UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of Earliest Event Reported): January 24, 2023

CATALYST PHARMACEUTICALS, INC.
(Exact Name Of Registrant As Specified In Its Charter)

Delaware	**001-33057**	**76-0837053**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

355 Alhambra Circle **Suite 801** **Coral Gables, Florida**	**33134**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (305) 420-3200

Not Applicable
Former Name or Former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Exchange on Which Registered**	**Ticker Symbol**
Common Stock, par value $0.001 per share	NASDAQ Capital Market	CPRX

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this Chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

EXPLANATORY NOTE

As previously disclosed in the Current Report on Form 8-K (the "Original Form 8-K") filed by Catalyst Pharmaceuticals, Inc. (the "Company") with the Securities and Exchange Commission on January 30, 2023, on January 24, 2023 the Company acquired the U.S. rights to FYCOMPA® pursuant to an Asset Purchase Agreement (the "Purchase Agreement") between the Company and Eisai Co. Ltd. ("Eisai").

This Current Report on Form 8-K/A (this "Amendment No. 1") amends the Original Form 8-K to provide the financial statements and pro forma financial information required by Items 9.01(a) and 9.01(b) of Form 8-K that were previously omitted from the Original Form 8-K in reliance on Items 9.01(a)(3) and 9.01(b)(2) of Form 8-K. This Amendment No. 1 does not amend any other item in the Original Form 8-K, and all other information previously reported in or filed with the Original Form 8-K is hereby incorporated by reference into this Amendment No. 1.

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Business Acquired

The audited abbreviated financial statements of FYCOMPA® as of March 31, 2022 and December 31, 2022 and for the year ended March 31, 2022 and the nine months ended December 31, 2022, and the related notes and related independent auditor's report thereon, are filed herewith as Exhibit 99.1 and 23.1, respectively, and are incorporated herein by reference. Pursuant to Rule 3-06 of Regulation S-X, the Company used an audited period between nine to twelve months (i.e., the period from January 1, 2022 through September 30, 2022) to satisfy the requirements for one of the two audited annual periods required by Rule 3-05 of Regulation S-X.

(b) Pro Forma Financial Information

Certain unaudited condensed combined pro forma financial information as of September 30, 2022, and for the year ended December 31, 2021 and the nine months ended September 30, 2022, are filed herewith as Exhibit 99.2 and are incorporated herein by reference.

(d) Exhibits

23.1	Consent of Deloitte & Touche LLP
99.1	Audited abbreviated financial statements of FYCOMPA® as of March 31, 2022 and December 31, 2022 and for the year ended March 31, 2022 and the nine months ended December 31, 2022, and the related notes and the related independent auditor's report thereon.
99.2	Unaudited pro forma condensed combined financial information at September 30, 2022 and for the year ended December 31, 2021 and the nine months ended September 30, 2022.
104	Cover Page Interactive Data File (embedded within the inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Catalyst Pharmaceuticals, Inc.

By: /s/ Alicia Grande
Alicia Grande
Vice President, Treasurer and CFO

Dated: April 10, 2023

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Registration Statement No. 333-240052 on Form S-3 and Registration Statement Nos. 333-226008 and 333-198119 on Form S-8 of Catalyst Pharmaceuticals, Inc. of our report dated April 10, 2023, relating to the financial statements of the FYCOMPA PRODUCT LINE OF EISAI CO., LTD. AND SUBSIDIARIES appearing in this Current Report on Form 8-K dated April 10, 2023.

/s/ Deloitte & Touche, LLP

Morristown, New Jersey

April 10, 2023

Exhibit 99.1

FYCOMPA® PRODUCT LINE OF EISAI CO., LTD. AND SUBSIDIARIES
Abbreviated Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the shareholders and the Board of Directors of Catalyst, Pharmaceuticals, Inc. and the Board of Directors and stockholders of Eisai Corporation of North America

Opinion

We have audited the abbreviated financial statements of FYCOMPA®PRODUCT LINE OF EISAI CO., LTD. AND SUBSIDIARIES (the "Fycompa Business"), which comprise the Statements of Assets Acquired and Liabilities Assumed as of March 31, 2022 and December 31, 2022, and the related Statements of Revenues and Direct Expenses for the year ended March 31, 2022 and the nine months ended December 31, 2022, and the related notes to the abbreviated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets acquired and liabilities assumed of the Fycompa Business as of March 31, 2022 and December 31, 2022, and its revenues and direct expenses for the year ended March 31, 2022 and the nine months ended December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fycompa Business and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

As discussed in Note 1 to the financial statements, the financial statements have been prepared for the purposes of complying with the rules and regulations of the Securities and Exchange Commission and are not intended to be a complete presentation of the Fycompa Business' financial position or results of operations. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fycompa Business' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ Deloitte & Touche, LLP

