BOURNE PARTNERS

Therapeutics Market Update

Therapeutics Post-1Q25 Update

May 2025

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Bourne's Therapeutics Expertise

Therapeutics Sector Expertise

Industry Segments

- Big Pharma
- Commercial-Stage Biopharma
- 505(b)(2) Development
- Generic Pharmaceuticals
- Established Brands
- Royalty Monetization
- Priority Review Voucher (PRV) Market

Transaction Structures

- Sell-Side M&A
- Buy-Side M&A
- Product Divestiture
- Licensing & Partnership Deals
- Alternative Financing Solutions

Therapeutics | Pharma Services | Healthcare Services | Consumer Healthcare

Select Pharma Transaction Activity

- ani Pharmaceuticals, Inc. has acquired novitium — *Buy-Side M&A*
- nicox entered royalty monetization transaction with SOLEUS CAPITAL — *Sell-Side M&A*
- LEGACY PHARMA has acquired a portfolio of products from SEBELA PHARMACEUTICALS — *Buy-Side M&A*
- WOODWARD PHARMA has acquired assets from GSK, Eisai — *Buy-Side M&A*
- Apollo has been acquired by PROVEPHARM — *Sell-Side M&A*
- endo has sold assets to Lannett — *Sell-Side M&A*
- NIVAGEN has licensed injectable 505(b)(2) asset to FRESENIUS KABI — *Sell-Side M&A*

Section One

Therapeutics

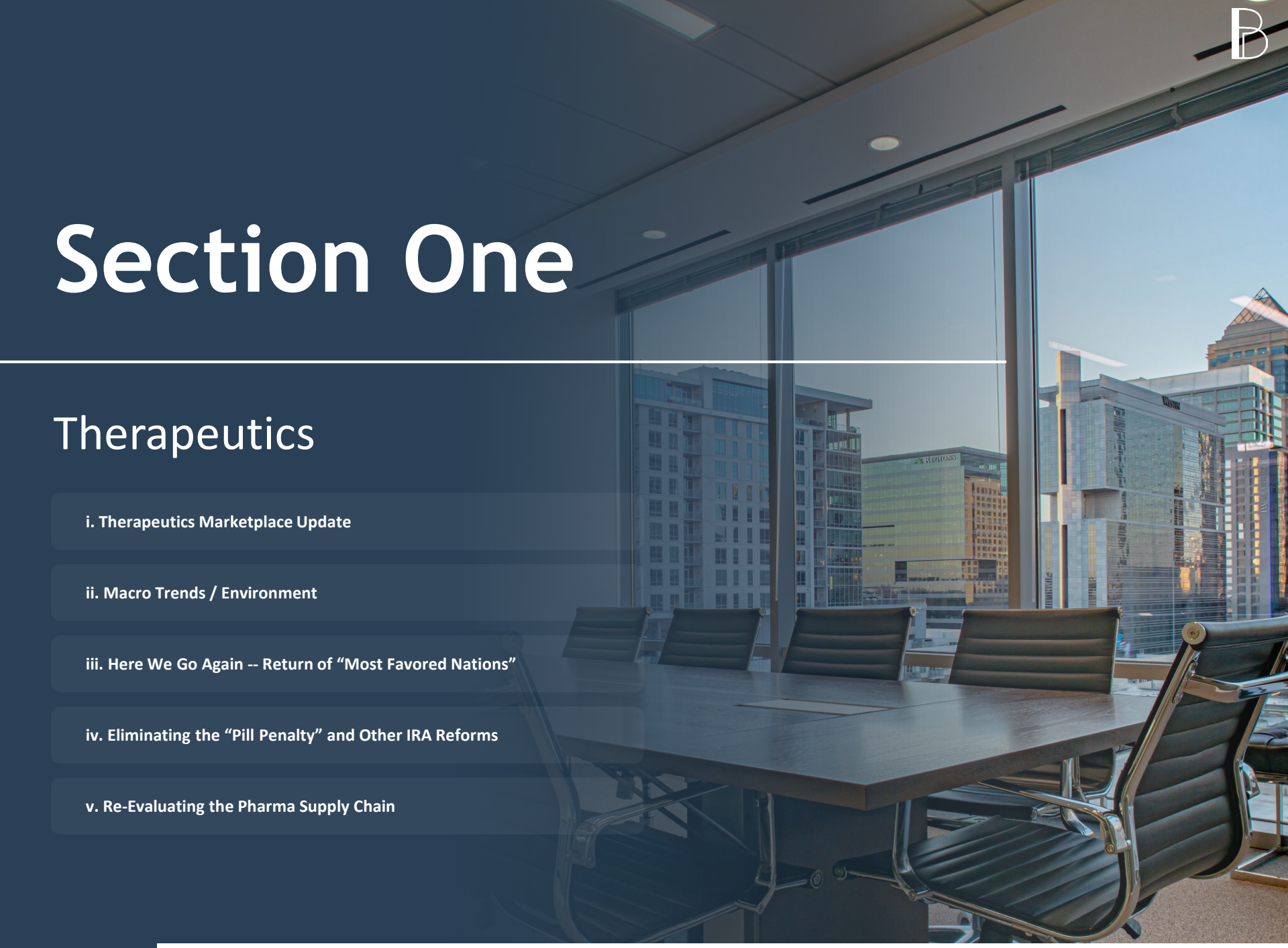
i. Therapeutics Marketplace Update

ii. Macro Trends / Environment

iii. Here We Go Again -- Return of “Most Favored Nations”

iv. Eliminating the “Pill Penalty” and Other IRA Reforms

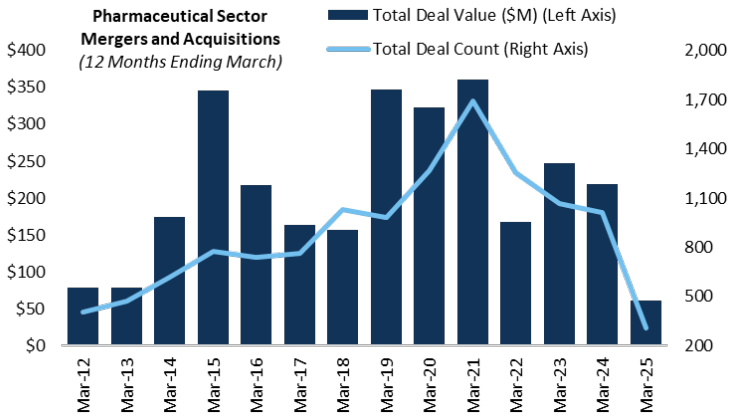
v. Re-Evaluating the Pharma Supply Chain

