BOURNE PARTNERS

Therapeutics Market Update

Post-2Q25 Update

August 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

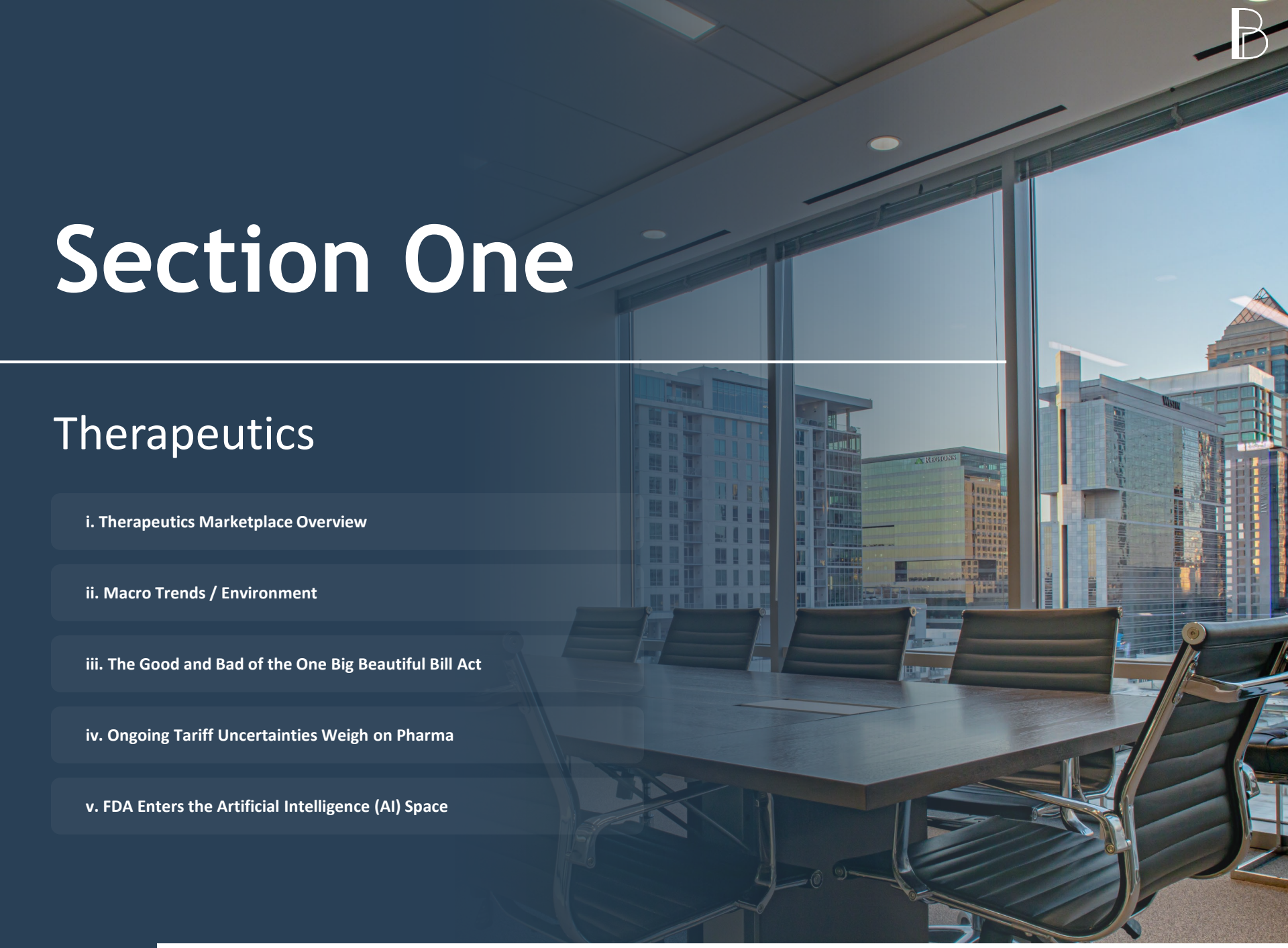
i. Therapeutics Marketplace Overview

ii. Macro Trends / Environment

iii. The Good and Bad of the One Big Beautiful Bill Act

iv. Ongoing Tariff Uncertainties Weigh on Pharma

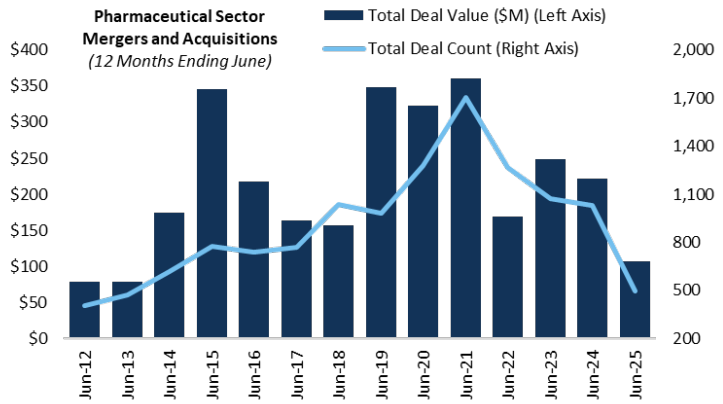
v. FDA Enters the Artificial Intelligence (AI) Space

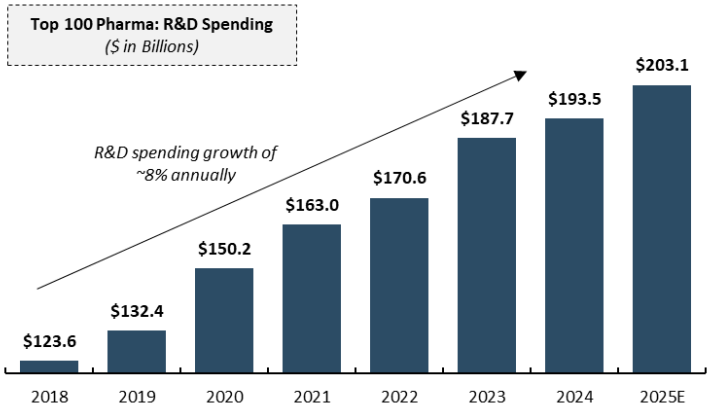


Therapeutics Marketplace Overview

In our view, **the pharma industry is under increasing pressure to accelerate organic and inorganic innovation in the face of heavy sales headwinds** in the coming years. 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, we see an ongoing downward pressure on drug pricing from the *Inflation Reduction Act (IRA)*. And, in our view, any downward pressure on Medicare pricing could have a 'ripple' effect on commercial pricing as well.

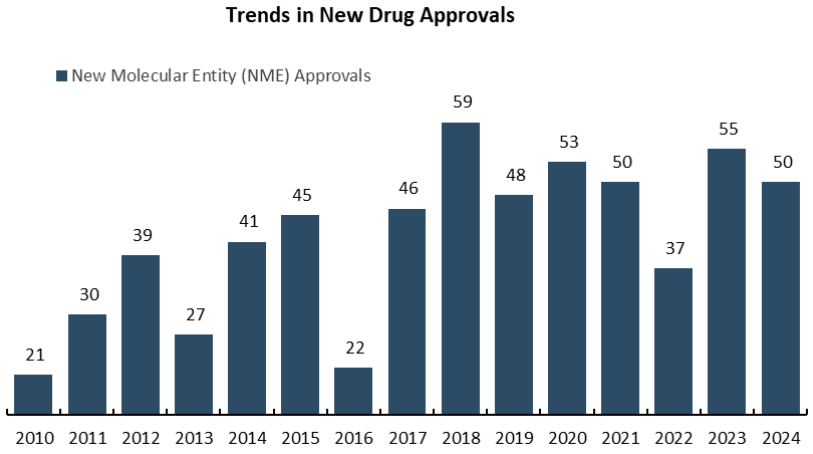
- **The passage of the *One Big Beautiful Bill (OBBB) Act*** in July 2025 has expanded the existing favorable regulatory treatment of "orphan" drugs. Previously, the IRA exempted orphan drugs with a single indication from the IRA Medicare price negotiations. Now, under the OBBB Act, *all* orphan drugs are exempted, regardless of the number of indications. This is highly relevant in growth areas like oncology where drugs commonly have multiple indications.
- **President Trump continues to talk about potential tariffs on pharma imports**. However, media reports suggest that the administration is still "weeks away" from announcing any details on a pharma tariff plan. We are hopeful that any pharma tariffs would be structured in a way to avoid disruptions for patients. We are particularly concerned about potential shortages of generic drugs since generic manufacturers are already operating with razor-thin margins and are heavily reliant on foreign raw materials.
- **We have heard a mixture of excitement and concern about the news that the *U.S. Food and Drug Administration* has launched a new generative artificial intelligence (AI) platform (called Elsa).** In our view, this could change how the industry interacts with the FDA in positive, negative, and unexpected ways going forward.