Morristown, New Jersey
April 10, 2023

FYCOMPA® PRODUCT LINE OF EISAI CO., LTD. AND SUBSIDIARIES
Statement of Assets Acquired and Liabilities Assumed
(Dollars in thousands)

	December 31, 2022	March 31, 2022
Assets acquired		
Current assets:		
Inventories	$ 3,487	$ 6,546
Prepaid expenses and other current assets	1,773	1,108
Total current assets	**5,260**	**7,654**
Property, plant and equipment, net	444	501
Total assets acquired	**$ 5,704**	**$ 8,155**
Liabilities assumed		
Current liabilities:		
Accrued expenses	$ 194	$ 113
Total current liabilities	**194**	**113**
Total liabilities assumed	**$ 194**	**$ 113**

See accompanying Notes to Abbreviated Financial Statements

FYCOMPA® PRODUCT LINE OF EISAI CO., LTD. AND SUBSIDIARIES
Statement of Revenues and Direct Expenses
(Dollars in thousands)

	Nine Months Ended December 31, 2022	Year Ended March 31, 2022
Revenues:		
Net product sales	$ 101,833	$ 124,661
Total revenues	101,833	124,661
Direct expenses:		
Cost of products sold	5,617	16,350
Promotion and selling expenses	44,286	55,960
Research and development expenses	7,967	11,656
Total direct expenses	57,870	83,966
Revenues less direct expenses	**$ 43,963**	**$ 40,695**

See accompanying Notes to Abbreviated Financial Statements

Note 1. Overview

Nature of Business

Eisai Co., Ltd. and its subsidiaries (collectively referred to as "ECL", "Parent", or the "Company") is a Japanese pharmaceutical company. ECL is a research-based company that develops and manufactures pharmaceutical products, with a focus on Neurology, Oncology and Global Health.

On December 17, 2022, the Company entered into an Asset Purchase Agreement ("APA" or the "Agreement") with Catalyst Pharmaceuticals, Inc. ("Catalyst", or the "Buyer") whereby the Buyer agreed to purchase the commercial rights for Fycompa (as defined below) in the United States (the "Product Line" or "Fycompa Business") and sold in the United States by Eisai, Inc., ("ESI"), a U.S. based wholly owned subsidiary of ECL. The deal closed on January 24, 2023 ("Closing Date").

FYCOMPA® is an anti-epileptic drug under the generic name perampanel and was an internally developed product by the Company ("Fycompa"). Fycompa was approved by the U.S. Food and Drug Administration ("FDA") in 2012 for the treatment of partial-onset seizures with or without secondarily generalized seizures in people with epilepsy. Fycompa has been prescribed to more than 400,000 patients worldwide.

Catalyst is a commercial-stage biopharmaceutical company focused on in-licensing, developing, and commercializing novel medicines for patients living with rare diseases.

Concurrent with the acquisition, the parties entered into two related agreements: (i) a short-term Transition Services Agreement (the "TSA") and (ii) a long-term Supply Agreement for the commercial support and manufacturing of Fycompa in the US. Under the TSA, ESI will provide commercial services to the Buyer for a transition period following the Closing Date. Further, under the Supply Agreement, ECL will manufacture Fycompa for the Buyer for a period of several years (or such longer period as is set forth in the Supply Agreement) following the Closing Date. The service fees for the TSA will be charged based on the actual number of FTEs performing services. Under the Supply Agreement, charges will be based on agreed upon supply prices.

Basis of Presentation

The accompanying Abbreviated Financial Statements (the "Financial Statements") have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and have been prepared for the purpose of assisting the Buyer in complying with the rules and regulations of Rule 3-05 of Regulation S-X of the U.S. Securities and Exchange Commission ("SEC") and application of SEC Final Rule Release No. 33-10786, Amendments to Financial Disclosure About Acquired and Disposed Businesses and are not intended to be a complete presentation of the assets, liabilities, equity, revenues, expenses, and cash flows associated with the Fycompa Business. The total assets and total revenues of the Fycompa Business constitute less than 20% of the Company's total assets and total revenues for the year ended March 31, 2022. Historically, complete financial statements have never been prepared for the Product Line as the Company did not maintain the Product Line as a stand-alone business, division or subsidiary for the periods presented, and, therefore, it is impractical to prepare stand-alone or full carve-out financial statements for the Product Line. The Financial Statements have been derived from the operating activities attributed to the Product Line from ESI's books and records. The Statement of Revenues and Direct Expenses do not purport to reflect all the costs, expenses, and cash flows that would have been associated had the Product Line been operated as a stand-alone, separate entity. In addition, the Statement of Revenues and Direct Expenses may not be indicative of the operating results going forward given the omission of certain corporate overhead described in the notes to the Financial Statements and changes to the Product Line that may be made by the Buyer.