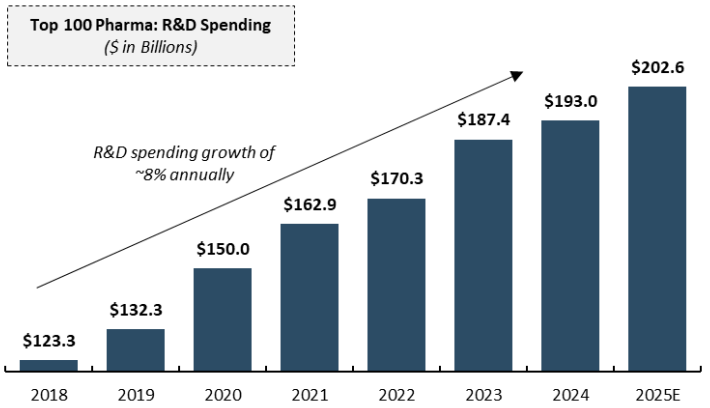


Therapeutics Marketplace Overview

In our view, **the pharma industry needs to 'double-down' on organic and inorganic innovation to navigate a challenging marketplace.** There is a looming "patent cliff" with the top 20 biopharma companies collectively facing as much as $180 billion of potential revenue headwind over the next five years. Also, with the election of President Trump, we see an ongoing effort to put downward pressure on drug pricing, building on recent legislation such as the *Inflation Reduction Act (IRA)*. In our view, any pressure on Medicare (and Medicaid) pricing could have a 'ripple' effect on commercial pricing.

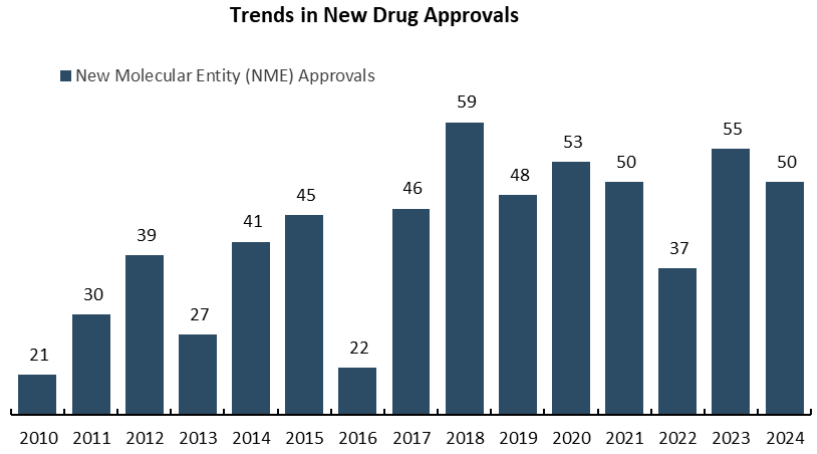
- **President Trump issued an executive order to implement a "Most Favored Nations" (MFN) policy** as part of a broader effort to reduce drug prices. The executive order seeks to align prices for drugs in the U.S. to the lowest prices paid in other countries. Unlike Trump's first failed attempt to implement MFN in 2018, which solely addressed drugs covered under Medicare Part B, the current attempt addresses drugs across all payer categories, including private coverage.
- Also, **the Trump administration issued an executive order calling for the advance of legislation to eliminate the so-called "pill penalty"** in the *Inflation Reduction Act (IRA)*. As currently written, the IRA financially disadvantages small molecule drugs making them subject to Medicare negotiations only nine years after approval (vs 13 years for biologics). Earlier this year, the *Ensuring Pathways to Innovative Cures Act* was introduced in Congress to close this four-year gap.
- Finally, **the U.S. Department of Commerce announced the start of a Section 232 investigation** into how the importing of pharmaceuticals might negatively impact "national security." This will lead to a set of policy recommendations, which will be given to the President within 270 days. These recommendations could include the implementation of tariffs and trade restrictions, among other things.



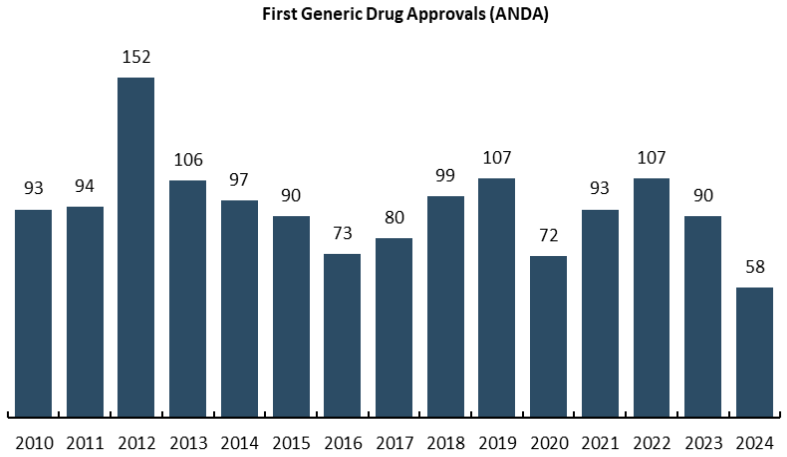


Sources: Pitchbook, Biopharma Dive, S&P Global Market Intelligence, and Bourne Partners

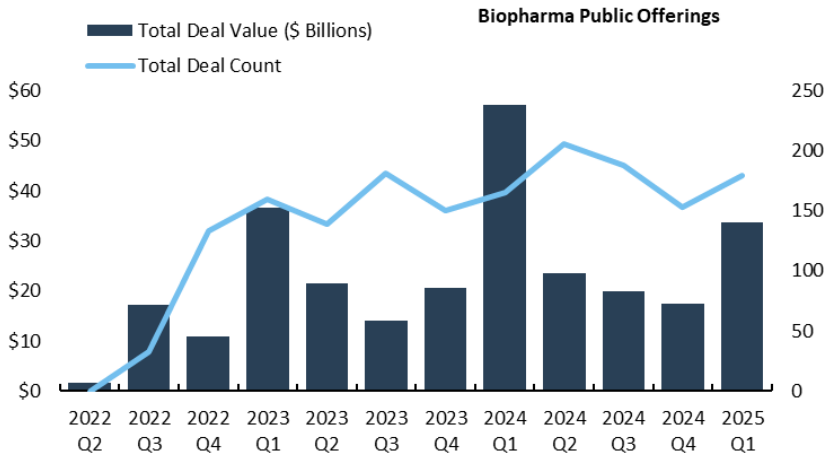
Therapeutics Macro Trends / Environment



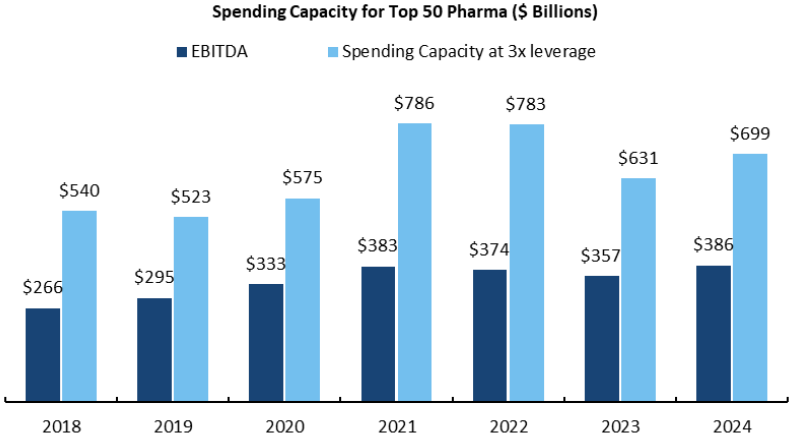
Source: U.S. Food and Drug Administration (FDA) and Bourne Partners



