

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

Ian Gilson

312-265-9496
igilson@zacks.com

scr.zacks.com

10 S. Riverside Plaza, Chicago, IL 60606

SenesTech Inc

(SNES-NASDAQ)

SenesTech reports 2020 numbers. ContraPest is showing efficacy in the field. China is showing an interest with possible sales near term.

Based on the current stock market volatility and poor environment for small cap stocks we have reduced our price target to \$4 a share.

OUTLOOK

SenesTech Inc. is in the transition from being a drug discovery company to commercialization of its rodenticide contraceptive, ContraPest. The replacement of second generation anti-coagulant products with alternative treatments would open a multimillion dollar market in the reduction in rat populations alone. Possible penetration into mouse control would be a significant increase in the total available market for SNES.

Current Price (03/13/20) \$2.20
Valuation \$5.00

SUMMARY DATA

52-Week High \$37.6
52-Week Low \$2.05
One-Year Return (%) -90.2
Beta 2.4
Average Daily Volume (sh) 79,895

Shares Outstanding (mil) 1.64
Market Capitalization (\$mil) \$3.6
Short Interest Ratio (days) 1.5
Institutional Ownership (%) 12.5
Insider Ownership (%) 5.9

Annual Cash Dividend \$0.00
Dividend Yield (%) 0.00

5-Yr. Historical Growth Rates
Sales (%) 12.4
Earnings Per Share (%) N/M
Dividend (%) N/M

P/E using TTM EPS N/M
P/S using 2020 Estimate 5.6
P/S using 2021 Estimate 1.4

Risk Level High,
Type of Stock Small-Growth

ZACKS ESTIMATES

Revenue

(in millions of \$)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2018	\$0.0 A	\$0.0 A	\$0.1 A	\$0.1 A	\$0.3 A
2019	\$0.0 A	\$0.0 A	\$0.0 A	\$0.1 A	\$0.14E
2020	\$0.05E	\$0.10E	\$0.20E	\$0.30E	\$0.65E
2021	\$0.50E	\$0.60E	\$0.70E	\$0.80E	\$2.60E

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2018	-\$0.16A	-\$0.25A	-\$0.14A	-\$0.12A	-\$12.62A
2019	-\$2.01A	-\$1.86A	-\$1.85A	-\$2.13A	-\$7.68E
2020	-\$1.46E	-\$1.39E	-\$1.30E	-\$1.21E	-\$5.36E
2021	-\$0.94E	-\$0.97E	-\$0.94E	-\$0.81E	-\$3.67E

Zacks Projected EPS Growth Rate - Next 5 Years % N/A
N/A N/A

RECENT NEWS

SenesTech has reported its 2019 full year results, followed by a conference call, on March 16, 2020.

Revenue in the fourth quarter was \$0.064 million and this was the fourth sequential increase. The loss for the quarter was \$2.78 million as compared to our estimate of \$2.42 million. The quarter included \$.054 a share in termination expenses.

China has shown significant interest with potential deployment to include Hong Kong. The Chinese distributor will be responsible for obtaining regulatory approval, which could occur in 2Q20.

The St Louis site was success, with complete removal of all rats, Washington DC achieved 77% reduction in the juvenile to adult ratio. The poultry farms and Los Angeles show a high rate of consumption of the bait. Although initial deployment of ContraPest is expensive once the juvenile population is reduced and the sites move into a maintenance mode the cost declines dramatically.

ContraPest continues to show positive performance in use and major customers will be increasing deployment this year. Washington DC; San Francisco, Los Angeles are all expected to add sites this year.

SenesTech closed two direct stock offerings totaling \$1.7 million after expenses. Current cash is \$3.6 million. This should be sufficient to finance operations into the 4Q20.

The company will market ContraPest directly to consumers through a new e-commerce platform, available in March 2020. In response to growing interest from consumers and small businesses SenesTech will sell a treatment kit that includes a bait station, trays and a 30 day supply of ContraPest. Supporting information will be available via on-line tutorials on how to best position the bait stations as well as technical support, which will also be available by telephone. We would expect some additional advertizing through consumer orientated print media. The problem with all on-line product sales is that consumers tend to search through corporate sites such as retailers and Amazon before searching for products directly.

The company continues to believe that AB1788, the measure to reduce the use of anticoagulant rodenticides in California, will resume its legislative progress in the current session. We have not included any increase in revenue from AB1788 in our projections.