The financing needs of the Product Line were supported by the Parent and cash generated by the Product Line was transferred to the Parent. As the Product Line has historically been managed as part of the operations of Eisai and has not operated as a stand-alone entity, it is impractical to prepare historical cash flow information regarding the operating, investing, and financing cash flows of the Product Line. As such, information on cash flows is not presented herein.

Allocation of Certain Costs and Expenses

These Financial Statements include revenues generated by Fycompa Business less expenses directly attributable to the Product Line and certain allocations of direct expenses incurred by the Company related to the Product Line. Direct expenses attributed to the Product Line include Cost of products sold, Promotion and selling expenses, and Research and development expenses. Cost centers are either unique to a specific product or shared between multiple products. Shared promotion and selling expenses and Research and development expenses were attributed to the Product Line utilizing specific allocation drivers. Where appropriate, these expenses were allocated based on a percentage of sales, percentage of direct expenses attributed or other drivers. These allocations are based on reasonable and rational methods that management believes reflect the costs incurred by the Product Line and may differ from the results that would have been achieved had the Product Line operated as a standalone entity. Certain expenses, such as corporate and administrative, are not tracked or monitored in a manner that would enable the development of a complete set of financial statements. Such costs include allocations of the Company's corporate overhead not directly related to the operations of the Product Line, as well as allocations of service fee income, interest expense, other income/expense, gains and losses and income tax expense have been excluded from these Financial Statements. Only costs directly related to the revenue-generating activities of the Product Line are included in the Statement of Revenues and Direct Expenses as permitted by Rule 3-05 of Regulation S-X.

The statement of assets acquired, and liabilities assumed includes only the assets acquired by the Buyer pursuant to the Agreement, which includes finished goods inventory, inventory samples and certain prepaid expenses. Certain assets and liabilities related to the Product Line will not be sold per the terms of the Agreement and are therefore not included in the statement of assets acquired and liabilities assumed.

Use of Management's Estimates

The preparation of the Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as of the date of the Financial Statements. In addition, estimates and assumptions affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates include Medicaid, Medicare and other governmental discounts, managed care rebates, chargebacks and product returns.

Note 2. Summary of Significant Accounting Policies

Inventory – Inventories consist of Fycompa finished products (including sample products) which are stated at the lower of cost or net realizable value determined under the first-in, first-out method, net of any reserves. Effective April 1, 2022, ECL changed pricing associated with inventory that ESI sources from the Parent and/or affiliates of the Parent; the effect of this change was a reduction in the value of on-hand finished goods inventory of approximately $2,809. The impact to ESI is lower cost of goods sold and higher gross margin on product sales.

Prepaid Expenses and other current assets – Prepaid expenses and other current assets include the prepaid portion of the FDA's Prescription Drug User Fee Act ("PDUFA") Fees for the Fycompa Product Line. PDUFA fees are paid annually and amortized on a straight-line basis over the corresponding period.

Property, Plant and Equipment, net – Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Impairment of Long-Lived Assets – Current facts or circumstances are periodically evaluated to determine if the carrying value of long-lived assets may not be recoverable. If such circumstances exist, an estimate of undiscounted future cash flows generated by the long-lived asset, or the appropriate grouping of assets, is compared to the carrying value to determine whether impairment exists at its lowest level of identifiable cash flows.

If an asset is determined to be impaired, the loss is measured based on the difference between the asset's fair value and its carrying value. An estimate of the asset's fair value is based on quoted market prices in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including quantifying the discounted value of estimated future cash flows. Assets classified as held for sale are reported at the lower of their carrying value or their fair value, less cost to sell.

Advertising Costs – Advertising costs are expensed when incurred and are included in Promotion and selling expenses in the Statement of Revenues and Direct Expenses. Advertising costs consist of direct-to-consumer advertising and were $5,958 and $10,413 for the nine months ended December 31, 2022 and the year ended March 31, 2022, respectively.

Research and Development Costs – Research and development costs include all internal and external costs related to employee costs and services contracted by the Product Line and are expensed as incurred. The Product Line also accrues for clinical study expenses which are presented as Accrued expenses in the Financial Statements.

Revenue Recognition – Revenue is recognized using a five-step model: (1) identify the customer contract; (2) identify the contract's performance obligation; (3) determine the transaction price; (4) allocate the transaction price to the performance obligation; and (5) recognize revenue when or as a performance obligation is satisfied. Revenue is also reduced for variable consideration ("Gross-to-Net" or "GTN adjustments"). GTN adjustments involve significant estimates and judgment after considering legal interpretations of applicable laws and regulations, historical experience, payer channel mix (e.g., Medicare or Medicaid), current contract prices under applicable programs, unbilled claims and processing time lags and inventory levels in the distribution channel. Estimates are assessed each period and adjusted as required to revise information or actual experience. Revenue is presented as Net product sales in the Financial Statements.