Source: U.S. Food and Drug Administration (FDA)



Source: S&P Global Intelligence (As of March 31, 2025)



Note: Spending Capacity calculated as 3x EBITDA – Net Debt
Source: S&P Global Intelligence and Bourne Partners

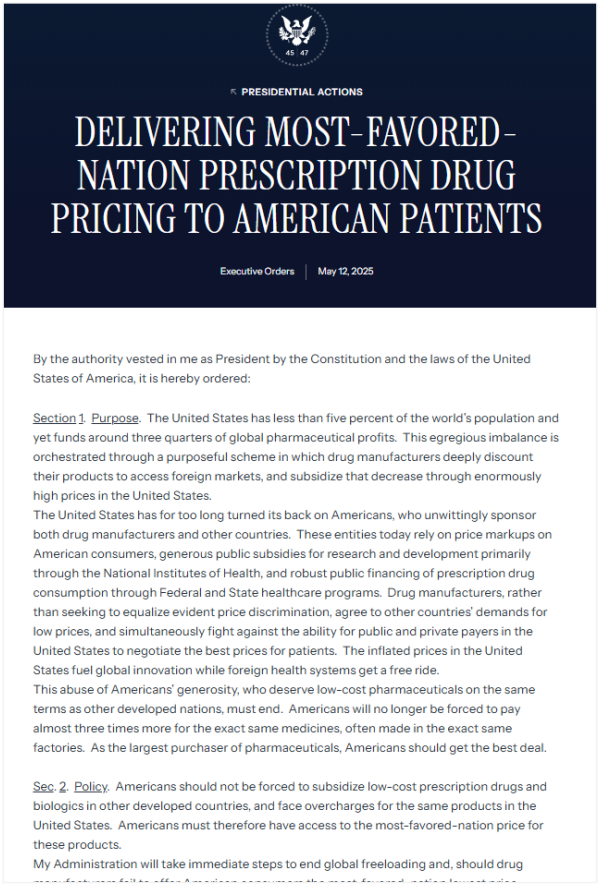
Here We Go Again -- Return of "Most Favored Nations"

In May 2025, President Trump issued an executive order to (attempt to) reduce prescription drug prices for Americans through the implementation of a "Most Favored Nations" (MFN) policy. This MFN policy is intended to ensure that Americans are paying no more for their prescription drugs than the lowest prices paid by citizens of other countries.

List (gross manufacturer) prices for prescription drugs can vary significantly from country to country for a variety of reasons. However, on average, list prices for drugs in the United States tend to be about three times as high as those in other industrialized countries, according to most research. This has fostered the view, by some, that Americans are getting "ripped off" by pharma companies. The MFN policy seeks to ensure that Americans are paying no more for their prescription drugs than the lowest prices paid by citizens of other countries.

The first Trump administration attempted and failed to implement a similar MFN policy in 2018 due to intense industry and political pushback as well as resistance from the courts on procedural grounds. Notably, the first attempt at MFN focused on drugs covered under Medicare Part B. In our view, implementing a MFN policy for Medicare Part B would likely be easier, both politically and logistically, since Medicare Part B is directly administered and managed by a single organization: the *U.S. Centers of Medicare and Medicaid Services (CMS)*. Still, the first attempt at MFN was estimated to reduced Medicare spending by only $85 billion over seven years and much of this was expected to come from an assumed 9%-19% reduction in patient utilization -- i.e., lower patient access to drugs.

The second attempt at MFN by the second Trump administration is much more ambitious and comprehensive since it seeks to target drug pricing across *all* payer categories – i.e., Medicare, Medicaid, and private/commercial health coverage. As such, we expect it to face much more political, legal, and administrative challenges.



PRESIDENTIAL ACTIONS

DELIVERING MOST-FAVORED-NATION PRESCRIPTION DRUG PRICING TO AMERICAN PATIENTS

Executive Orders | May 12, 2025

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered:

Section 1. Purpose. The United States has less than five percent of the world's population and yet funds around three quarters of global pharmaceutical profits. This egregious imbalance is orchestrated through a purposeful scheme in which drug manufacturers deeply discount their products to access foreign markets, and subsidize that decrease through enormously high prices in the United States.

The United States has for too long turned its back on Americans, who unwittingly sponsor both drug manufacturers and other countries. These entities today rely on price markups on American consumers, generous public subsidies for research and development primarily through the National Institutes of Health, and robust public financing of prescription drug consumption through Federal and State healthcare programs. Drug manufacturers, rather than seeking to equalize evident price discrimination, agree to other countries' demands for low prices, and simultaneously fight against the ability for public and private payers in the United States to negotiate the best prices for patients. The inflated prices in the United States fuel global innovation while foreign health systems get a free ride.

This abuse of Americans' generosity, who deserve low-cost pharmaceuticals on the same terms as other developed nations, must end. Americans will no longer be forced to pay almost three times more for the exact same medicines, often made in the exact same factories. As the largest purchaser of pharmaceuticals, Americans should get the best deal.

Sec. 2. Policy. Americans should not be forced to subsidize low-cost prescription drugs and biologics in other developed countries, and face overcharges for the same products in the United States. Americans must therefore have access to the most-favored-nation price for these products.

My Administration will take immediate steps to end global freeloading and, should drug

Source: U.S. Office of the White House and Bourne Partners

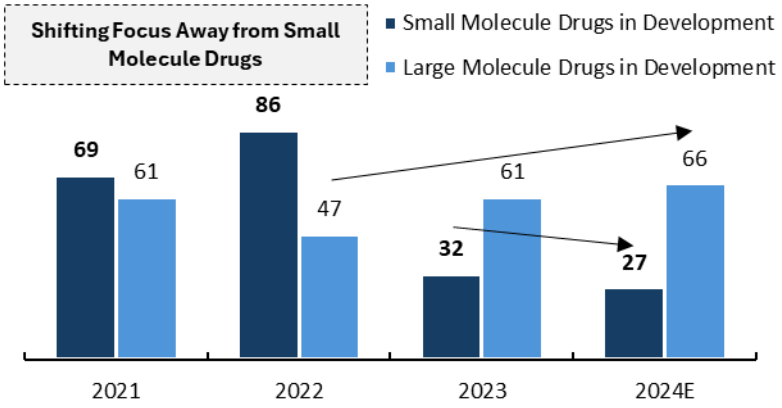
Eliminating the "Pill Penalty" and Other IRA Reforms

Looking ahead, **it is not yet fully clear how the Trump administration may ultimately put its fingerprints on the *Inflation Reduction Act (IRA)***, former President Biden's signature legislation. In our view ,the administration is particularly focused on eliminating the bias in the IRA against small molecule drugs -- the so called "pill penalty."

