

April 2, 2025

## Scilex Reports Full Year 2024 Results

**Scilex reported its full-year 2024 results in its 10-K filing.** The company generated \$56.6 million in revenue, driven by ZTlido, with a gross margin of approximately 75%. However, SG&A expenses remained elevated at \$113 million. We expect operating expenses to decline over time. Scilex ended the year with a cash balance of \$3.7 million, and our model assumes multiple capital raises and dilution. Adjusting for the current share count, we are lowering our price target from \$22 to \$18.

**Scilex: Unlocking Value Amid Growth and Expansion:** Scilex Holding Company continues to trade at a distressed valuation, weighed down by past controversies that are now largely in the rearview mirror. Today, the company is executing on a diverse portfolio of non-opioid pain management and ethical therapeutics, with three marketed products driving revenue growth.

**ZTlido, its lead product, remains the key revenue driver,** targeting post-herpetic neuralgia (PHN). We see additional upside as real-world usage expands into neck and back pain, particularly with the anticipated launch of the high-dose version in 2028. Elyxyb, an oral celecoxib formulation for migraines, has the potential to extend into broader acute pain indications, such as tension headaches, while Gloperba, an oral colchicine solution for gout prophylaxis, offers a differentiated profile with flexible dosing.

**On the pipeline front, SEMDEXA (SP-102) remains the standout asset,** having delivered positive Phase 3 data in sciatica. Given the significant unmet need—approximately 10 million patients undergo epidural steroid injections annually—we continue to view SEMDEXA as a potential blockbuster opportunity. Meanwhile, SP-103, a high-dose lidocaine patch in Phase 2, could strengthen the company's position in acute pain management.

**Potential Value Unlock Through Spinout or IPO:** Scilex is strategically positioning itself for a potential **spinout or IPO of its wholly owned subsidiary, Scilex Pharmaceuticals Inc.**, which houses its FDA-approved commercial portfolio and pipeline assets. A successful separation could provide greater financial flexibility and allow the unit to operate with a more focused strategic vision. This move aligns with industry trends where companies unlock shareholder value by separating high-growth assets from legacy structures. While execution risk remains, we view this as a significant potential catalyst that could attract new investor interest and enhance Scilex's valuation profile.

**Valuation:** We model the approved products. We apply a probability of success factor of 70% in our models to reflect market share risk (and, in some cases, clinical risk). We use a 30% discount rate (r). We then apply these projections to our Free Cash Flow to the firm, or FCFF discounted EPS or dEPS, and sum-of-the-parts or SOP models, which are equal-weighted, averaged, and rounded to the nearest whole number to derive our 12-month price target of \$18.00.

**Risk Factors:** These include Clinical/Regulatory Risk, Partnership and Financial Risk, Commercial Risk, Legal and Intellectual Property Risk, and Market Share Risk

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### MARKET DATA

Rating	Buy
Price Target	\$18.00
Price	\$0.24
Average Daily Volume (000)	1,358
52-Week Range (\$)	\$0.21–\$2.30
Market Cap (M)	\$46
Enterprise Value (M)	\$87
Book Value	\$(1.05)
Dividend Yield	0.0%
Cash (M)	\$3
Qrtly Burn Rate (M)	\$9,709

### ESTIMATES

	2024A	2025E	2026E
<b>Total Revenues (M)</b>	\$57	\$217	\$459
<b>Total Expenses (M)</b>	\$(83)	\$35	\$268
<b>GAAP EPS</b>	\$(0.62)	\$0.13	\$0.77
<b>EPS prev:</b>	\$(0.72)	\$1.83	\$0.93

### One Year Performance Chart



Please see analyst certification and important disclosures on page 3 of this report.

