

Catalyst Pharmaceuticals



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Portfolio Review Report – August 2023



Company	EPS		Sales		Pre-Tax Profit		TTM EPS		Price	Proj RV	Est EPS Grwth	PEG Ratio	Rwd / Rsk Ratio	% Total Ret
	Qtr End	% Chg	% Chg	% Chg	% Sales	% Chg	Proj PE							
DAR <i>(Shirley Pfister, 7/8/2023)</i>	03/23	0.0	31.1	0.0	12.1	9.0	12.7	62.86 <i>7/7/23</i>	81.7	10.0	1.3	9.3	16.9	
EW <i>(Elizabeth Wills, 8/9/2023)</i>	06/23	-23.1	11.4	-27.2	22.1	-2.2	31.6	78.59 <i>8/8/23</i>	115.0	10.0	3.2	1.7	6.8	
FOXF <i>(Sharon Mahler, 4/16/2023)</i>	12/22	40.4	19.4	27.3	13.0	25.1	20.2	112.40 <i>4/14/23</i>	101.0	15.0	1.3	2.9	16.7	
GRBK <i>(Jane Nelson, 5/4/2023)</i>	12/22	-4.8	-4.7	-5.6	18.1	62.1	5.7	37.17 <i>5/3/23</i>	119.8	8.3	0.7	1.2	11.1	
MNST <i>(Anne Devieux, 8/8/2023)</i>	06/23	52.9	12.1	47.2	29.1	18.3	38.9	58.49 <i>8/7/23</i>	119.5	11.1	3.5	1.1	5.3	
PLUS <i>(Lois Krause, 4/16/2023)</i>	12/22	36.7	26.0	37.5	7.9	15.4	11.4	50.67 <i>4/14/23</i>	81.3	7.0	1.6	6.0	15.7	
USLM <i>(Joan Loken, 8/5/2023)</i>	03/23	96.1	31.2	97.1	32.0	38.9	19.0	212.40 <i>8/4/23</i>	99.8	18.0	1.1	3.1	18.9	
WAL <i>(Ross Meredith, 4/16/2023)</i>	12/22	15.1	11.7	17.6	60.8	11.9	3.1	31.66 <i>4/14/23</i>	55.3	5.4	0.6	28.0	28.5	

EW

The long-term outlook is solid. TAVR should remain the main growth driver for the foreseeable future. However, the potential market for TMTT is likely to be roughly \$3 billion by 2025. If Edwards can garner a decent chunk of that business, it would complement TAVR and drive higher sales over the long haul. Some recent clinical trials have been encouraging.

These shares are best-suited for buy-and-hold accounts. The stock has slumped recently, as Wall Street was hoping for a higher growth forecast from management in its latest earnings call. At present, EW is slated to keep pace with the broader market averages in the year ahead. Still, capital appreciation potential out to 2026-2028 is worthwhile for those investors with a longer horizon. Too, the potential of TMTT may intrigue speculative accounts.

Kevin P. O'Sullivan August 11, 2023

MNST

consumer confidence weigh on spending. **The company is determined to improve business conditions.** Like its industry peers, Monster has implemented pricing initiatives as an offset to rising costs. Also, expansion is being sought after through expanded distribution channels in both retail venues and e-commerce platforms. Such efforts ought to help offset persistent broader market headwinds.

The equity suits momentum investors. The stock is favorably ranked for year-ahead relative price performance. However, patient investors may want to wait for a pull back since the recent stock-price ascension limits capital appreciation potential over the 2026-2028 pull.

Nira Mahara July 14, 2023



Myclub.com RMC Model Club Portfolio

- **Sectors not represented**

Cyclical Super Sector

Real Estate (REITs) - Not suitable for clubs

Defensive Super Sector

Utilities

Sensitive Super Sector

Communications

Industrial

Energy – RMC has no interest for its portfolio,
(MLPs) not suitable for clubs

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**Dedicated to Making a Meaningful
Difference in the Lives of Patients
Suffering from Rare and Difficult to
Treat Diseases**