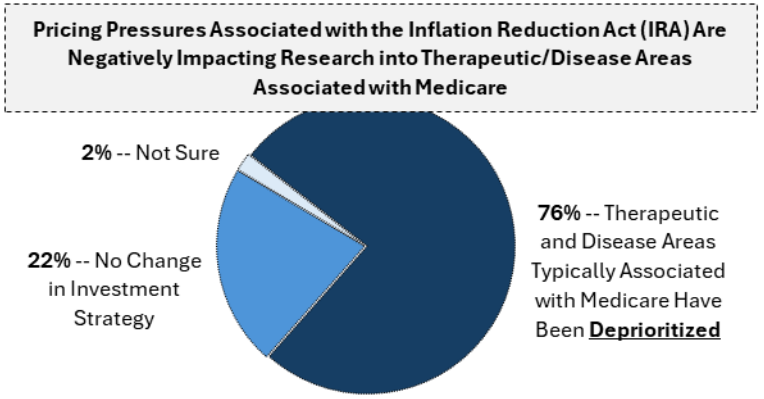
Immediately after President Trump became President, **the *U.S. Centers for Medicare and Medicaid Services (CMS)* announced that it is seeking input on how to potentially "improve" the IRA.** In our view, the Trump administration seems interested in creating more "transparency" and "flexibility" in the IRA negotiation process, by, among other things, allowing for more back-and-forth dialogue between pharma companies and government regulators in the price negotiation process.

In April 2025, **President Trump issued an executive order directing the *Department of Health and Human Services* (HHS) to help advance legislation to eliminate the so-called "pill penalty."** Small molecule drugs are subject to IRA price negotiations nine years after FDA approval, while large molecule drugs are shielded from IRA pricing for thirteen years. This is important, in our view, given that *almost half (~50%) of the drug's commercial value is realized from years nine to year thirteen*, according to research by the *IQVIA Institute*. In early 2025, the *Ensuring Pathways to Innovative Cures Act* was introduced in the House and the Senate to address this.

IRA Negatively Impacting Small Molecule Drug Programs



IRA Negatively Impacting Medicare Related Drug Therapies



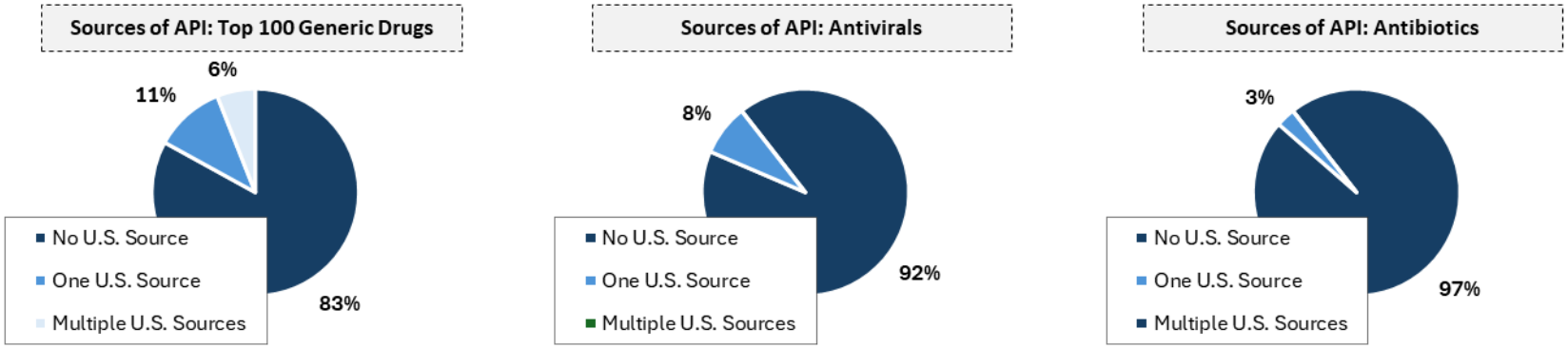
Source: Source: Vital Transformation (April 2025), MMIT, and Bourne Partners

Re-Evaluating the Pharma Supply Chain

The *U.S. Department of Health and Human Services* is currently going through a Section 232 investigation on how the United States's dependence on pharma imports could be a national security issue. Nobody knows for sure how this is going to play out, but it is feared that this could lead to "sectoral" tariffs and/or trade restrictions.

President Trump has made rebuilding domestic manufacturing in the United States a priority of his administration. To date, pharma related products have been explicitly excluded from recent tariff announcements. Still, other tariffs are indirectly impacting domestic pharma manufacturing insofar as they are increasing the costs of imported consumables, processing equipment, and components used in pharma manufacturing. This is making domestic capital investment more difficult, particularly for smaller CDMOs. In our view, there was a consensus view that more domestic manufacturing is a good thing. However, most conference participants seemed to prefer other ways to accomplish this goal, such as streamlining domestic regulations and/or offering tax incentives.

In particular, **pharma executives that we talk to emphasize that the U.S. pharma industry needs to diversify its sourcing of raw material** -- i.e., active pharmaceutical ingredients or APIs. Pharma supply chains have evolved over the years based on cost and capacity with little regard for resiliency. This has led to the pharma supply chain becoming very concentrated, and the COVID-19 pandemic exposed this as a vulnerability, particularly for foreign API. This dependence has worsened over time. From 2010 to 2020, the U.S. shuttered 60% of its API manufacturing capacity, while API manufacturing increased materially in both India and China. Today, of the top 100 generic drugs, 83% have no U.S. source of API and only 6% have multiple sources of domestic API.