Net Product Sales – The Fycompa Business' performance obligation is the supply of finished pharmaceutical products to its customers. The Fycompa Business' customers consist primarily of major wholesalers, specialty pharmaceutical distributors, managed care organizations and government agencies. The Fycompa Business' customer contracts generally consist of both a master agreement, which is signed by the Fycompa Business and its customer, and a customer submitted purchase order, which is governed by the terms and

conditions of the master agreement. Customers purchase product by direct channel sales from the Fycompa Business or by indirect channel sales through various distribution channels. Revenue is recognized when the Fycompa Business transfers control of its products to the customer, which typically occurs at a point-in-time, upon delivery. Substantially all the Fycompa Business' net product revenues relate to products which are transferred to the customer at a point-in-time.

Variable Consideration – The Fycompa Business includes an estimate of GTN adjustments, using the expected value method, in its transaction price at the time of sale, when control of the product transfers to the customer. GTN adjustments involve significant estimates and judgments from information obtained from internal and external sources and include expected chargebacks, discounts, rebates and fees, sales returns and other allowances.

Chargebacks and cash discounts — The Fycompa Business participates in programs with government entities and other parties, including covered entities under the 340B Drug Pricing Program, whereby pricing on products is extended below wholesaler list price to participating entities. These entities purchase products through wholesalers at the lower program price and the wholesalers then charge the Fycompa Business the difference between their acquisition cost and the lower program price. Cash discounts are offered as an incentive for prompt payment.

Medicaid and Medicare rebates — The Fycompa Business participates in state government Medicaid programs and other qualifying federal and state government programs requiring discounts and rebates to participating state and local government entities. Medicaid rebates have also been extended to drugs used in managed Medicaid plans. Rebates and discounts are offered to managed healthcare organizations in the U.S. that administer prescription drug programs and Medicare Advantage prescription drug plans covering the Medicare Part D drug benefit. The Fycompa Business also participates in rebates for branded prescription drug sales to Medicare Part D customers in the Medicare "coverage gap," also known as the "donut hole," based on the historical experience of beneficiary prescriptions and consideration of the utilization that is expected to result from the discount in the coverage gap. The Fycompa Business evaluates this estimate regularly to ensure that historical trends and future expectations are current.

Other rebates, returns, and sales allowances — Other GTN sales adjustments include sales returns, payor assistance programs and administrative service fees. The Company permits the return of product under certain circumstances, mainly upon product expiration, instances of shipping errors or where product is damaged in transit and occurrences of product recalls. The Fycompa Business' product returns accrual is primarily based on estimates of future product returns based generally on actual net sales, estimates of the level of inventory of its products in the distribution channel that remain subject to returns, estimated lag time of returns and historical return rates. The estimate of the level of products in the distribution channel is based primarily on data provided by key customers. Estimated returns for new products are determined after considering historical sales return experience of similar products, such as those within the same product line, similar therapeutic area and/or similar distribution model and estimated levels of inventory in the distribution channel and projected demand.

The Fycompa Business offers prescription copay savings programs designed to help eligible patients by reducing out of pocket expenses for their medications. The Fycompa Business administers these programs through third parties that provide data the Fycompa Business uses to reimburse providers and estimate its liability for unfunded reimbursement.

The Fycompa Business pays administrative and service fees to its customers based on a fixed percentage of the acquisition price. These fees are not in exchange for a distinct good or service and therefore are recognized as a reduction of the transaction price.

Note 3. Inventories

Inventories at December 31, 2022 and March 31, 2022 consisted of the following:

	December 31, 2022	March 31, 2022
Finished goods	$ 3,345	$ 6,407
Finished goods—samples	142	139
Total Inventories	**$ 3,487**	**$ 6,546**

Note 4. Property, Plant and Equipment, net

Property, plant and equipment, net at December 31, 2022 and March 31, 2022 consisted of the following:

	December 31, 2022	March 31, 2022
Computer software	$ 692	$ 615
Less: accumulated depreciation	(248)	(114)
Total Property, Plant and Equipment, net	**$ 444**	**$ 501**

Depreciation is computed using the straight-line method over the estimated useful life of three (3) years for computer software. Depreciation expense was $134 and $11 for the nine months ended December 31, 2022 and the year ended March 31, 2022, respectively and are recorded within the Promotion and selling expenses.

Note 5. Revenue

The Company did not have any deferred revenue for remaining performance obligations directly related to the Product Line for the nine months ended December 31, 2022 and the year ended March 31, 2022.