On February 5, 2020 SenesTech started to trade on a split adjusted basis. All shares will be converted into the new shares but fractional shares will be rounded UP to one whole share.

The reverse split takes the share price above \$5 so as long as the price remains above \$5 a sophisticated investor note is not required. Also the new price removes the potential problem of delisting.

We have adjusted all financial data, past present and future to reflect the new shares count and stock price.

The company has announced that it will raise \$1.42 million gross (about \$1.28 net) from the sale of 3.55 million shares at \$0.40 and the issuance of 3.55 million warrants at an exercise price of \$0.45 that would not be registered at this time. The deal should close by the end of January 2020.

We have adjusted our estimates by adding the new shares to calculate future earnings. Since share equivalents, like warrants, are not used when calculating losses per share, only the basic share count is used, we have not included any adding any warrant conversion.

SenesTech has launched a collaborative effort with Island Conservation, a non-profit organization, to deploy ContraPest in environmentally sensitive areas to eliminate invasive species such as rats.

The bait stations and the ContraPest will be sold by SenesTech, which will plan the treatment and support the deployment of the fertility control to reduce and then control the rodent population.

This opens a new avenue of revenue generation and the expansion of operational know how that should benefit SenesTech in working in other environmentally sensitive areas

Island Conservation has been involved in many projects in partnership with local communities, government agencies and other conservation groups that have worked on saving critically endangered local species at many locations around the world. It has deployed teams protecting over 900 populations of close to 400 species on over 50 islands.

Traditional methods have involved dropping tons of chemical anti-coagulant agents on islands, hoping to kill the rodents without harming the indigent population of birds and other mammals. This causes problems of disposal of residual toxicants and possible harm to other species.

The company has announced the signing of a distribution agreement with New Enterprises Ltd, an early investor in SenesTech.

New Enterprises will cover all costs of regulatory approval and market development as well as importation costs.

This announcement is further confirmation of the potential of ContraPest in controlling rat infestations.

DNA sequencing has proved that the brown rat originated in SE Asia, migrating through the Middle East and into Europe in about 220 AD.

Rats in general are major consumer of rice, and, in return are a human food source in parts of Asia. It is estimated that over 12% of the rice grown in SE Asia is consumed by rats and as high as 19% in Indonesia.

In our opinion the impact of this agreement, although it is very significant, will not affect earnings in 2020 or 2021.

SenesTech has launched a new website aimed at pest management professionals (PMPs) that enables them to buy the company's products. These include bait stations, ContraPest control tanks and ContraPest tanks in both 400 mL and 550 mL sizes.

Pricing per unit for ContraPest is \$35 each (sold in lots of 8 tanks) for the 550 mL tanks and \$30 each (sold in lots of 12 tanks) for the 400 mL tanks. This compares to a retail price close to \$45 and \$40 but this varies depending on the seller.

SenesTech continues to move towards a commercial sales approach as opposed to a institutional sales mode.

On Nov. 12, 2019 SenesTech reported its third quarter results. In general the numbers were in line with our estimates with revenue of \$0.04 million (Est. \$0.04 million) and, adjusted for non reoccurring professional and legal fees, the operating loss was \$2.4 million (est. \$2.1 million).

The company is continuing its focus on commercial opportunities rather than cities although implementation of ContraPest treatment in San Francisco and Los Angeles are in their early stages. St. Louis Zoo will add a third location after one location showed a high consumption of the contraceptive and a 50% decline in rat population.

Senestech has launched a program with a major retailer after initial results were encouraging.

Many of the 15 zoos and sanctuaries currently using ContraPest are also serviced by PMPs and the company is changing its selling and marketing strategies to reflect this.

The two founders of the company, Doctors Loretta Mayer and Cheryl Dyer are leaving their roles as Chief Science Officer and Chief Research Officer. Their combined compensation has been reported to be over \$570,000.

The company's largest project, the deployment of a large number of bait stations, in Washington DC, has reported that cameras at one location had shown a 77% reduction in the proportion of juveniles to adults after the addition of ContraPest to DC Health's current rodent control program. At the site the consumption of the contraceptive was 61%. The total rat population should decline with this level of consumption.

Zacks Small-Cap Research initiated coverage of SenesTech with a price target of \$1.35 a share.

