxiety and depression disorders.

The third-generation EVM301 series is focused on developing novel, safe and effective CNS treatments with quick and enduring action

- **Maximizing Therapeutic Effect**
- **Minimizing Hallucinatory Activity**
- **Ease of Administration**

EVM301 series goes multiple steps ahead of its former EVM201 series of molecules and potentially exhibits an optimized treatment regimen, no hallucinatory activity, optimized psychoactive properties, and therapeutic action. EVM301 series is designed for both acute and maintenance treatment. The development of EVM301 signifies significant advancement in the approach toward using psychedelics in the treatment of depression and anxiety disorders. The company has discovered and screened numerous leads and is in the process of building a larger basket. The company has designated EB-003 as its lead development candidate within the EVM301 series.

EVM201 Series - Second Generation Synthetic Psilocybin Analogues

EVM201 series, a new set of synthetic psilocybin analogues, are considered prodrug to the active substance, psilocin. The company thoroughly screened through the Psybrary™, selecting and characterizing the portfolio of 28 unique compounds represented by nine unique categories of psilocin prodrugs. Every molecule had a different metabolic and pharmacokinetics profile which were modified in a way that made them potentially superior to naturally occurring psilocybin in terms of drug-like properties and pharmacological profile. These evolved compounds aim to augment the therapeutic benefits for patients while reducing potential side effects.

EVM201 are new set of synthetic psilocybin analogues. Selected from the Psybrary™, these compounds aim to enhance therapeutic benefits of psilocin while reducing side effects

Each molecule was screened in vitro for its metabolic stability using isolated human serum, as well as cellular samples taken from human liver and intestinal tissues. This process identified fifteen prodrugs that yielded detectable amounts of psilocin during testing. These fifteen EVM201 series molecules were further evaluated in mice models using the methods such as head twitch

response (HTR) and Marble Burying Test. These tests provide insights into the 5-HT2A serotonin receptor-mediated response and potential anxiolytic effects of these molecules.