NASDAQ: CPRX

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Stock Comparison Guide

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Comparison:	Monster Beverage MNST 7/11/23 Medium Beverages - ... Count: 0	Edwards Lifesciences EW 7/11/23 Medium Medical Devi... Count: 2	Catalyst Pharmaceuti CPRX 7/3/23 Small Biotechnology Count: 9	Primoris Services PRIM 1/13/23 Medium Engineering ... Count: 7	Ensign Group ENSG 7/15/23 Medium Medical Car... Count: 3
Growth Comparisons					
<input checked="" type="checkbox"/> Hist. Sales Growth Rate - 10 YR (%)	12.0%	11.8%	26.9%	9.9%	13.6%
Hist. Sales Growth Rate - 5 YR (%)	13.7%	9.7%	26.9%	9.8%	11.0%
Estimated Sales Growth Rate (%)	12.0%	9.5%	20.0%	17.0%	13.0%
<input checked="" type="checkbox"/> Hist. Earnings/Share Growth Rate - 10 YR (%)	16.5%	14.6%	23.3%	11.9%	23.9%
Hist. Earnings/Share Growth Rate - 5 YR (%)	7.4%	21.1%	23.3%	13.8%	27.4%
Estimated Earnings Per Share Growth Rate (%)	14.9%	8.2%	14.9%	18.0%	10.0%
Earnings Stability (R-squared) - 10 YR	.92	.75	.34	.47	.89
Earnings Stability (R-squared) - 5 YR	.44	.76	.34	.92	.88
Present Price Indicator	Hold	Buy	Buy	Buy	Buy
Upside/Downside Ratio	2.3 to 1	3.7 to 1	7.3 to 1	3.8 to 1	3.4 to 1
Relative Value	142.0%	77.9%	80.7%	118.1%	100.5%
P/E: Projected Growth Rate (PEG)	2.4	3.6	0.7	0.7	2.0

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CPRX - Value Line June 30, 2023

The company has hit upon a good business model. That's acquiring the rights to commercialize drugs used to cure/control rare diseases from small drug start-ups or larger biotechs. These companies are nappy for Catalyst to do all the legwork in return for royalties on products sold. Catalyst immediately puts its acquired products under strong patent protection in order to prevent generic companies from selling facsimiles. At present, CPRX is contesting a New Drug Application bought by TEVA for *Firdapse*. CPRX has the financial wherewithal (no debt and plenty of cash) to drag this patent infringement lawsuit out in the courts for years. Meantime, the company will continue to expand *Furdapse's* market share by increasing its permitted dosage, and marketing it in Canada and Japan.

The recent stock price decline is a buying opportunity. Catalyst is expected to continue acquiring the rights to sell rare-disease drugs, which it can charge small patient populations a premium price for private insurance as well as Medicaid/Medicare.


Jeremy J. Butler *June 30, 2023*

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3 Nasdaq: CPRX



Catalyst Pharmaceuticals Significant Growth Potential

Commercial Execution Excellence

Proven commercial capabilities

Full year 2023 total revenue guidance of \$380M - \$390M

Developing a Differentiated Rare Disease Portfolio

Dedicated to investing in both internal and external opportunities that will pave the way for long-term growth.

Strong Financial Position

Record total revenues of \$99.6M for Q2 2023


Strong cash & equivalents of \$179M* and no funded debt

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3 Nasdaq: CPRX



Growing Revenue With A Diversified Portfolio Focus on Rare Neurological and Epileptic Disorders

- Proprietary marketed products
- Substantial product portfolio synergy opportunity
- Proven U.S. commercial capabilities
- Targeted run rate for FY 2023 of between \$380M - \$390M
- Strong FIRDAPSE® Q2 23 net revenues of \$64.9M
- Compelling FYCOMPA® Q2 23 net revenues of \$34.6M
- Primary focus is targeting neurologists/neuromuscular specialists







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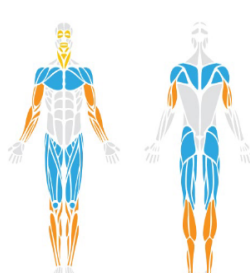




Lambert-Eaton Myasthenic Syndrome (LEMS)

A Rare Neuromuscular Disease & Profound Effect on Mobility & QoL

Affects Nerve-Muscle Communication



May cause:

- ← Weakening of upper arms and shoulders muscles
- ← Severe, debilitating, and progressive weakness in the upper legs and hips

Life-threatening weakness in respiratory muscles

■ Most affected

■ Sometimes affected


■ Least affected

Onset in LEMS patients - 50 to 60 years of age

50% of people with LEMS have underlying cancer

Observed in ~3% of small cell lung cancer patients

Affects both women and men




Symptoms include aching muscles, difficulty walking, climbing stairs, or rising from a chair