Net Product Sales

Revenue is presented as Net product sales in the Financial Statements. The reconciliation of gross product sales to net product sales by each significant category of gross-to-net adjustments was as follows:

	Nine Months Ended December 31, 2022	Year Ended March 31, 2022
Gross Product Sales	$ 177,976	$ 217,250
Gross-to-Net Adjustments:		
Government Rebates	(55,931)	(69,887)
Chargebacks and Distributor Service Fees	(11,551)	(12,193)
Sales Discounts	(3,560)	(4,347)
Sales Returns and Allowances	(5,101)	(6,162)
Total Gross-to-Net Adjustments:	(76,143)	(92,589)
Net Product Sales	**$ 101,833**	**$ 124,661**

Note 6. Subsequent Events

Subsequent events have been evaluated through April 10, 2023, the date these Financial Statements were issued. There are no subsequent events which have not been disclosed in these Financial Statements.

CATALYST PHARMACEUTICALS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On December 17, 2022, Catalyst Pharmaceuticals, Inc. (the "Company") entered into an Asset Purchase Agreement (the "Purchase Agreement") with Eisai Co., Ltd. ("Eisai"). Pursuant to the terms of the Purchase Agreement, on January 24, 2023, the Company acquired Eisai's U.S. rights, title and interest in and to FYCOMPA®, an anti-epileptic medication ("Fycompa"), including certain related assets, intellectual property and product inventory (the "Transaction") for $164.2 million in cash and liabilities.

The pro forma information presented herein consists of (i) an unaudited pro forma condensed combined balance sheet as of September 30, 2022, and (ii) unaudited pro forma condensed combined statements of operations and comprehensive income for the nine months ended September 30, 2022 and the year ended December 31, 2021. The presentation of the unaudited pro forma condensed combined balance sheet gives effect to the Transaction as if it had occurred on September 30, 2022. The presentation of the unaudited pro forma condensed combined statements of operations and comprehensive income reflects the combined results as if the Transaction had occurred on January 1, 2021, the beginning of the Company's 2021 fiscal year. The unaudited pro forma condensed combined financial statements include adjustments that reflect the accounting for the Transaction in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

The Company has a fiscal year-end of December 31, and corresponding quarter-ends of March 31, June 30, and September 30. Eisai has a fiscal year-end of March 31 and fiscal quarters ending on June 30, September 30, and December 31. Accordingly, the Company has combined its consolidated balance sheet as of September 30, 2022, with Fycompa's statement of assets acquired and liabilities assumed as of December 31, 2022, to report the unaudited pro forma condensed combined balance sheet. Additionally, the Company has combined its consolidated statements of operations and comprehensive income for the nine months ended September 30, 2022, and the year ended December 31, 2021, with Fycompa's statement of revenues and direct expenses for the nine months ended December 31, 2022 and the year ended March 31, 2022 for purposes of the unaudited pro forma condensed combined statements of operations and comprehensive income. The different periods between the Company and Fycompa align the unaudited pro forma financial statements with the reporting and disclosures that accompany this unaudited pro forma condensed combined financial information.

As discussed in Note 3 to the unaudited pro forma condensed combined financial statements, the Company has concluded, in accordance with U.S. GAAP, that the Transaction does not meet the definition of a business. However, for purposes of this Form 8-K, and in accordance with Rule 3-05 and Rule 11-01, the Transaction is considered the purchase of a business since the historical revenue-generating activities of Fycompa will continue in essentially the same fashion following the Transaction.

The unaudited pro forma condensed combined financial statements should be read in conjunction with (1) the historical financial statements of the Company included in its Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC on March 16, 2022 respectively, and its Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2022 filed with the SEC on November 9, 2022, and (2) the Abbreviated Financial Statements of Fycompa as of and for the year ended March 31, 2022 and as of and for the nine months ended December 31, 2022, included in this Form 8-K. Pursuant to Rule 3-06 of Regulation S-X, the Company used an unaudited period between nine to twelve months (i.e., the Company's period from January 1, 2022 through September 30, 2022 combined with Fycompa's period from April 1, 2022 through December 31, 2022) to satisfy the requirements for one of the two audited annual periods required by Rule 3-05 of Regulation S-X.

The unaudited pro forma condensed combined financial statements are provided for informational purposes only and are not necessarily indicative of results that would have occurred had the Transaction been completed as of the dates indicated. In addition, the unaudited pro forma condensed combined financial statements do not purport to be indicative of the future financial position or operating results of the combined operations and do not reflect the costs of any integration activities or benefits that may result from realization of future cost savings from operating efficiencies or revenue synergies expected to result from the Transaction.