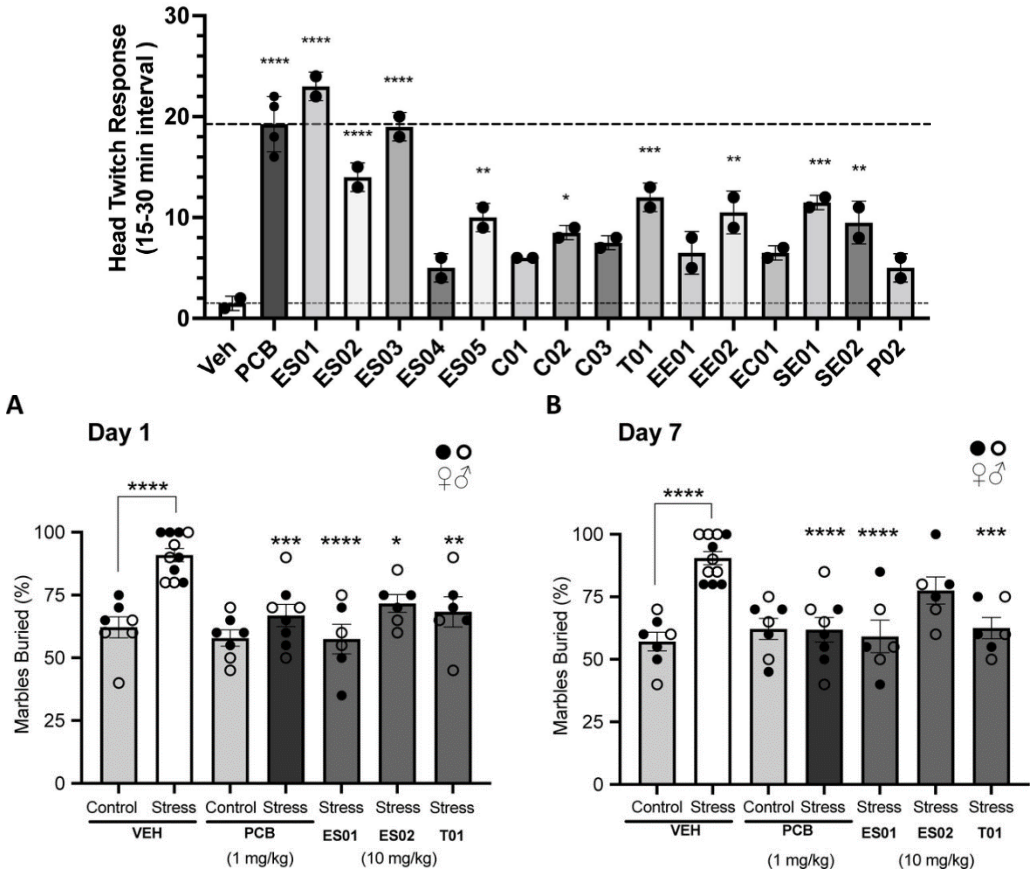

Exhibit 5: Evaluation of Head Twitch Response (HTR) in healthy C57BL/6 mice, Results for the Marble Burying Test (MBT) in mice subjected to a Mild Chronic Stress Paradigm (MCSP). Source: Sheetal A. Raithatha et al.

The results indicated that EVM201 molecules trigger a consistent activation of the 5-HT2A serotonin receptors in vivo, as evidenced by the induction of Head Twitch Response in mice. The resultant activation was achieved irrespective of the dosage or level of brain exposure.

Enveric has made significant progress with its EVM201 program, resulting in the development of a promising drug candidate, EB-002 (EB-373). The company has further improved upon the formulation of EB-373, creating an optimized version that is designed to enhance the drug's scalability, stability, and delivery. The improved formulation was tested in preclinical studies and will be evaluated in a Phase 1 clinical trial.

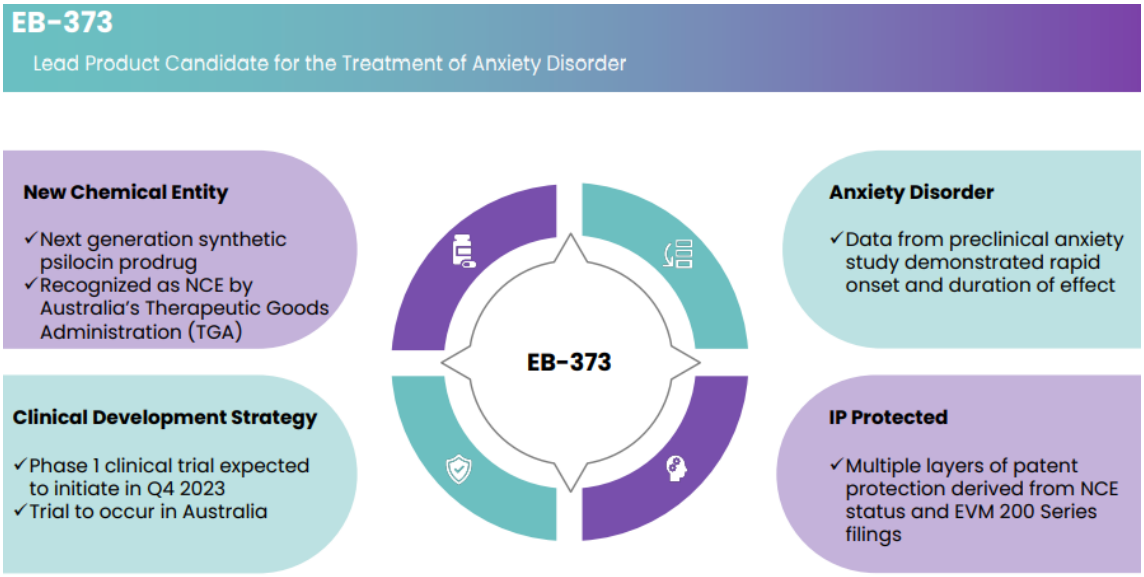

Exhibit 6: EB-373 Product Candidate. Source: Investor Presentation

EB-373's preclinical trials demonstrated fast, efficient conversion to psilocin and a favorable safety profile

EB-373- A Next-Generation Proprietary Psilocin Prodrug for Anxiety Disorders

EB-373 underwent preclinical studies supporting the metabolic profile of the candidate. The preclinical trial evaluated EB-373's metabolic and toxicology profile in in-vitro and in-vivo studies.

- In-vitro assays were performed using liver extracts from humans, dogs, rats, and mice. These assays provided insight into the metabolic conversion of EB-373 to psilocin across different species.
- In-vivo pharmacokinetic (PK) animal studies were conducted to understand how EB-373 and its active metabolite, psilocin, are absorbed, distributed, and metabolized in the body.