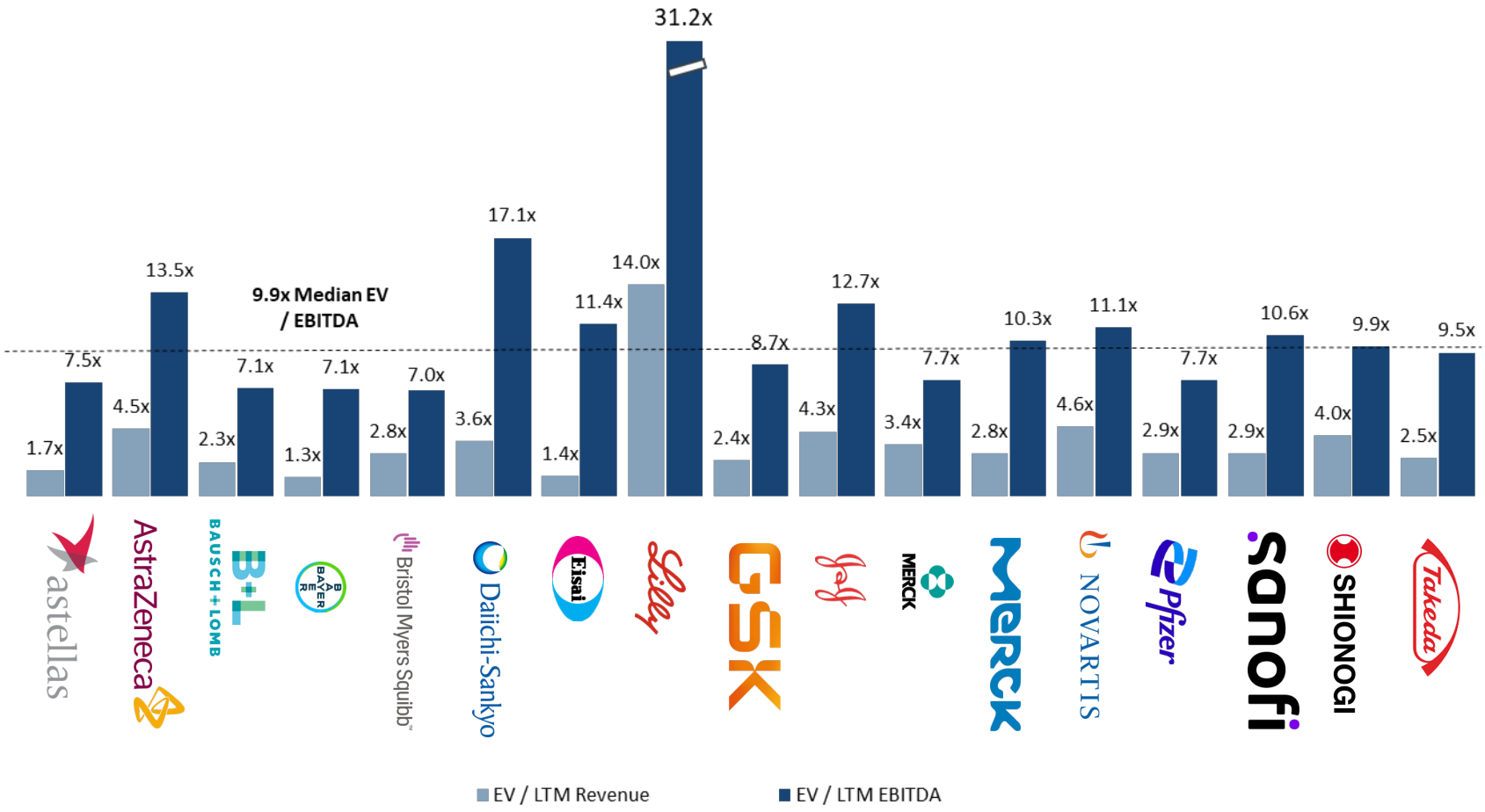
Source: Sources: Source: Sardella A., "The US Active Pharmaceutical Ingredient Infrastructure: The Current State and Consideration to Increase US Healthcare Security." Center for Analytics and Business Insights, Washington University, August 2023, CPHI Americas Conference, and Bourne Partners

Select Recent Merger/Acquisition Announcements

Date	Target	Acquirer	Description of Target	Deal Value
May-2025	vigil NEURO	sanofi	Publicly traded clinical-stage biotechnology company focused on developing novel therapies for neurodegenerative diseases	**$470 Mil**
May-2025	23andMe	REGENERON SCIENCE TO MEDICINE	Provider of DNA genetic testing to individuals, providing reports on their ancestry, traits, and health-related information	**$256 Mil**
Apr-2025	REGULUS	NOVARTIS	Focused on developing microRNA therapeutics, including a treatment of autosomal dominant polycystic kidney disease	**$800 Mil**
Apr-2025	SpringWorks THERAPEUTICS	MERCK	Developer of systemic standard-of-care therapy for desmoid tumors and neurofibromatosis type 1-associated plexiform neurofibromas	**$3.9 Bil**
Mar-2025	araris	TAIHO PHARMA	Araris develops ADCs with superior design and high linker solubility that address the shortcomings of current generation ADCs	**$400 Mil**
Mar-2025	Checkpoint Therapeutics	SUN PHARMA	Checkpoint is a Nasdaq-listed commercial-stage company focused on novel treatments for patients with solid tumor cancers	**$355 Mil**
Mar-2025	CHIMERIX	Jazz Pharmaceuticals	Provider of purification and filtration technologies used in the production of biologics and cell/gene therapies	**$935 Mil**
Jan-2025	ANTHOS	NOVARTIS	Clinical-stage biopharma company developing medicines for stroke and systemic embolism in patients with atrial fibrillation	**$925 Mil**
Jan-2025	Intra-Cellular THERAPIES	Johnson&Johnson	Biopharma company focused on the development and commercialization of drugs for central nervous system disorders	**$14.6 Bil**
Jan-2025	IDRx	GSK	Clinical-stage biopharma company focused on precision therapeutics for the treatment of gastrointestinal stromal tumours	**$1.0 Bil**