SenesTech produces a contraceptive system, ContraPest, that is effective on both black and brown rats. By rendering both male and female rats unable to produce young, reproduction ends, and the rats live out a normal life span without giving birth.

The product is approved for use by the EPA and has received registration in all 50 states.

The company has deployments in Washington D.C.; St Louis; San Francisco Bay Area; Southern California transit agency as well as poultry farms, a winery and an egg facility. Other deployments include animal sanctuaries and 11 zoos.

Potential extensions to other pests could double the total available market.

Legislation in California to ban certain rodenticides has been parked in committee, but there is still a grass-roots movement to take certain chemicals off the market. Since California is on a two year legislative session 2019 and 2020,, the bill can be renewed in 2020.

Total inquiries about ContraPest to the company jumped from 193 in June to 417 in July 2019

KEY POINTS

- Rodents are a major problem, causing significant economic damage to food supplies, infrastructure and health worldwide (except for Antarctica).
- It is estimated that rodents destroyed about 20% of stored food in 2014. Rats were eating 30% of the rice crop in Australia.

- Infrastructure damage has been estimated at \$27 billion a year in the U.S. alone.
- Rodents transmit disease. Historically over 200 million deaths have been traced to rats as a vector. In 1994 a major recurrence of bubonic plague, (a disease carried by rats) occurred in India,. Rats are also carriers of hepatitis C and dozens of viruses. Rats may be responsible for more human deaths than any other mammal.
- Rats are prolific. One mated pair can result in 15,000 descendants in one year.
- There is no current effective treatment that eradicates rats on a permanent basis.
- Rodent poisons can impact predators such as eagles and coyotes.
- In our opinion SenesTech's product, ContraPest, could eliminate all rats in a closed system that has no migration in or out.
- ContraPest has no impact on other life such as birds or mammals other than rodents.
- ContraPest fits well into an Integrated Pest Management system as a means to control lower levels of rat population after other procedures have cut down the rat population.
- Ken Siegel was elected to the Board of Directors in April 2019 and was appointed CEO in May 2019.
- The ContraPest product label requires container replacement at least once a month.

OVERVIEW

Estimates of the worldwide market for rodenticides vary within a range of \$4.7 billion to \$725 million. Most estimates cluster around \$1 billion for 2018 growing at about 3.5 % a year. It has been reported that the U.S. is about 25% of the worldwide total, and close to 75% of this is the anticoagulant market share. The largest company in the industry is UPL Limited, Mumbai, India, a multinational agrochemical company with an estimated market share of less than 10%.

SenesTech has developed a fertility control product called ContraPest that is a liquid bait formulation containing two active ingredients, VCD and triptolide plus fat and a sweetener in an homogenized water based mix. Tests showed a decrease in rat population of about 40% over 12 weeks. Conventional poisons reduce the rat population by about 80%, but since there is no reduction in food supply, and the rats become bait shy, the population rebounds back to previous levels. Using ContraPest in conjunction with other rodenticides maintains the rat population at the lower level.

VCD is an industrial chemical, widely available, and triptolide is derived from a plant, the Thunder God Vine (the actual translation is not God but Duke), which has been used in traditional Chinese medicine. The plant grows in China and Taiwan. Triptolide has been synthesized, but the process is not cost effective.

VCD acts to cause partial ovarian failure. Triptolide works on both male and female rats, completing the ovarian failure, and in male rats by preventing sperm maturation. The combination of both chemicals prevents fertilization of any eggs and the female becomes barren.

Female rats are born with a set number of eggs contained in follicles within the ovary. VCD causes loss of ovarian small follicles and repeated dosing causes ovarian failure. Ovulation ceases after a few days of eating ContraPest. Triptolide stops the follicle growth and also causes suppression of male fertility by preventing sperm maturation.

Studies on sterilization, using 3-chloro-1,2-propanediol found that even when 78% of the males were sterile there was no difference in number of pregnant females between the treated group and the control group. Other studies using chemical sterilization of female rats with erythromycin and quinacrine were only partially successful.

Many rodenticides cause immediate death and the carcasses are visible to the Pest Management Professional. Since ContraPest does not kill the rat, and it can travel away from the bait site, the lack of visible impact may cause observers to question the efficacy of the treatment.