CATALYST PHARMACEUTICALS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
As of September 30, 2022
(in thousands, except share data)

	Catalyst (Historical)	Fycompa (Historical) Adjusted for Reclassifications (Note 2)	Transaction Accounting Adjustments	Notes	Pro Forma Combined
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 256,065	$ —	$ (165,531)	**3(A)**	$ 90,534
Accounts receivable, net	9,337	—	—		9,337
Inventory	7,132	3,345	603	**3(B)**	11,080
Prepaid expenses and other current assets	3,776	1,915	3,238	**3(C)**	8,929
Total current assets	276,310	5,260	(161,690)		119,880
Operating lease right-of-use asset	2,833	—	—		2,833
Property and equipment, net	882	444	—		1,326
License and acquired intangibles, net	33,051	—	158,095	**3(D)**	191,146
Deferred tax assets, net	20,029	—	—		20,029
Deposits	9	—	—		9
Total assets	$ 333,114	$ 5,704	$ (3,595)		$335,223
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities:					
Accounts payable	$ 2,529	$ —	$ —		$ 2,529
Accrued expenses and other liabilities	42,152	194	1,915	**3(E)**	44,261
Total current liabilities	44,681	194	1,915		46,790
Operating lease liability, net of current portion	3,643	—	—		3,643
Other non-current liabilities	14,749				14,749
Total liabilities	63,073	194	1,915		65,182
Stockholders' equity:					
Preferred stock	—	—	—		—
Common stock	104	—	—		104
Additional paid-in capital	245,514	—	—		245,514
Retained earnings	24,391	—	—		24,391
Accumulated other comprehensive income	32	—	—		32
Total stockholders' equity	270,041	—	—		270,041
Total liabilities and stockholders' equity	$ 333,114	$ 194	$ 1,915		$335,223

See accompanying notes to unaudited pro forma condensed combined financial information.

CATALYST PHARMACEUTICALS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME
Nine Months ended September 30, 2022
(in thousands, except share data)

	Catalyst (Historical)	Fycompa (Historical) Adjusted for Reclassifications (Note 2)	Transaction Accounting Adjustments	Notes	Pro Forma Combined
Revenues:					
Product revenue, net	$ 153,255	$ 101,833	$ —		$ 255,088
License and other revenue	191	—	—		191
Total revenues	153,446	101,833	—		255,279
Operating costs and expenses:					
Cost of sales	23,198	5,617	23,714	**3(F)**	52,529
Research and development	15,696	7,967	—		23,663
Selling, general and administrative	43,515	44,286	—		87,801
Total operating costs and expenses	82,409	57,870	23,714		163,993
Operating income (loss)	71,037	43,963	(23,714)		91,286
Other income, net	674	—	—		674
Net income (loss) before income taxes	71,711	43,963	(23,714)		91,960
Income tax provision	14,103	—	5,062	**3(G)**	19,165
Net income (loss)	$ 57,608	$ 43,963	$ (28,776)		$ 72,795
Net income per share:					
Basic	$ 0.56				$ 0.71
Diluted	$ 0.52				$ 0.66
Weighted average shares outstanding:					
Basic	102,967,280				102,967,280
Diluted	110,352,214				110,352,214
Net income (loss)	$ 57,608	$ 43,963	$ (28,776)		$ 72,795
Other comprehensive income:					
Unrealized gain (loss) on available-for-sale securities, net of tax	180	—	—		180
Comprehensive income (loss)	$ 57,788	$ 43,963	$ (28,776)		$ 72,975

See accompanying notes to unaudited pro forma condensed combined financial information.

CATALYST PHARMACEUTICALS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME
Year ended December 31, 2021
(in thousands, except share data)

	Catalyst (Historical)	Fycompa (Historical) Adjusted for Reclassifications (Note 2)	Transaction Accounting Adjustments	Notes	Pro Forma Combined
Revenues:					
Product revenue, net	$ 137,997	$ 124,661	$ —		$ 262,658
License and other revenue	2,836	—	—		2,836
Total revenues	140,833	124,661	—		265,494
Operating costs and expenses:					
Cost of sales	21,884	16,350	32,222	**3(F)**	70,456
Research and development	16,936	11,656	—		28,592
Selling, general and administrative	49,628	55,960	—		105,588
Total operating costs and expenses	88,448	83,966	32,222		204,636
Operating income (loss)	52,385	40,695	(32,222)		60,858
Other income, net	282	—	—		282
Net income (loss) before income taxes	52,667	40,695	(32,222)		61,140
Income tax provision	13,185		2,119	**3(G)**	15,304
Net income (loss)	$ 39,482	$ 40,695	$ (34,341)		$ 45,836
Net income per share:					
Basic	$ 0.38				$ 0.44
Diluted	$ 0.37				$ 0.43
Weighted average shares outstanding:					
Basic	103,379,349				103,379,349
Diluted	107,795,585				107,795,585
Net income (loss)	$ 39,482	$ 40,695	$ (34,341)		$ 45,836
Other comprehensive income					
Unrealized gain (loss) available-for -sale securities, net of tax	(179)	—	—		(179)
Comprehensive income (loss)	$ 39,303	$ 40,695	$ (34,341)		$ 45,657

See accompanying notes to unaudited pro forma condensed combined financial information.