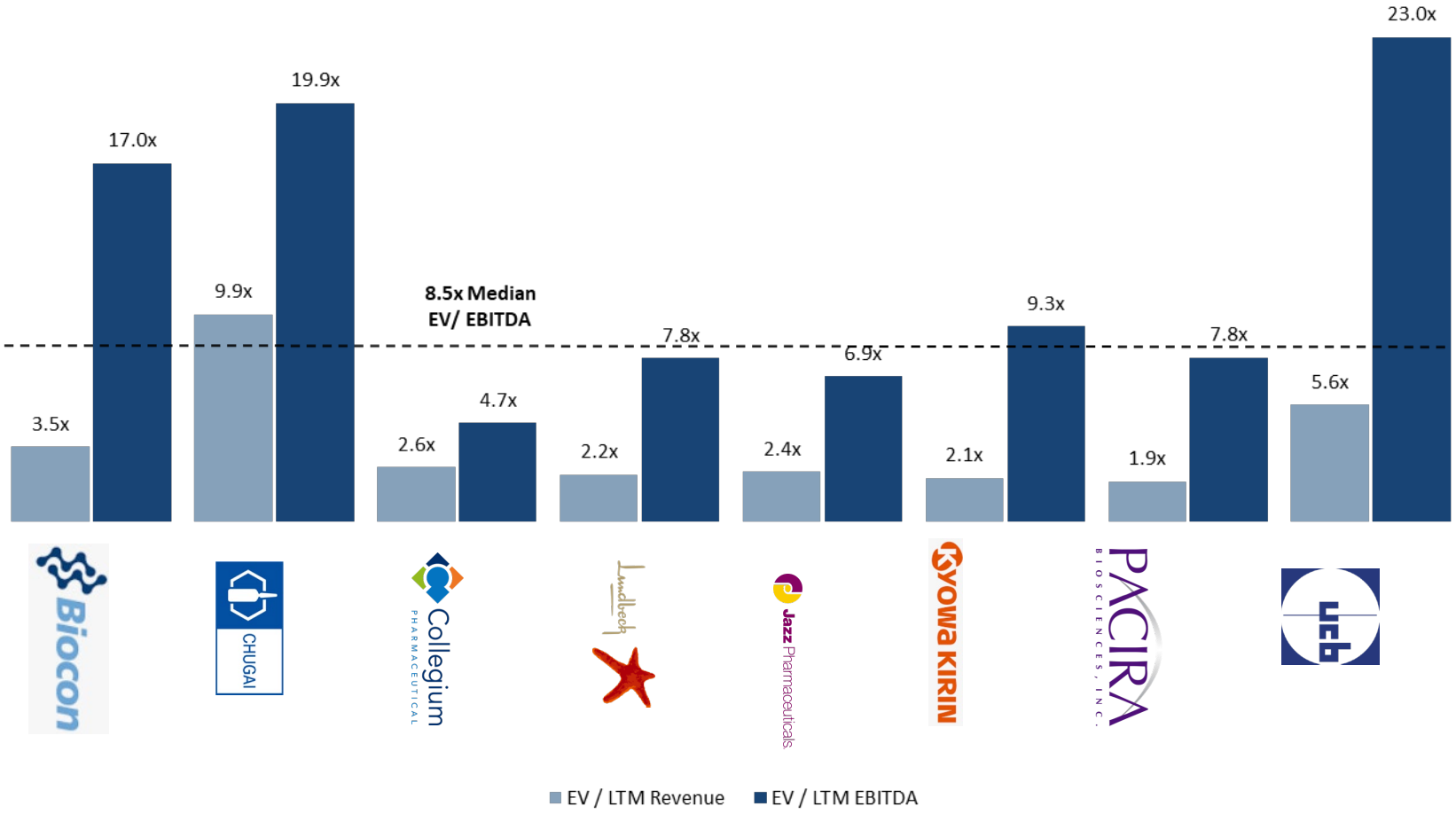
Source: Healthcare Dive and Bourne Partners

Select Large Cap Pharma Trading Valuations



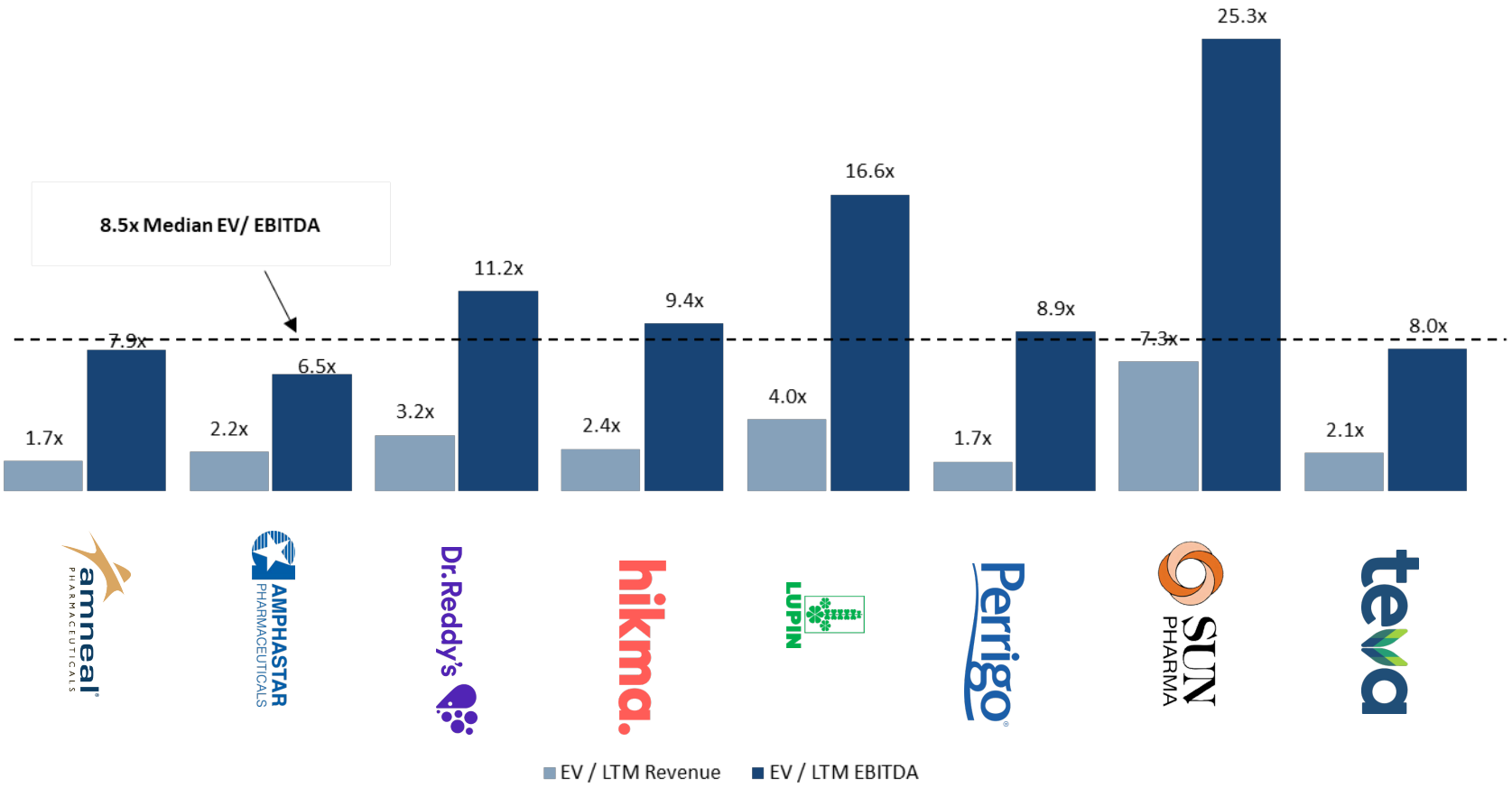
Note: Market values as of the close of business May 27, 2025.
Source: S&P Global Market Intelligence