The product is approved for use indoor in non-food areas, and outdoors within one foot of man-made structures. It is dispensed from a tank and tray housed inside tamper proof bait stations. Such stations are standard, commercially available, bait boxes. Internet checks with pest management companies on the selling price of ContraPest to users has most companies pricing the ContraPest between \$40 and \$47 per 550 ml container. Smaller, 400 ml containers are also available.

Bait stations containing Senestech control bait are distributed on the site to determine or confirm foraging locations and to achieve rat acceptance of the bait station. Once rat pathways are located, the control bait is replaced with ContraPest, which the rats eat, and reproduction ceases and rats die. Since ContraPest does not kill the rat there is no accumulation of dead rats around the bait stations. As the rat population is reduced fewer bait boxes are needed thereby reducing the cost of continuing treatment.

Since rats migrate from one site to another, continued treatment is required to maintain the reduced rat count.

ContraPest has been tested in New York City (80% reduction in rat population), San Francisco, including Recology's Recycle Central at Pier 96, Hawaii, a number of animal shelters in Los

Angeles (6 shelters and 65 ContraPest stations) as well as additional deployment in densely populated downtown LA locations..

ContraPest has to be installed by licensed Pest Management Professionals, PMPs, who buy from distributors. Some users may have in-house pest management personnel. As such SenesTech has to market to service organizations, distributors and sell through a direct sales force. SenesTech has to assist all channels with product use training.

CURRENT DEPLOYMENTS

Currently SenesTech has the following significant deployments:

- ❖ Comprehensive roll-out in Washington. D.C.
- ❖ Major transit agency in Southern California
- ❖ Increased penetration in animal sanctuaries in upstate New York
- ❖ Initial deployment in hosted poultry farms and egg production facilities application in California's Central Valley.
- ❖ Expansion of the St. Louis Gateway Arch Park Foundation.
- ❖ Included in Pestec's program for San Francisco Bay facilities.
- ❖ Addition of ContraPest in animal care market with 11 zoos and a number of animal sanctuaries.
- ❖ Lundberg Farms, an organic farmer, will replace snap traps with ContraPest bait boxes.
- ❖ Captain Vineyards, Conte Costa County CA, has added ContraPest to its Integrated pest management plan.

Washington D.C.

On Nov. 27, 2018 Washington D.C. had issued a solicitation for up to a 48 months' supply of ContraPest to treat all 8 wards, starting in Ward 1, specifying at least 469 bait boxes for deployment in four wards. This implies that the total order would about 950 bait stations with initial orders of about 1,900 containers of ContraPest. The city received multiple bids.

A certified distributor, Pestmaster Services, won the bid and placed an order for 5,000 units to be shipped on Dec. 28, 2018. The Mayor of Washington D.C. has budgeted nearly a million dollars for the product and additional staff. In the 1Q19 SenesTech reported revenue of \$19,000. We estimate that a container of ContraPest costs about \$20 to the distributor.

California

SenesTech has a number of initiatives in California. These range from Lundberg Farms in the north through San Francisco and into Los Angeles.

Lundberg Farms will use ContraPest for rodent control. This is one of the most important examples for SenesTech since it has a real, and measurable, impact on profits. The California Certified Organic Farmers has approved the use of ContraPest in an organic farm. California provides about 90% of the organic produce grown in the U.S.

Lundberg Farms is one of the largest growers of organic rice and quinoa in the country and is the process of harvesting 100 million pounds of rice and 50 million pounds of quinoa. Rats love cereal (rice) and pseudo cereal (quinoa) grains. An abundance of food leads to an increase in rat population growth and a significant loss of the harvest. By reducing the rat population in a non-lethal way the increase in harvest is an increase in dollar income.

Rice is the second largest crop in the world with over 750 million metric tons of production

Both the EPA and the California Dept. of Pesticide Regulation have approved the experimental use of ContraPest in a poultry farm (location not specified). SenesTech will use standard bait boxes and will test other deployment methods. Chicken feed costs more than "chicken feed", and the use of legal SGARs can pollute the soil, which has a significant economic value as an organic fertilizer.

This poultry farm produces over \$100,000 in annual revenue. The customer is committed to a full deployment once the economic benefit is demonstrated. A reduction in feed loss of 11.5% would pay for the rat treatment. If prior tests are duplicated the rat population could be reduced by over 40%. Results should be known the end of the 1Q20.

In San Francisco the Pestec Pet Solutions company has added ContraPest to its IPM program for use in all locations serviced by Pestec San Francisco. It will be used at Pier 96 and other areas around San Francisco Bay.