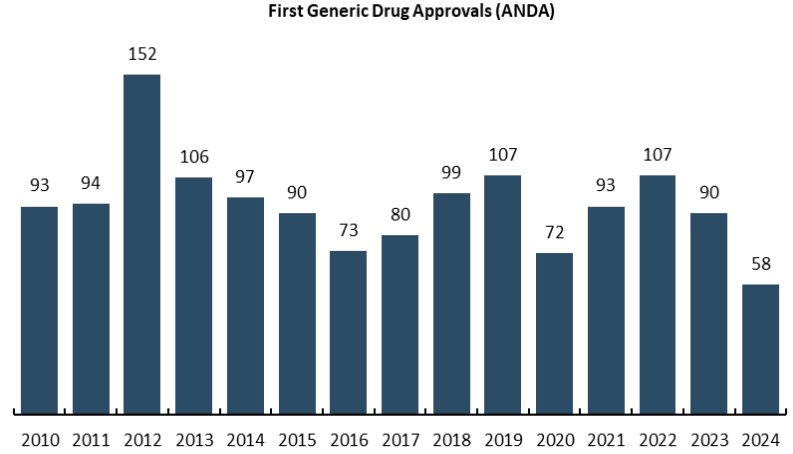


Sources: Pitchbook, Biopharma Dive, S&P Global Market Intelligence, and Bourne Partners

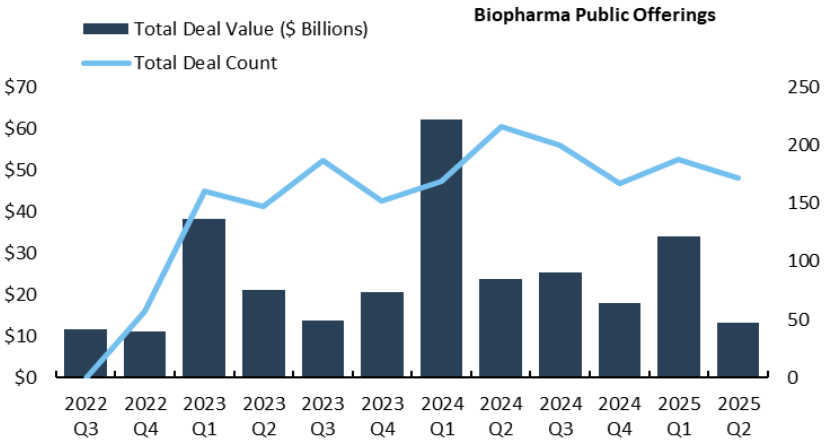
Therapeutics Macro Trends / Environment



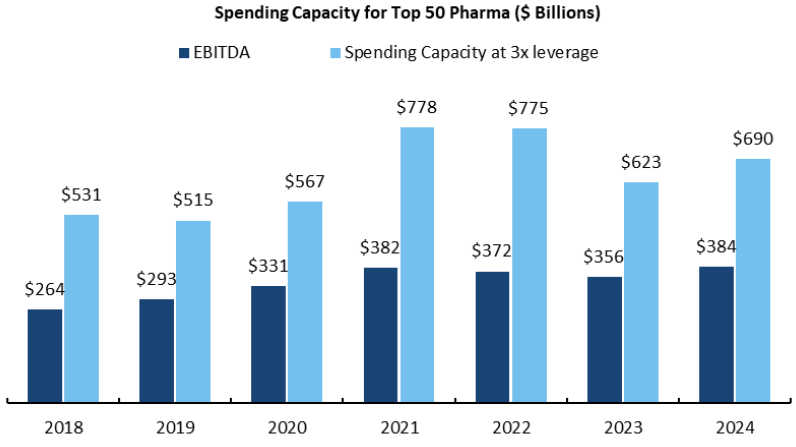
Source: U.S. Food and Drug Administration (FDA) and Bourne Partners