Select Branded Pharma Trading Valuations



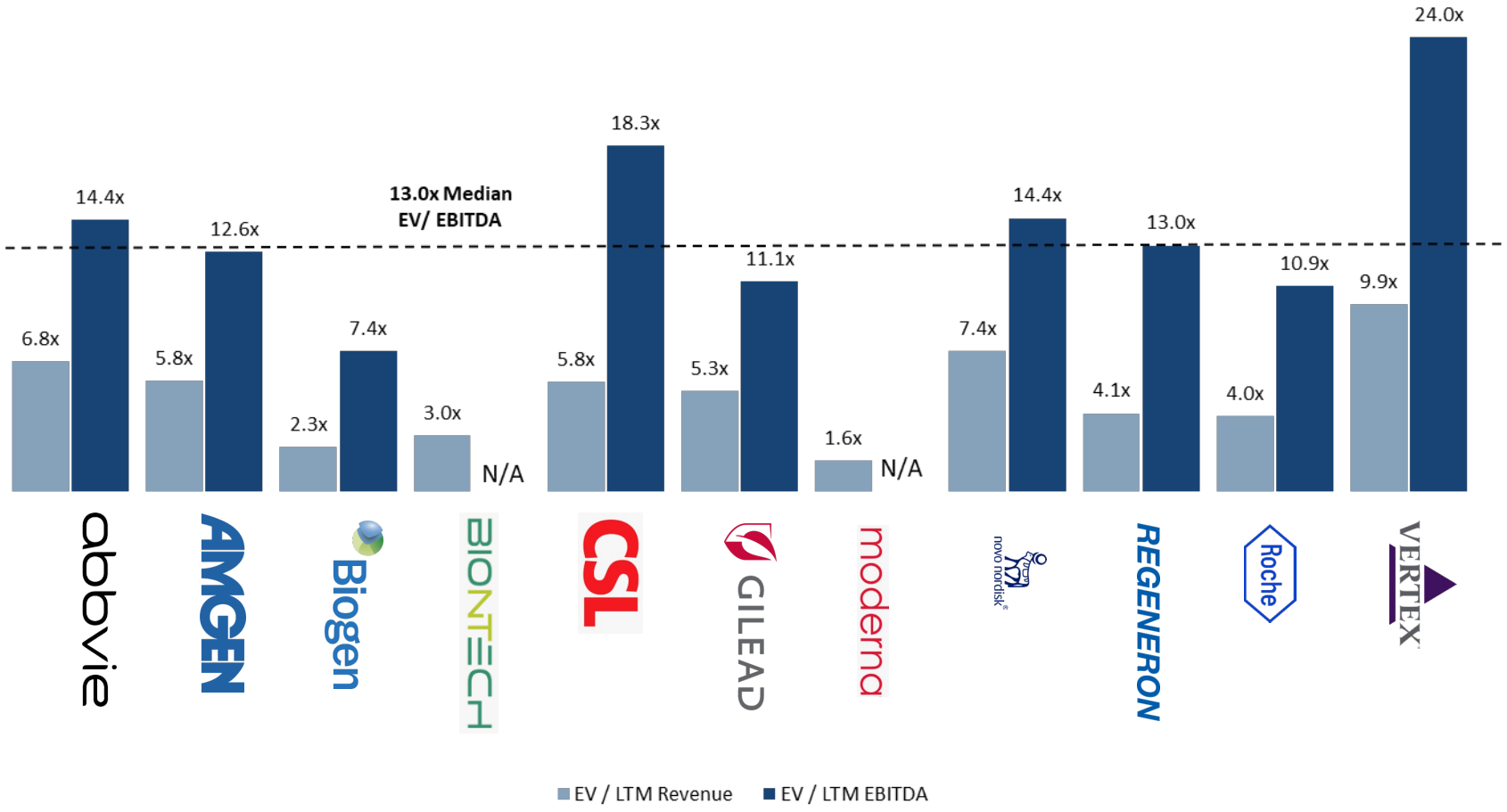
Note: Market values as of the close of business May 27, 2025.
Source: S&P Global Market Intelligence

Select Generic Pharma Trading Valuations



Note: Market values as of the close of business May 27, 2025.
Source: S&P Global Market Intelligence

Select Large Cap Biotech Trading Valuations



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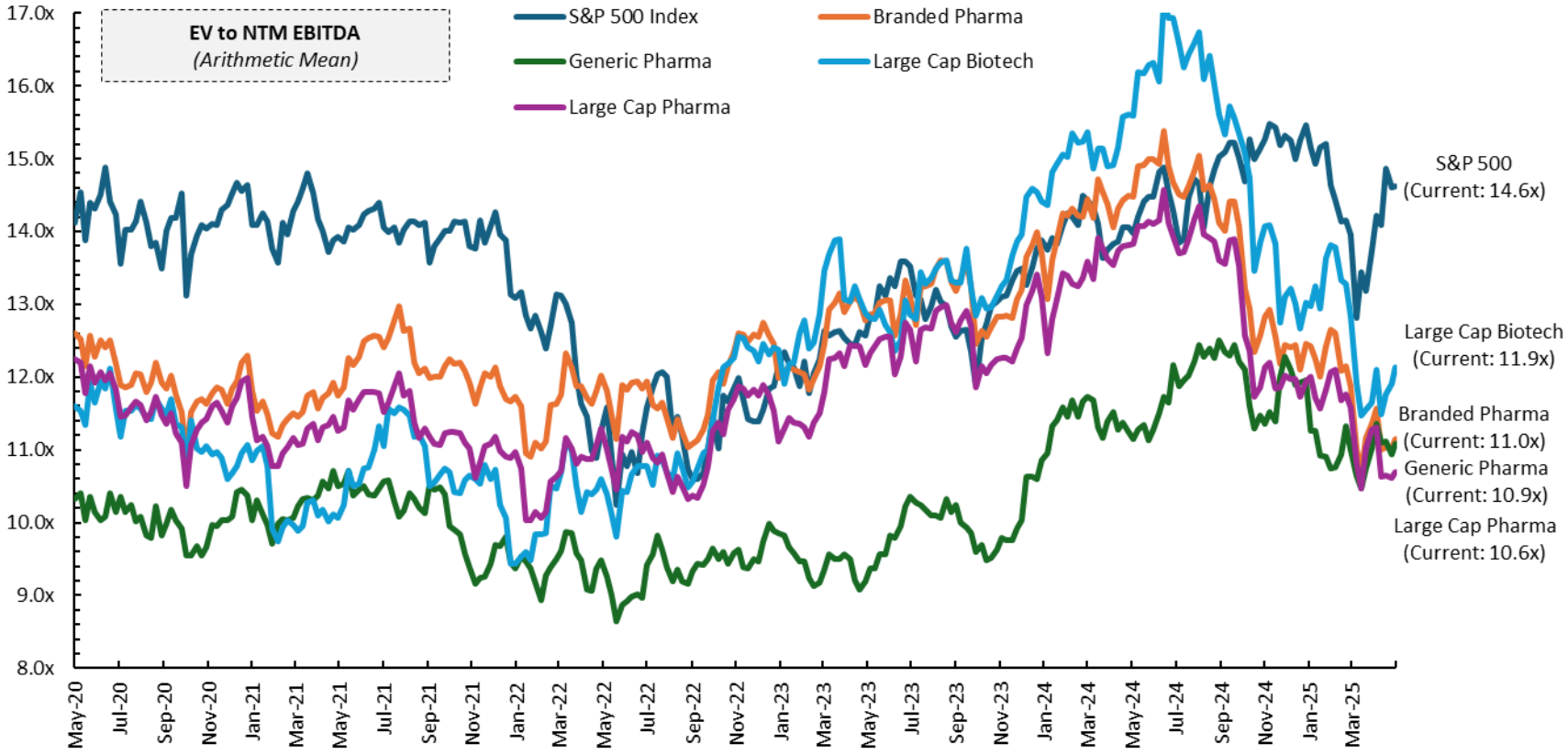
Source: S&P Global Market Intelligence