Cats USA Pest Control, a leading Southern California pest control company will implement ContraPest into its current IPM programs at various locations. Cats USA covers 5 S. California counties. Los Angeles will deploy ContraPest in 6 animal shelters and is collaborating with Cats USA to use ContraPest in downtown areas where rat control is a priority.

On Sep. 26, 2019 SenesTech announced that Captain Vineyards, Moraga, CA, 94556 will add ContraPest to its IPM plan. The winery was the first winery in Contra Costa County to be green and to be owl friendly. It is important that the winery use pest controls that are non toxic to owls and fits that requirement. ContraPest is also accepted for use on green/organic facilities.

INDUSTRY OUTLOOK

LEGISLATION

The market for Second Generation Anti-coagulant Rodenticides (SGARs) would be markedly reduced if bills such as California's AB1788 were to pass. The bill did not get out of the committee. Opposition by entrenched manufacturers, distributors and users was not unexpected.

All rodenticides have to be approved for use and each country has varying regulations that allow or forbid the use of various products.

On Sep. 19, 2014 AB 2657 was signed into law by then Governor Jerry Brown. This bill banned the use of second generation anticoagulants, SGARs, in California in state parks, state wildlife refuges and state conservancies. The bill was authored by Assembly Member Richard Bloom.

The original proposal covered far more public land, estimated at 16 million acres, than the bill that passed which covered about 2 million acres.

On Nov. 16, 2018 the California Dept. of Pesticide Regulation issued a notice of its proposed reevaluation of pesticides containing SGARs.

On Feb. 22, 2019 AB 1788 was introduced to the California Assembly by Assembly Member Richard Bloom. This act would reduce the use of the SGARs in any wildlife habitat in the state.

The California Ecosystems Protection Act (AB1788) was approved by the assembly on May 6, 2019 and passed from the Assembly to the Senate. It passed the first committee but stalled in the Senate Appropriations Committee.

On August 25, 2019 AB 1788 was placed in the suspense file by Rep. Bloom but may still be acted on in 2020, since California is on a two legislative session system.

PRODUCT EXTENSIONS

The original research by the founders of SenesTech involved artificially inducing menopause in mice using certain chemicals that were later used on rats. The mouse market is at least as big as is the rat market.

Replacement of bait boxes with an alternate form of delivery and the possible production of a dry formulation.



INDUSTRY POSITION

SenesTech's current revenue is less than \$1 million a year, a fraction of the total available market. However, all of the consulting services list the company as a participant in the industry.

VALUATION

It is very difficult to value companies that have no revenue and no income. Perceptions of risk may be very subjective. So we use a discounted cash flow (DCF) model with predetermined values that are not subjective.

The discount rate is composed of two parts, a base rate and a risk premium.

As a base rate we use the **London Inter-bank Offered Rate (LIBOR)**. This is available from many sources. We use the one year rate.

For the risk premium we use the rate charged the company for intermediate or long term debt. Lending banks have access to far more information about a company, and the lenders have more information and are better versed about financial risks than we are.

We then subtract the LIBOR rate from the longest term interest rate and use that as the risk premium discount rate. This gives us the DCF over a certain number of years. We use the current year plus 5 years. The sum of the discounted years is the present value of sales. Many small growth companies have high price to sales ratios, but we prefer to be conservative and use two times sales.

Given this model the current DCF on sales is \$23, and our price target would be \$20.00.

Our estimates assume that California will not pass an SGARs bill in 2019. If the bill is reintroduced in 2020, and passes, we assume that major revenue gains will occur in 2021. Then the valuation would be four or five times the DCF.

RISKS

SenesTech is not profitable, and we do not expect them to reach cash-flow breakeven in 2020. The company may need another round of funding before the end of 2020.

The company needs to gain traction in the market place against much bigger and better financed competitors.

Developing relationships with government agencies take much longer to establish than those with commercial partners, but the market segment is so large that SenesTech cannot ignore it.

The industry relies on licensed professionals that buy approved products through distributors. The company does not have control of its sales channels.

All pesticides, including rodenticides, require state registration as well as EPA approval. Loss of such approval would have a significant negative impact on SenesTech.

The major supply of Triptolide from Thunder God Vine are in China and Taiwan. Loss of China as a source would cause a temporary dislocation of operations.