The results from in vitro studies indicated that EB-373 was able to efficiently convert psilocin in the liver, with over 95% of the parent prodrug converting to psilocin to achieve highly efficacious levels in the blood. The results also indicated extremely rapid conversion of prodrug to active substance psilocin, with EB-373's blood concentration reaching obscure levels after two hours. Furthermore, the peak concentration of psilocin in the blood was observed one hour following the administration of EB-373, suggesting a faster onset of therapeutic action. The studies indicated a satisfactory toxicity profile with no vomiting and no serious adverse events observed at any dose level.

General Anxiety Disorder (GAD) - Market Overview

General Anxiety Disorder (GAD) is one of the most prevalent mental health conditions worldwide. This persistent, debilitating affliction affects a significant proportion of the population, leading to a high societal and economic burden. It's estimated that in any given year, approximately 2.9% of the U.S. adult population (18-64), equating to approximately 6 million people, grapple with GAD

while only 43.2% of them receive treatment. A more compelling statistic is the lifetime prevalence of GAD, which in the U.S. is around 6.2%. This implies that nearly one in sixteen individuals aged 18-64 in the country will face GAD at some juncture in their life. It's important to note that these figures, though substantial, may still be underestimations due to cultural and societal factors that may deter individuals from seeking help or even acknowledging their symptoms, especially in certain regions worldwide.

It's estimated that in any given year, approximately 2.9% of the U.S. adult population (18-64), equating to approximately 6 million people, grapple with GAD

Given the high prevalence of GAD and the unmet needs in its treatment, the market projections for GAD therapeutics indicate robust growth. It's expected to reach $4.3 billion by 2033, growing at a CAGR of approximately 9%.[6] These trends underscore the considerable commercial potential for companies that are successful in developing novel, efficacious treatments for GAD. While the market is currently dominated by pharmaceutical giants, the search for novel treatment approaches for GAD has opened the doors for smaller, innovative players like Enveric Biosciences. The growing interest in using psychedelics for treating mental health disorders, including GAD, is a key trend to monitor. By focusing on the development of novel small-molecule therapeutics, these companies have the opportunity to differentiate themselves in a crowded marketplace. The exploration of psychedelic substances for treating mental health conditions like GAD represents an emerging and rapidly evolving frontier in psychiatric research. Psychedelics such as psilocybin, initially viewed as taboo due to their potential for misuse, are being reconsidered as serious contenders for the treatment of psychiatric conditions. A landmark clinical trial led by Monash University in partnership with Incannex Healthcare Ltd is assessing the safety and efficacy of psilocybin-assisted psychotherapy for treating severe GAD. This research is one of the largest psychedelic research and development projects in Australia. The Phase 2 clinical trial has shown encouraging interim results, suggesting an over 85% chance of statistically significant benefit from psilocybin-assisted psychotherapy for Generalised Anxiety Disorder compared to placebo treatment.[7] Another major ongoing clinical trial by Mind Medicine Inc. involves assessing the effect of 4 doses of MM-120 (LSD D-Tartrate) for the treatment of anxiety symptoms in subjects diagnosed with generalized anxiety disorder (GAD).

Looking ahead, we expect the GAD market's competitive dynamics to undergo significant changes as new research outcomes shape the future treatment paradigm. Companies, such as Enveric Biosciences that possess robust research pipelines and a strategic focus on innovation are poised to capitalize on the new prospects in the GAD treatment market. They may carve out a niche in a domain traditionally monopolized by the pharmaceutical behemoths, thereby opening up a new chapter in the annals of GAD treatment.