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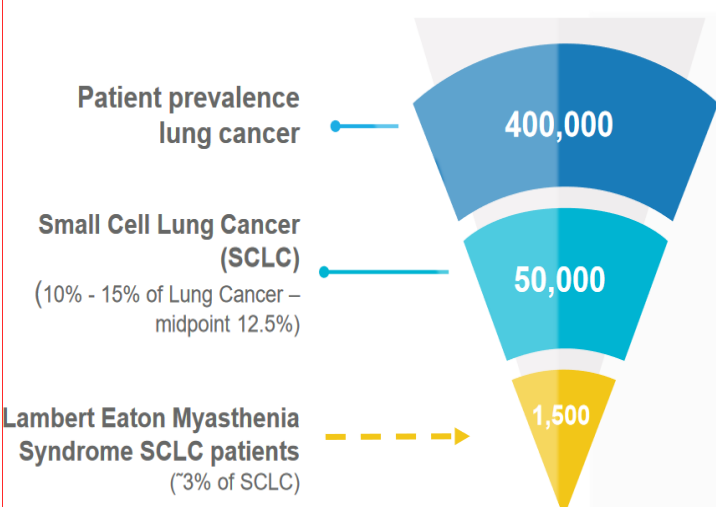
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Small Cell Lung Cancer Tumor LEMS

Represents a Significant Growth Opportunity




Patient prevalence lung cancer — 400,000

Small Cell Lung Cancer (SCLC)
(10% - 15% of Lung Cancer – midpoint 12.5%) — 50,000

Lambert Eaton Myasthenia Syndrome SCLC patients
(~3% of SCLC) — 1,500

- ⊙ Many SCLC LEMS patients are undiagnosed with LEMS and are being treated by oncologists
- ⊙ Oncologists typically refer SCLC patients diagnosed with LEMS to neurologists or neuromuscular specialists
- ⊙ **~ 1,000 new potential SCLC LEMS patients each year (includes diagnosed and undiagnosed)**


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Portfolio Expansion: FYCOMPA® (perampanel) CIII

Established, First-in-Class Commercial Epilepsy Asset

- Acquired U.S. rights in Jan 2023
- Synergistic product expanding neurology presence
- Provides substantial revenue addition
- Compelling product net revenue for the two months of Q1 '23
- FYCOMPA commercial and medical affairs teams onboard and fully engaged in May '23
- Serves as a strategic market adjacency within neuroscience
- Establishes gateway to expand reach into rare epilepsy or other adjacencies



Expected to be accretive EBITDA and EPS in 2023

Commercial team integration completed May '23


FY '23 net product revenues are to be ~\$130M

45% overlap in physician call points

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FYCOMPA – Significant Market Opportunity

Epilepsy - High Unmet Medical Need

Epilepsy is 4th most common neurological disorder after Alzheimer’s disease, migraine, and stroke

~3.5M patients in the U.S. with active epilepsy (~500K children)²

~150,000 new patients per year in U.S.³

~30–40% of all people with epilepsy still fail to respond to treatment despite the availability of a wide variety of anti-seizure medications

Evolving into a precision medicine composed of a variety of well-defined rare epilepsies of genetic origin


FYCOMPA® (perampanel)CIII

- Broad-spectrum efficacy
- Well-tolerated, minimal drug-to-drug interactions, and no contraindications
- Simple once-a-day dosing
- Long half-life, relieving the anxiety of breakthrough seizures if a dose is missed
- Retention rate > 70% for adult patients
- Seizure-freedom rate ~ 72% when used adjunctively
- Most common CNS side effects are dizziness, somnolence, and fatigue

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Strategic Growth Initiatives


Building on the Momentum

<p style="text-align: center;">Expand Commercial Footprint</p>	<ul style="list-style-type: none"> Explore commercial add-on assets both in the US & Globally Synergistic expertise to foster innovations Harness operational capabilities and industry expertise
<p style="text-align: center;">Expand Portfolio in Rare & Orphan Diseases</p>	<ul style="list-style-type: none"> Seek transformational partnerships to accelerate growth into new therapeutic areas and larger markets Focused on rare neurological and epileptic diseases opportunities
<p style="text-align: center;">Invest in Portfolio Diversification</p>	<ul style="list-style-type: none"> Strong balance sheet reinforces delivering attractive opportunities Well-positioned to achieve long-term growth