INSIDER TRADING AND OWNERSHIP

Insiders own 7.6% and institutions own 9% (9.7% of the float) of the shares outstanding.

The three largest individual owners are:

Dr. C. A. Dyer	476,091 shares	1.68% of shares outstanding
Dr. L.P. Mayer	471,165	1.66%
Grover T. Wickersham	388,763	1.37%

No other director owns more than 0.5%.

Top institutional holders are Gilder, Howe, Gagnon & Co.	4.35%
Vanguard Group Inc. (The).	1.13%

No other Institutional holder owns more than 0.5%

Top Mutual Fund Holders are:

Vanguard Extended Market Fund Index	0.58%
Fidelity Extended Market Fund Index	0.32%

PROJECTED INCOME STATEMENT & BALANCE SHEET

SENESTECH Inc.																			
Consolidated Statements of Operations																			
(Dollars in millions except per share data)																			
Fiscal Year Dec 31	2015A	2016A	2017A	1Q18	2Q18	3Q18	4Q18	2018A	1Q19	2Q19	3Q19	4Q19	2019A	1Q20	2Q20	3Q20	4Q20	2020 E	2021 E
								0						Est.	Est.	Est.	Est.	Est.	Est.
Net sales	\$0.24	\$0.32	\$0.05	\$0.02	\$0.04	\$0.11	\$0.14	\$0.30	\$0.02	\$0.02	\$0.04	\$0.06	\$0.14	\$0.05	\$0.10	\$0.20	\$0.30	\$0.65	\$2.60
% Change									0.00	0.00	0.00	0.00	(51.85)	163.16	316.67	455.56	368.75	354.55	300.00
Cost Goods	0.00	0.00	0.05	0.02	0.02	0.11	0.09	0.24	0.01	0.02	0.03	0.04	0.10	0.03	0.06	0.12	0.16	0.37	1.30
G & A	8.67	8.13	9.13	2.03	3.47	2.01	2.03	9.53	1.90	1.83	2.01	2.67	8.42	1.90	1.80	1.70	1.60	7.00	6.50
In process R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R&D	7.22	2.71	3.19	0.63	0.64	0.48	0.66	2.40	0.46	0.46	0.43	0.55	1.91	0.50	0.50	0.50	0.50	2.00	1.90
Depr. & Amort.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Op Income GAAP	(15.65)	(10.52)	(12.32)	(2.66)	(4.09)	(2.50)	(2.64)	(11.88)	(2.36)	(2.29)	(2.43)	(3.20)	(10.29)	(2.38)	(2.26)	(2.12)	(1.96)	(8.72)	(7.10)
Interest Expenses	0.86	0.09	0.09	0.02	0.02	0.02	0.01	0.07	0.01	0.01	0.01	0.01	0.04	0.02	0.02	0.02	0.02	0.06	0.08
Interest Income	0.00	0.00	0.03	0.01	0.00	0.00	0.02	0.03	0.02	0.01	0.02	0.00	0.05	0.02	0.02	0.02	0.02	0.06	0.08
Non Op Income	(1.00)	(0.19)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	(0.68)	0.00	0.09	0.01	(0.01)	0.01	0.00	0.02	(0.01)	0.00	(0.16)	0.43	0.27	0.00	0.00	0.00	0.00	0.00	0.00
Calc. Pretax	(18.17)	(10.80)	(12.29)	(2.67)	(4.11)	(2.50)	(2.63)	(11.91)	(2.36)	(2.29)	(2.59)	(2.78)	(10.02)	(2.38)	(2.26)	(2.12)	(1.96)	(8.72)	(7.10)
Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(1.14)
Tax Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16.00
Other Income	0.00	0.00	0.00	0.00	0.00	(0.33)	0.00	(0.33)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pro-forma adj.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	(18.14)	(10.80)	(12.29)	(2.67)	(4.11)	(2.83)	(2.63)	(12.24)	(2.36)	(2.29)	(2.59)	(2.78)	(10.02)	(2.38)	(2.26)	(2.12)	(1.96)	(8.72)	(5.96)
Costs and expenses are on a pro-forma basis																			
Net For Common	(18.16)	(10.95)	(12.29)	(2.67)	(4.11)	(2.83)	(2.63)	(12.24)	(2.36)	(2.29)	(2.59)	(2.78)	(10.02)	(2.38)	(2.26)	(2.12)	(1.96)	(8.72)	(5.96)
Shares Used, millions	3.85	0.32	0.55	0.82	0.83	1.04	1.10	0.97	1.18	1.23	1.39	1.30	1.30	1.63	1.63	1.63	1.63	1.63	1.63
Adjusted for 1:20	0.19	0.02	0.03	0.04	0.04	0.05	0.06	0.05	0.06	0.06	0.07	0.07	0.07	0.08	0.08	0.08	0.08	0.08	0.08
Earnings Per Share																			
EPS	#####	(\$682.70)	(\$450.04)	(\$64.62)	(\$98.54)	(\$54.32)	(\$47.82)	(\$252.37)	(\$40.21)	(\$37.29)	(\$37.07)	(\$42.64)	(\$42.64)	(\$153.65)	(\$29.29)	(\$27.82)	(\$26.04)	(\$24.15)	(\$16.28)