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



Source: S&P Global Intelligence (As of June 30, 2025)



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

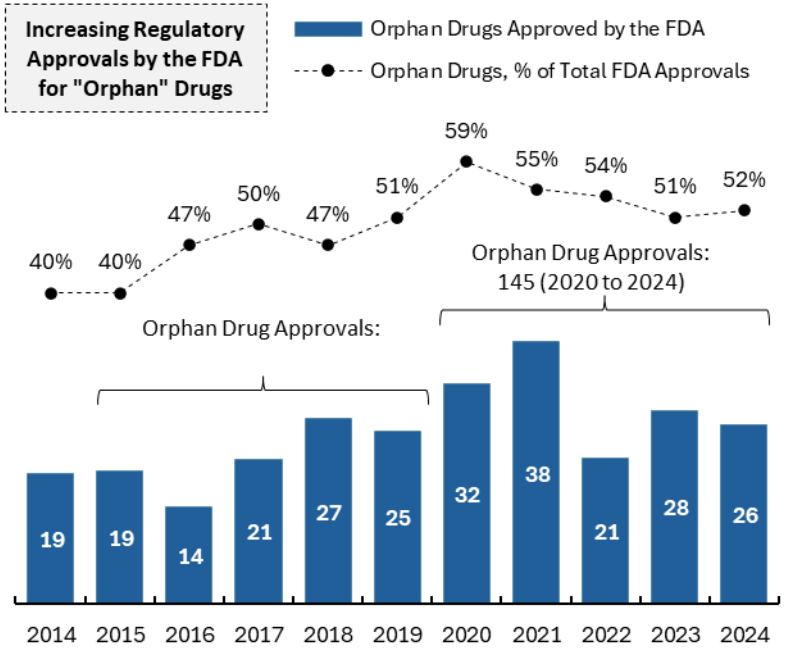
The Good and Bad of the *One Big Beautiful Bill Act*

In our view, **the *One Big Beautiful Bill (OBBB) Act* includes positives and negatives for pharma/biotech companies.** On the one hand, the OBBB protects "orphan drugs" from the negative provisions of the *Inflation Reduction Act (IRA)*. On the other hand, the OBBB failed to reverse the IRA "Pill Penalty" and failed to address pharmacy benefit manager (PBM) reform.

The passage of the OBBB Act in July 2025 materially expanded the existing favorable regulatory treatment of "orphan" drugs. Under the IRA, orphan drugs with a single indication are exempt from Medicare price negotiations. Recent research has demonstrated that this has led to a 48.0% drop in the percent of orphan drugs receiving a second indication (from 12.1% pre-IRA to 6.3% post-IRA). The OBBB Act expanded this exemption to *all* orphan drugs, regardless of the number of indications. In our view, this is relevant in high growth areas like oncology where drugs commonly have multiple indications. Also, the OBBB Act delayed the period of price protection from Medicare price negotiations if an orphan drug adds an indication involving a non-rare disease area to its label.

However, **the OBBB failed to address the unfavorable treatment of small molecule drugs by the IRA.** Under the IRA, small molecule drugs are subject to Medicare price negotiations nine years after initial regulatory approval, whereas biologic drugs are shielded from price negotiations for thirteen years. This four years of less pricing protection for small molecule drugs is commonly referred to as the "pill penalty." This "pill penalty" matters a lot since almost half of a drug's sales are typically generated between years nine to thirteen post-approval, according to research by the *IQVIA Institute*.

Also, **PBM reform was noticeably absent from the OBBB Act**, despite bipartisan support for separate and recently introduced legislation (the "PBM Reform Act"). The PBM Reform Act would seek to create greater visibility to rebating practices (and formulary decisions) in both Medicare Part D and Medicaid. The practices of PBMs have been a subject of public debate for years by both the Republicans and Democrats.