Note 1. Basis of Presentation

The unaudited pro forma condensed combined financial information and related notes are prepared in accordance with Article 11 of Regulation S-X, as amended by the final rule, Release No. 33-10786, "Amendments to Financial Disclosures about Acquired and Disposed Businesses." The Company and Fycompa's historical financial statements were prepared in accordance with U.S. GAAP and are presented in U.S. dollars. As discussed in the section, above, the Company and Eisai have differing historical reporting periods. Accordingly, the accompanying unaudited pro forma condensed combined financial information includes the following:

Unaudited pro forma condensed combined balance sheet as of September 30, 2022:

- The Company's consolidated balance sheet as of September 30, 2022; and
- Fycompa's statement of assets acquired and liabilities assumed as of December 31, 2022.

Unaudited pro forma condensed combined statement of operations and comprehensive income for the nine months ended September 30, 2022:

- The Company's consolidated statement of operations and comprehensive income for the nine months ended September 30, 2022; and
- Fycompa's statement of revenues and direct expenses for the nine months ended December 31, 2022.

Unaudited pro forma condensed combined statement of operations and comprehensive income for the year ended December 31, 2021:

- The Company's consolidated statement of operations and comprehensive income for the year ended December 31, 2021; and
- Fycompa's statement of revenues and direct expenses for the year ended March 31, 2022.

While the Company, and Eisai have different fiscal period ends, Rule 11-02(c)(3) of Regulation S-X permits fiscal period ends to be within one quarter between the acquirer and acquiree, and thus the financial information was combined. The unaudited pro forma condensed combined balance sheet is presented as if the transaction occurred on September 30, 2022. Additionally, the unaudited pro forma condensed combined statements of operations are each prepared as if the transaction occurred on January 1, 2021, the first day of the Company's fiscal year, the earliest period presented in the accompanying unaudited condensed combined pro forma financial information.

The unaudited pro forma condensed combined financial statements have been compiled in a manner consistent with the accounting policies adopted by the Company. The accounting policies of Fycompa have been determined to be similar in all material respects to the Company's accounting policies. As a result, no adjustments for accounting policy differences have been reflected in the unaudited pro forma condensed combined financial statements.

Note 2. Reclassifications and Conforming Financial Statement Line Items

Certain reclassifications and conforming updates have been made to the historical presentation of Fycompa to conform to the financial statement presentation of the Company, as follows:

Balance Sheet as of September 30, 2022

Amount (in thousands)	Presentation in Fycompa's Financial Statements	Presentation in Unaudited Pro Forma Condensed Combined Financial Information
$ 3,345	Inventories	Inventory
142	Inventories	Prepaid expenses and other current assets
444	Property, plant and equipment, net	Property and equipment, net
194	Accrued expenses	Accrued expenses and other liabilities

Statement of Operations and Comprehensive Income for the Nine Months ended September 30, 2022

Amount (in thousands)	Presentation in Fycompa's Financial Statements	Presentation in Unaudited Pro Forma Condensed Combined Financial Information
$ 101,833	Net product sales	Product revenue, net
5,617	Cost of products sold	Cost of sales
7,967	Research and development expenses	Research and development
44,286	Promotion and selling expenses	Selling, general and administrative

Statement of Operations and Comprehensive Income for the Year ended December 31, 2021

Amount (in thousands)	Presentation in Fycompa's Financial Statements	Presentation in Unaudited Pro Forma Condensed Combined Financial Information
$ 124,661	Net product sales	Product revenue, net
16,350	Cost of products sold	Cost of sales
11,656	Research and development expenses	Research and development
55,960	Promotion and selling expenses	Selling, general and administrative

Note 3. Transaction Accounting Adjustments

On January 24, 2023, the acquisition date, the Company acquired Eisai's U.S. rights, title and interest in and to Fycompa, including certain related assets, intellectual property and product inventory (the "Transaction") for $164.2 million in cash and liabilities. The Company has accounted for the acquisition of Fycompa as an acquisition of assets in accordance with Financial Accounting Standards Board Accounting Standards Codification (ASC) 805, *Business Combinations*, and Accounting Standards Update (ASU) No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, whereby the Company recognized assets acquired based on their estimated fair values on the acquisition date. Due to the screen test as required by ASU 2017-01, the acquisition does not meet the definition of a business as, based on the final terms of the Transaction on the acquisition date, substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset.

Concurrently with the acquisition, the parties entered into two related agreements: (i) a short-term Transition Services Agreement (the "TSA") for commercial and manufacturing services and (ii) a long-term Supply Agreement for the manufacturing of Fycompa. Under the TSA, Eisai will provide commercial and manufacturing services to the Company for a transition period following the acquisition date. Further, under the Supply Agreement, Eisai will manufacture Fycompa for the Company for a period of seven years (or such longer period as is set forth in the Supply Agreement) following the acquisition date. The service fees for the TSA will be charged based on the actual number of FTEs performing services. Under the Supply Agreement, charges will be based on provided supply prices. The service fees for the TSA and the supply prices for the Supply Agreement were determined to be similar to market rates.