Bourne Therapeutics Indices (By Sub-Segment)



Note: Market values as of the close of business May 27, 2025. See pages 11-14 for components of the above indices.
Source: S&P Global Market Intelligence

Section Two

Bourne Partners

i. Bourne Partners Overview

ii. Thought Leadership

iii. Sector Expertise and Dedicated Coverage Professionals

Bourne Partners Overview

Since 2001, Bourne Partners has been offering a unique perspective and unmatched expertise while remaining highly focused on fulfilling the needs of established healthcare and life sciences companies across the globe

Our Passion

*"Working with **great people** and **great companies** to achieve **extraordinary results**."*

Highly-Focused Firm

Therapeutics | **Pharma Services** | **Healthcare Services**

Bourne Partners Investment Banking

Mergers & Acquisitions	
Sell-Side Advisory	*Buy-Side Advisory*
Company & Product Focus	*$100M - $1B+ Enterprise Value*
Capital Advisory Services	
Equity Capital Raising	*Debt Capital Raising*
Alternative Financing Options	*$100M+ Capital Raises*

Value-Add Advisors with a Global Reach

$15B+
Transaction Value

15
Years of Average Tenure at Bourne[1]

25+
Year Track Record

Six
Continents Reached

1) Average Tenure at Bourne: Director and Above

Research and Thought Leadership at Bourne Partners

Donald Hooker, CFA

Director of Research

Over twenty years of experience as a publishing sell-side equity analyst at UBS, Morgan Stanley, KeyBanc Capital Markets, and Capital One, among others

Extensive background in healthcare services, pharma services, and healthcare information technology

Joined Bourne Partners in July 2024 to build out a research function

Morgan Stanley

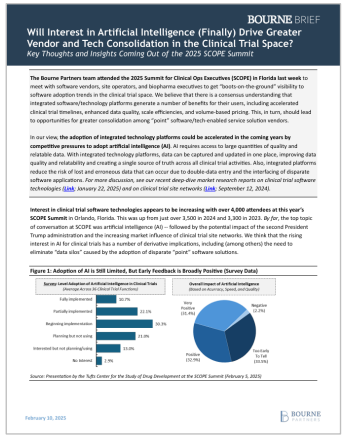
UBS

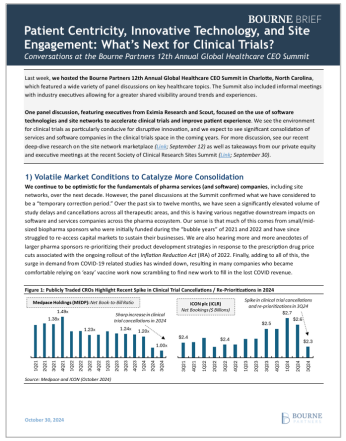
KeyBanc Capital Markets

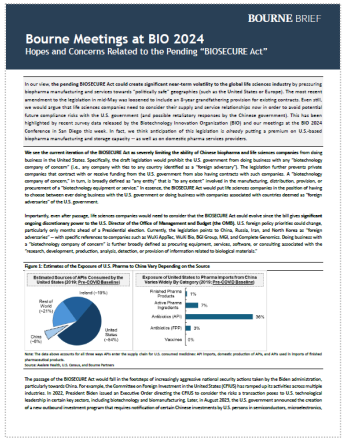
Capital One

The Bourne Partners Perspective

With 20+ years of exclusive industry and capital markets coverage, we are committed to providing insights to clients. We provide cutting-edge thought leadership on all things Pharma, Pharma Services, Healthcare Services, and Consumer Health.







Sector Expertise and Dedicated Coverage Professionals

Therapeutics

Representative Focus Areas

- Commercial-Stage Specialty & Rare Disease Biopharma Therapeutics
- Generic Pharma
- Legacy / Established Brands
- 505(b)(2)
- De-Risked Clinical Stage Biotech
- Cell & Gene Therapies
- Medical Devices

Representative Solutions

- Public & Private Sell-Side M&A
- Debt & Equity Financing
- Synthetic Royalty / Revenue Interest Financing
- Royalty Monetization
- Priority Review Voucher (PRV) Monetization & Financing

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Pharma Services

Representative Supply Chain Services

- Full-Service & Specialty CMOs & CDMOs
- Biostorage, Distribution & Logistics Services
- Commercial Lab & Analytical Services
- Contract Packaging & Labeling
- Manufacturing Consulting & Strategy Services

Representative Clinical Services

- Full-Service & Specialty CROs
- SMOs & Clinical Research Site Networks
- Patient Recruitment & Engagement
- Research Site-Enabling Services & Technologies
- Clinical Regulatory Consulting & Strategy Services

Representative Commercialization Services

- HCP, Patient & Omnichannel Engagement
- Market Access & Pricing, HEOR, RWE
- Medcomms & Healthcare Marketing / Advertising
- Medical & Regulatory Affairs & Pharmacovigilance
- Patient Support & Hub Services

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Healthcare Services

Representative Healthcare Services

- Post Acute Care
- Behavioral Health
- Managed Care
- Physician Practice Management
- Alternate Site

Representative Outsourced Services

- Distribution
- Home Medical Supplies & DME
- Labs & Lab Services
- Staffing
- Virtual Care-Enablement & Provider Technologies

Representative Pharmacy Services

- Infusion Services
- 503A Compounding Pharmacy
- 503B Hospital Outsourcing
- Specialty and Retail Pharmacy
- Medication Management & Adherence

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