[6] https://www.futuremarketinsights.com/reports/generalized-anxiety-disorder-treatment-market
[7] https://www.globenewswire.com/en/news-release/2023/03/15/2627537/0/en/Interim-review-of-proprietary-PsiGAD-clinical-trial-data-indicates-no-safety-concerns-and-projects-a-statistically-significant-benefit-for-the-psilocybin-arm-versus-the-placebo-arm.html

Appendix

Income Statement	FY2022 A	FY2023 A	FY2024 E	FY2025 E	FY2026 E
Net sales	-	-	-	-	-
Cost of sales	-	-	-	-	-
Gross profit	-	-	-	-	-
Operating expenses					
General and administrative expenses	(11,605,761.0)	(8,852,021.0)	(9,294,622.1)	(9,759,353.2)	(10,247,320.8)
Research and development	(8,027,773.0)	(7,252,437.0)	(8,340,302.6)	(9,591,347.9)	(11,030,050.1)
Selling expense	-	-	-	-	-
Impairment of intangible assets and goodwill	(7,453,662.0)	-	-	-	-
Depreciation and amortization	(327,910.0)	(343,982.0)	(343,982.0)	(160,513.2)	(168,013.2)
Income from Operations	**(27,415,106.0)**	**(16,448,440.0)**	**(17,978,906.6)**	**(19,511,214.3)**	**(21,445,384.1)**
Inducement expense	-	(1,848,235.0)	-	-	-
Change in fair value of warrant liabilities	4,315,236.0	94,396.0	-	-	-
Change in fair value of investment option liability	3,472,726.0	208,752.0	-	-	-
Change in fair value of derivative liability	(325,000.0)	727,000.0	-	-	-
Interest expense	(5,249.0)	3,708.0	-	-	-
Profit before exceptional items, extraordinary items and tax	**(19,957,393.0)**	**(17,262,819.0)**	**(17,978,906.6)**	**(19,511,214.3)**	**(21,445,384.1)**
Exchange loss (net)	-	-	-	-	-
Employee separation cost	-	-	-	-	-
Profit before tax from continuing operations	**(19,957,393.0)**	**(17,262,819.0)**	**(17,978,906.6)**	**(19,511,214.3)**	**(21,445,384.1)**
Income tax (expense) benefit	1,486,060.0	(28,913.0)	-	-	-
Net earnings	**(18,471,333.0)**	**(17,291,732.0)**	**(17,978,906.6)**	**(19,511,214.3)**	**(21,445,384.1)**

Exhibit 7: Income Statement Snapshot (in USD). Source: Diamond Equity Research

Risk Profile

- **Liquidity and Capital Raising Risks:** Enveric Biosciences is confronting increasing liquidity demands due to its significant operational and development expenses. The future capital needs are dependent on various factors, including the progress of R&D activities, regulatory requirements, revenue generation, and market developments, among others. The company intends to fulfill these capital needs through financing arrangements, but the availability of such arrangements on favorable terms cannot be guaranteed.

- **Uncertainties Associated with Medical Cannabinoids and Psychedelics Research:** The research landscape surrounding medical cannabinoids and psychedelics is still nascent, and the limited number of studies presents a risk of future contradictions or challenges to the current understanding of these substances' medical benefits, viability, safety, efficacy, and dosage. The possibility of future research producing differing or even negative outcomes compared to the existing studies Enveric Biosciences relies upon could negatively impact the social acceptance of cannabinoids and psychedelics, which could, in turn, affect the demand for the company's product candidates.

- **Significant Market Competition**: Enveric Biosciences operates within a highly competitive landscape, which could hinder its ability to market or commercialize its products effectively. The competition spans from global pharmaceutical giants to specialty biotechnology firms, along with academic institutions. If Enveric Biosciences cannot sustain its competitive standing, it may experience a reduction in market share, diminished pricing power, and a subsequent downturn in financial performance.

- **Market Acceptance Risk:** The commercial success of Enveric Biosciences' products is contingent upon market acceptance by end-users, institutions, doctors, and others in the mental health industry. The company's products must be perceived as user-friendly, efficient, and superior to alternatives to maintain market acceptance. Failure to secure and sustain such acceptance could have a materially adverse effect on Enveric Biosciences' business, financial condition, and operational results.

- **Regulatory and Adverse Event Risk**: The success of Enveric Biosciences' marketed product and product candidates could be hindered by undesirable adverse events or other properties that could delay or prevent their regulatory approval, limit the approved label's commercial profile, or result in significant negative consequences post-approval.

- **Success of Product Candidates Hinges on Preclinical and Clinical Trial Outcomes**: The success of Enveric Biosciences is highly contingent on the successful completion of preclinical and clinical trials for its product candidates, which involve complex, time-consuming, and expensive processes with uncertain results.

This list of risk factors is not comprehensive. For a full list, please refer to Enveric Biosciences' latest prospectus and/or annual filings.

Disclosures

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