SENESTECH Inc.

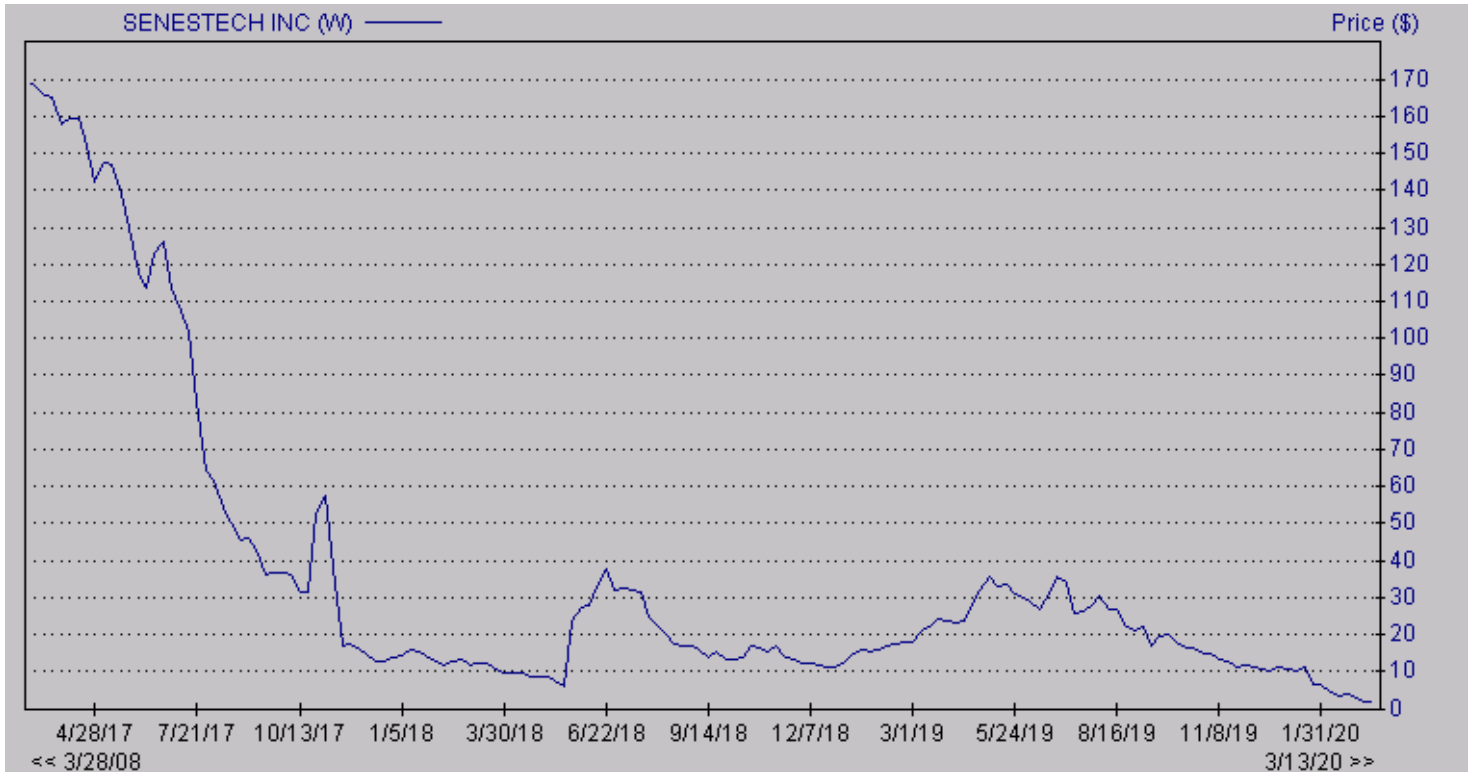
Consolidated Balance Sheet (in \$ millions)