Scilex Holdings, Inc.																
Products Revenues	2024A	1Q25E	2Q25E	3Q25E	4Q25E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Zilido	54,103	27,626	28,777	28,777	29,928	115,107	289,206	406,912	1,066,723	1,461,303	1,859,802	2,262,249	2,668,674	3,079,106	3,493,577	3,912,115
Elyxib (Celecoxib)	2,487	10,788	11,237	11,237	11,687	44,950	52,966	61,138	69,468	77,958	393,688	596,437	803,202	819,347	835,734	852,367
Gloperba (Colchicine)		13,694	14,264	14,264	14,835	57,056	116,407	197,911	232,172	278,028	325,634	375,041	426,302	479,473	534,609	591,768
Semdexa (SP-102)		-	-	-	-	-	-	66,658	274,683	530,585	728,811	825,903	928,195	996,069	1,067,197	1,141,711
<b>Total Product Revenues</b>	<b>56,590</b>	<b>52,107</b>	<b>54,278</b>	<b>54,278</b>	<b>56,449</b>	<b>217,113</b>	<b>458,578</b>	<b>732,618</b>	<b>1,643,046</b>	<b>2,347,873</b>	<b>3,307,934</b>	<b>4,059,630</b>	<b>4,826,373</b>	<b>5,373,995</b>	<b>5,931,116</b>	<b>6,497,961</b>
Milestone and Royalty Revenue																
<b>Total Revenues (\$000)</b>	<b>56,590</b>	<b>52,107</b>	<b>54,278</b>	<b>54,278</b>	<b>56,449</b>	<b>217,113</b>	<b>458,578</b>	<b>732,618</b>	<b>1,643,046</b>	<b>2,347,873</b>	<b>3,307,934</b>	<b>4,059,630</b>	<b>4,826,373</b>	<b>5,373,995</b>	<b>5,931,116</b>	<b>6,497,961</b>
<b>Expenses</b>																
COGS	16,689	13,027	13,570	13,570	14,112	54,278	91,716	109,893	246,457	352,181	496,190	405,963	482,637	537,400	593,112	649,796
% COGS		25%	25%	25%	25%	25%	20%	15%	15%	15%	15%	10%	10%	10%	10%	10%
Sales General & Administrative	119,016	26,005	27,136	28,266	31,658	113,065	80,000	75,000	65,000	65,650	66,307	67,633	68,985	70,365	71,772	73,208
Intangible Amortizations	4,031	927	967	1,008	1,129	4,031	4,071	35,000	40,000	40,400	40,804	41,212	41,624	42,457	43,306	44,172
Legal Settlements	(9,391)															
Research & Development	9,641	2,439	2,545	2,651	2,969	10,605	15,000	15,750	18,900	22,680	27,216	32,659	32,986	33,316	33,649	33,985
<b>Operating expenses</b>	<b>139,986</b>	<b>42,398</b>	<b>44,218</b>	<b>45,495</b>	<b>49,869</b>	<b>181,980</b>	<b>190,787</b>	<b>235,643</b>	<b>370,357</b>	<b>480,911</b>	<b>630,517</b>	<b>547,467</b>	<b>626,233</b>	<b>683,537</b>	<b>741,838</b>	<b>801,161</b>
Oper. Inc. (Loss)	(83,396)	9,709	10,060	8,783	6,581	35,133	267,791	496,975	1,272,689	1,866,962	2,677,417	3,512,163	4,200,141	4,690,459	5,189,278	5,696,800
Gain (Loss) on Derivate liability	(17,378)															
Change in fair value of debt and liability instruments	4,782	(5)	(10)	(10)	(10)	500	(40)	(40)	(10)							
Interest expenses, net	1,963	451	471	491	550	1,963										
Loss on Foreign currency exchange	45					-										
<b>Total Other Income Expense</b>	<b>(10,588)</b>															
<b>Gain (Loss) Before Income Taxes</b>	<b>(72,808)</b>	<b>9,709</b>	<b>10,060</b>	<b>8,783</b>	<b>6,581</b>	<b>35,133</b>	<b>267,791</b>	<b>496,975</b>	<b>1,272,689</b>	<b>1,866,962</b>	<b>2,677,417</b>	<b>3,512,163</b>	<b>4,200,141</b>	<b>4,690,459</b>	<b>5,189,278</b>	<b>5,696,800</b>
Pretax Margin																
Income Tax Benefit (Provision)	(1)	971	1,006	878	658	3,513	32,135	74,546	190,903	280,044	401,613	526,824	630,021	703,569	778,392	854,520
Tax Rate		10%	10%	10%	10%	10%	12%	15%	15%	15%	15%	15%	15%	15%	15%	15%
<b>GAAP Net Income (loss)</b>	<b>(72,807)</b>	<b>8,738</b>	<b>9,054</b>	<b>7,905</b>	<b>5,923</b>	<b>31,620</b>	<b>235,656</b>	<b>422,429</b>	<b>1,081,786</b>	<b>1,586,918</b>	<b>2,275,805</b>	<b>2,985,338</b>	<b>3,570,120</b>	<b>3,986,890</b>	<b>4,410,886</b>	<b>4,842,280</b>
Net Margin		0.17				-	0.51	0.58	0.66	0.68	0.69	0.74	0.74	0.74	0.74	0.75
GAAP EPS	(0.62)	0.05	0.03	0.03	0.02	0.13	0.77	1.37	3.50	5.11	7.30	9.54	11.36	12.64	13.93	15.23
Non GAAP EPS (dil)	(0.62)	0.05	0.03	0.03	0.02	0.13	0.77	1.37	3.50	5.11	7.30	9.54	11.36	12.64	13.93	15.23
Wtd Avg Shrs (Bas)	131,136	178,178	278,356	278,635	278,913	253,520	292,117	305,819	307,044	308,274	309,509	310,749	311,994	313,244	314,498	315,758
Wtd Avg Shrs (Dil)	134,075	178,178	278,356	281,140	283,951	255,406	306,629	307,890	309,123	310,361	311,605	312,853	314,106	315,365	316,628	317,896

Source: DBoraCapital & Company reports

## Important Disclosures

### Analyst Certification

I, Jason Kolbert, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security(ies) and subject company(ies). I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

### Company-Specific Disclosures

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**BUY (B)** - Total return expected to exceed S&P 500 by at least 10%

**HOLD (H)** - Total return expected to be in-line with S&P 500

**SELL (S)** - Total return expected to underperform S&P 500 by at least 10%

### Distribution of Ratings/IB Services

#### D. Boral

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY	60	98.36	16	26.67
HOLD	1	1.64	0	0.00
SELL	0	0.00	0	0.00

# Scilex Holdings Company Rating History as of 03/31/2025