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Vamorolone – Potential Best-In-Class Disassociated Anti-Inflammatory Steroid

Steroids will remain a backbone of DMD therapy and used concomitantly with other treatments

Vamorolone - Compelling Safety Profile

In clinical studies, vamorolone demonstrated:

- Proven efficacy, tolerability, safety, and ease of use
- Equivalent efficacy to prednisone
- Significant reduction of steroid-associated side effect burden with benefits for bone health, growth, and behavior

Address Unmet Need for More Tolerable Steroids

U.S. DMD patient prevalence: ~ 11,000 to 13,000

DMD diagnosis rate; typically occurs at ages 2 - 5 years → **~ 95%**

DMD patients treated with corticosteroids at some point → **~ 90%**

Currently treated DMD patients receive concomitant steroid treatment → **~ 70%**

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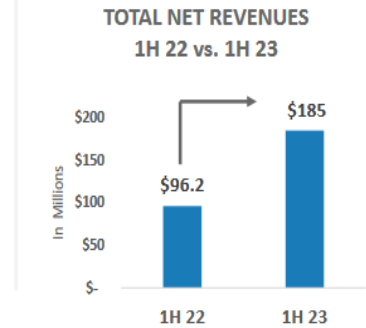
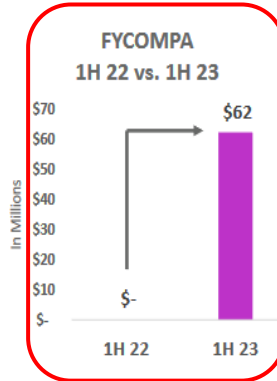
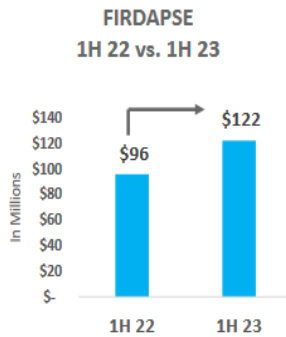
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Expanded Product Portfolio Growth Sustained Commercial Execution

H1 22 vs H1 23 Revenue Performance



Forecast 2023 total revenues of between \$380M - \$390M
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Strong Financial Position

Underscores Successful Execution of Strategic Initiatives

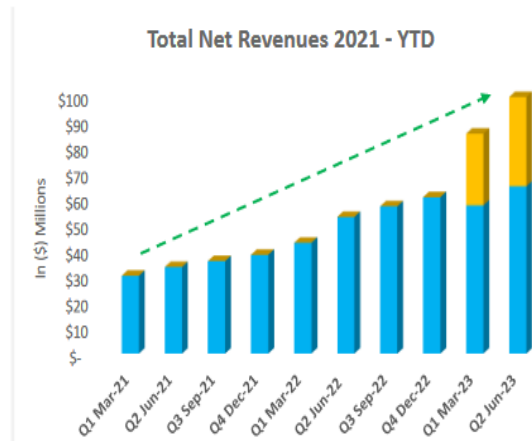
(In Millions)

Q2 23 Results


Cash Position	\$178.8
Record Net Product Revenue	\$99.5

FY 2023 Projections

Total Net Revenue Estimates	\$380 - \$390
FIRDAPSE Net Product Revenue	\$250 - \$260
FYCOMPA Net Product Revenue	\$130



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Q2 2023 Financial Highlights


FY 2023 Total Revenue Guidance of Between \$380M - \$390M

For the Three Months Ended June 30,

	2023	2022	% Change
Total Net Product Revenues	\$99.5	\$53.0	87.5%
FIRDAPSE Net Product Revenues	\$64.9	\$53.0	22.3%
FYCOMPA Net Product Revenues	\$34.6	N/A	N/A
GAAP Net Income	\$37.8	\$21.6	74.7%
Non-GAAP Net Income*	\$60.4	\$30.3	99.2%
Earnings per share Diluted – GAAP	\$0.33	\$0.20	67.9%
Earnings per share Diluted - Non-GAAP*	\$0.53	\$0.28	91.5%

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SWOT – Strengths (company)

- Very little debt (1.3% at end of 2022)
- Develop and commercialize orphan prescription drugs
- Seek to acquire additional products
- Orphan Drug Exclusivity