Fiscal Year Dec 31

	2015A	2016A	2017A	2018A	1Q19	2Q19	3Q19
ASSETS							
Cash & Equiv.	0.14	11.83	7.12	11.83	2.95	2.58	3.95
A/R	0.01	0.01	0.02	0.01	0.15	0.16	0.16
Inventories	0.00	0.06	0.54	0.06	1.34	1.33	1.29
Other	0.04	0.34	0.19	0.34	0.35	0.33	0.31
Total current assets	0.19	12.23	7.87	12.23	4.78	4.40	5.70
Gross Plant	0.61	0.63	1.45	0.63	0.98	0.92	0.83
Acc. Deprn	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.13	0.01	0.00	0.01	0.08	0.07	0.03
All Assets	0.94	12.87	9.32	12.87	5.84	5.38	6.55
LIABILITIES AND NET WORTH							
Debt Due 1 Yr	0.03	0.08	0.18	0.08	0.20	0.13	0.13
Notes Payable	0.66	0.00	0.01	0.00	0.00	0.00	0.00
A/P	0.54	0.35	0.39	0.35	0.27	0.26	0.29
Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.98	1.37	0.59	1.37	0.78	0.79	0.79
Total current liabilities	2.21	1.80	1.17	1.80	1.25	1.18	1.21
Conv. Debt	0.03	0.00	0.00	0.00	0.00	0.00	0.00
L.T. Debt	0.45	0.14	0.59	0.14	0.23	0.20	0.17
Other LT	0.09	0.10	0.04	0.10	0.00	0.00	0.03
Pref. Stock	7.48	0.00	0.00	0.00	0.00	0.00	0.00
Other	2.00	0.00	0.00	0.00	0.10	0.08	0.00
All Liabilities	12.26	2.04	1.80	2.04	1.57	1.45	1.41
Common Stock	0.00	0.01	0.02	0.01	0.02	0.03	0.03
Surplus	39.00	72.07	81.10	72.07	92.45	94.39	98.20
Retained Earnings	-50.36	-61.31	-73.60	-61.31	-88.20	-90.49	-93.08
Other	0.03	0.06	0.00	0.06	0.00	0.00	0.00
Treasury Stock	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Worth	-11.32	10.83	7.52	10.83	4.27	3.93	5.15
Total liabilities & stockholders' equity	0.94	12.87	9.32	12.87	5.84	5.38	6.55

SENESTECH Inc.			
Condensed Consolidated Statements of Cash Flow s			
Fiscal Year Dec 31			
	2017	2018	2019
Cash flow from operations:	(12.29)	(11.91)	(10.02)
Net (Loss) Income			
Depreciation & amortization	0.39	0.45	0.41
Amortization of goodwill			
Stock issued for services			
Stock based compensation	3.73	3.41	0.87
Impairment of machinery			
In-process R&D			
Other	(1.15)	(1.08)	0.68
Net cash provided by (used in) operating activities	(9.32)	(9.13)	(8.06)
Cash flow from investments:			
Purchase of PP&E	(0.09)	(0.24)	0.07
Proceeds from disposal of PP&E		0.19	
Other	(5.00)	5.07	
Net cash provided by (used in) investing activities	(5.09)	5.02	0.07
Cash flow from financing activities:			
Proceeds from issuance of common stock and warrants	5.25	7.35	5.42
Proceeds (payment) on lines of credit, net			(0.22)
Proceeds from debt - related parties			
Proceeds from debt	0.44		
Payment on debt - related parties			
Payment on debt		0.28	
Other	1.14	(0.70)	(0.19)
Net cash provided by (used in) financing activities	6.83	6.93	5.01
Increase (decrease) in cash and equivalents	(9.73)	2.82	(2.98)
Cash & equivalents at beginning of period	11.83	2.10	4.92
Cash & equivalents at end of period	2.10	4.92	1.94

HISTORICAL STOCK PRICE



Source: Zacks Investment Research

DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, Ian Gilson, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article. Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business. SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer. Therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.