The aggregate consideration for the Transaction is $164.2 million, which consists of $162.3 million in cash paid and $1.9 million accrued as a liability as of the Transaction date.

Eisai is also eligible to receive a contingent payment of $25 million if certain regulatory milestones are met. As the regulatory milestones are not probable, the Company did not recognize any amount related to the milestone payments in the purchase price.

Additionally, after the loss of patent exclusivity for Fycompa, the Company may be obligated to pay certain royalties to Eisai on net sales of Fycompa. As the Transaction is accounted for as an asset acquisition under U.S. GAAP, the Company will recognize the royalty payments in cost of sales as revenue from product sales is recognized.

Preliminary purchase price allocation

The Company has estimated the allocation of the purchase consideration to acquired assets and assumed liabilities based on their relative fair value. This purchase price allocation has been used to prepare the transaction accounting adjustments in the unaudited pro forma condensed combined balance sheet and statements of comprehensive income.

The following table summarizes the allocation of the purchase consideration (amounts in thousands):

Balance sheet line item	Amount
Inventory	$ 3,948
Prepaid expense and other assets	1,915
Property and equipment	444
License and acquired intangibles	158,095
Total assets acquired	164,402
Accrued expenses and other liabilities	194
Total liabilities assumed	194
Total net assets acquired	**$164,208**

Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet

(A) Cash and cash equivalents

Reflects the cash paid for the Transaction, $161.6 million, as well as approximately $3.9 million of direct transaction costs related to the Transaction.

(B) Inventory

Reflects a step up of $0.6 million for the fair value of the inventory. The fair value was estimated using both a top-down and a bottoms-up methodology. A top-down method starts with the estimated selling price of the inventory on hand reduced for the estimated costs of disposal, the related estimated profit for the costs of disposal, as well as estimated holding costs. A bottoms-up method is based on the sum of the book value, any costs already incurred toward procurement and manufacturing efforts, and a reasonable profit allowance for the efforts contributed and assets used by the acquiree.

(C) Prepaid expenses and other current assets

Reflects a reimbursement of $3.2 million which will be credited against certain transition services to be provided by Eisai.

(D) Intangible assets

The Company identified the acquired rights to market and sell Fycompa in the United States (the “product rights”) as an acquired intangible asset with a fair value of $157.8 million. The products rights consist of certain patents and trademarks and regulatory approvals, marketing assets, and other records, and have been valued as a single intangible asset as they are inextricably linked. The fair value of the product rights was determined primarily using an income approach, namely a multi-period excess earnings method.

As the purchase price was greater than the total fair value of all acquired assets and assumed liabilities, the amount allocated to the product rights was increased by $0.3 million and a total of $158.1 million allocated to the Fycompa product rights intangible asset.

(E) Accrued liabilities

Reflects the recognition of $1.9 million in estimated direct transaction costs related to the Transaction which were probable and estimable as of the acquisition date.

Adjustments to Unaudited Pro Forma Condensed Combined Statements of Operations and Comprehensive Income

(F) Cost of sales

The product rights intangible asset is amortized using the straight-line method over its estimated useful life of 5 years, which is determined by identifying the period over which substantially all of the cash flows from the asset are expected to be generated. The amortization expense of $23.7 million and $31.6 million for the nine months ended September 30, 2022 and the year ended December 31, 2021, respectively, is recorded in cost of sales.

Also reflects an adjustment to increase cost of sales by the inventory step-up amount of $0.6 million as the inventory is expected to be sold within 12 months of the acquisition date. Accordingly, this adjustment will not affect the Company’s results of operations beyond 12 months after the transaction date, and the entire adjustment is included in the unaudited pro forma condensed combined statement of operations and comprehensive income for the year ended December 31, 2021.

(G) Income tax expense

The pro forma presentation of the effect on income tax expense (benefit) was calculated using a U.S. estimated statutory rate of 25%. The adjustments are summarized in the following tables:

Nine months ended September 30, 2022

(amounts in thousands, except tax rate)	Net income (loss) before income taxes	Statutory Tax Rate	Income tax expense (benefit)
Combined pro forma adjustments to net income before income taxes	$(23,714)	25%	$(5,929)
Plus: Historical Fycompa income before taxes	43,963	25%	10,991
Pro forma adjustment			$ 5,062

(amounts in thousands, except tax rate)	Net income (loss) before income taxes	Statutory Tax Rate	Income tax expense (benefit)
Combined pro forma adjustments to net income before income taxes	$(32,222)	25%	$(8,055)
Plus: Historical Fycompa income before taxes	40,695	25%	10,174
Pro forma adjustment			$ 2,119

Note 4: Net income per share

Net income per share was calculated using the Company's historical weighted average shares outstanding and diluted weighted average shares outstanding, as there were no shares or dilutive securities issued as a result of the Transaction.