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SWOT – Weakness (company)

- Revenue or earnings guidance may be inaccurate
- Ability to obtain extension on patent protection
- Influence to acquire additional drug products
- Capacity to prevent generic competition
- Business may require additional capital

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SWOT – Opportunity (industry)

- Breakthrough Therapy Designation
- Fast Track Designation and Accelerated Approval
- Priority Review

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SWOT – Threats (industry)

- Pharmaceutical industry is intensely competitive
- Unable to predict legislation, regulations or policies
- Pricing scrutiny
- Disclosure of Clinical Trial Information
- Failure can occur at any stage of development efforts
- Approval process is lengthy

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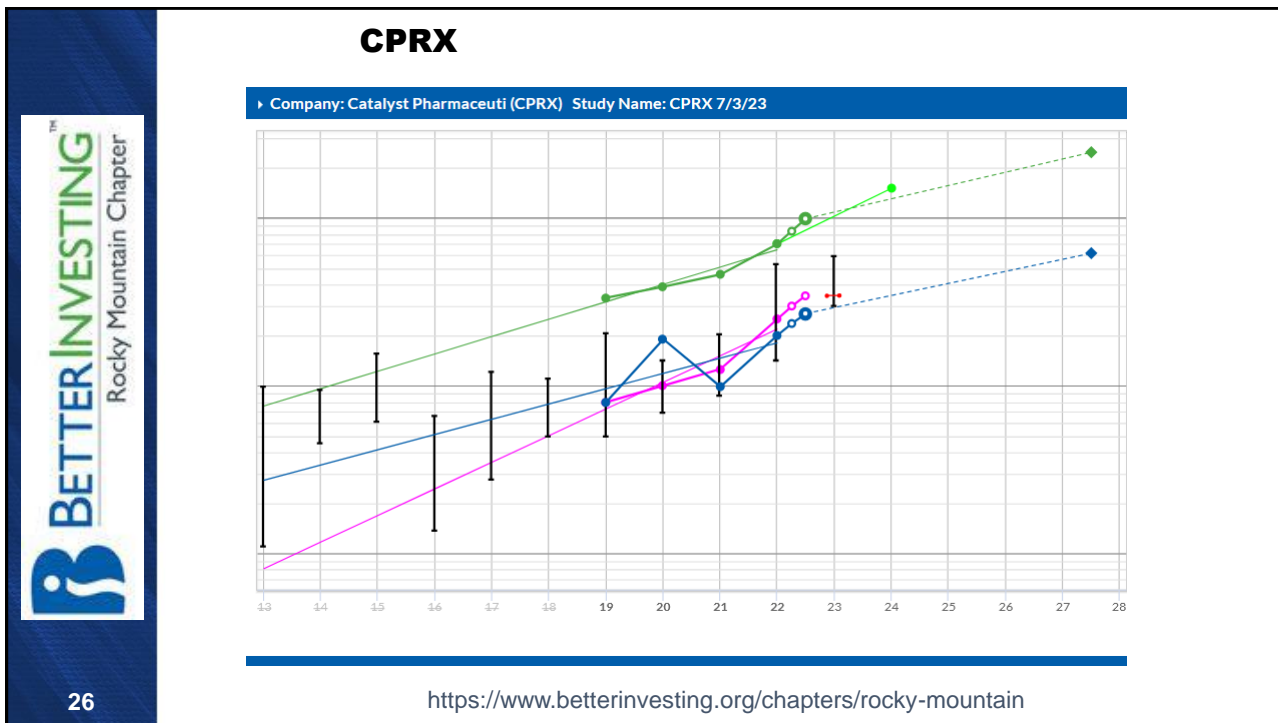
Questions or Comments?



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Sales Estimate

- 35.8 Manifest Investing
- 26.9 3 Year Average
- 23.0 Value Line
- 20.0 My Estimate

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EPS Estimates

- 35.0 Manifest Investing
- 23.3 3 Year Average
- 20.0 Value Line
- 14.8 Preferred Procedure



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High P/E


- 20.0 No Outliers
- 24.1 One Outlier
- 21.9 Current/TTM



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Low P/E

- 6.4 No Outlier
- 7.3 One Outlier
- 11.0 Current/TTM

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Low Price

- 11.10 52 Week Low
- 9.00 Forecast Low Price
- 5.20 2021 Low Price

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