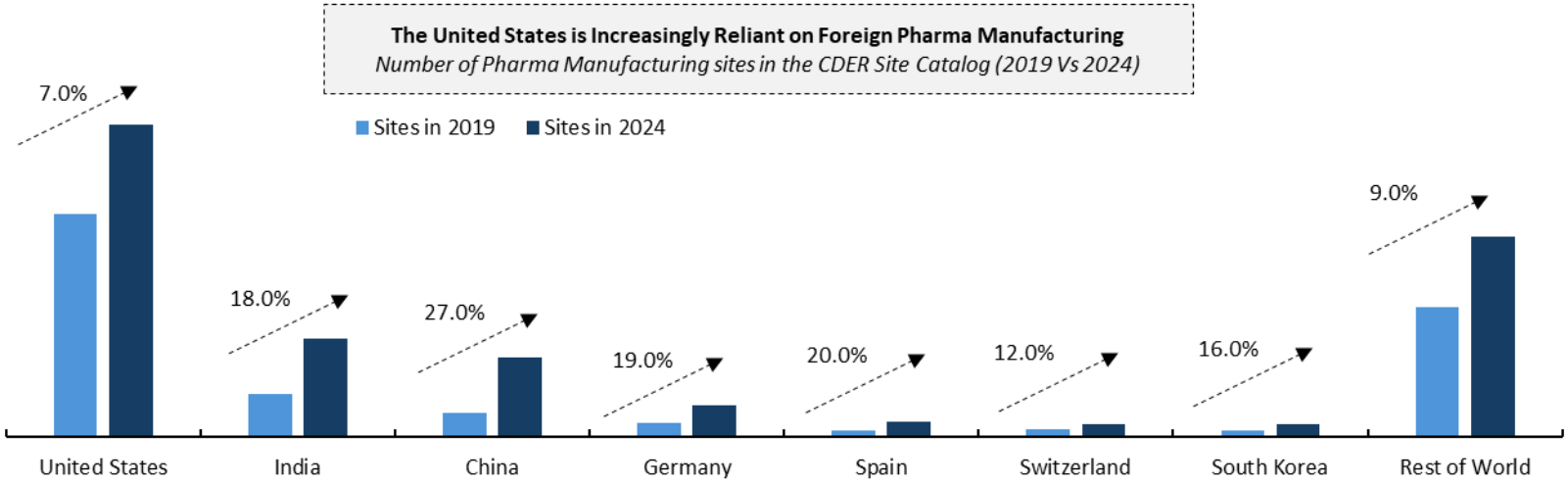
Source: The U.S Food and Drug Administration (FDA), the National Pharmaceutical Council (May 2025), and Bourne Partners

Ongoing Tariff Uncertainties Weigh on Pharma

As of the writing of this report, **media reports suggest that the Trump administration is still "weeks away" from potentially implementing tariffs on pharma imports**. In our view, this may reflect the timing of the ongoing "Section 232" investigation into the "national security" implications of the increasing reliance of the United States on foreign pharma supply chains.

We continue to monitor comments by the Trump administration regarding tariffs and/or trade restrictions on drugs and other pharma related products. During a recent interview with CNBC in early August, Trump discussed plans to potentially impose sizable tariffs on pharma imports. These potential pharma tariffs would start small initially -- in order to give the industry time to adjust their operations and supply relationships. However, they could be possibly increased materially over time, as needed.

Ultimately, **we are hopeful that any pharma tariffs would be structured in a way to avoid disruptions for patients.** This could include exemptions to mitigate any risk of shortages in raw materials and/or finished medicines. In particular, we are concerned that tariffs could lead to (and/or exacerbate existing) shortages of generic drugs. Generic manufacturers operate with razor-thin margins, and, today, of the top 100 generic drugs, 83% have no U.S. source of API. Of note, in July 2025, the Trump administration negotiated a broader trade deal with the European Union (EU). By our interpretation, the trade deal appears to put a ceiling on any tariffs on pharma imports from the EU at 15%. The United States has also already reached recent trade deals with the United Kingdom, Japan, and South Korea as well.



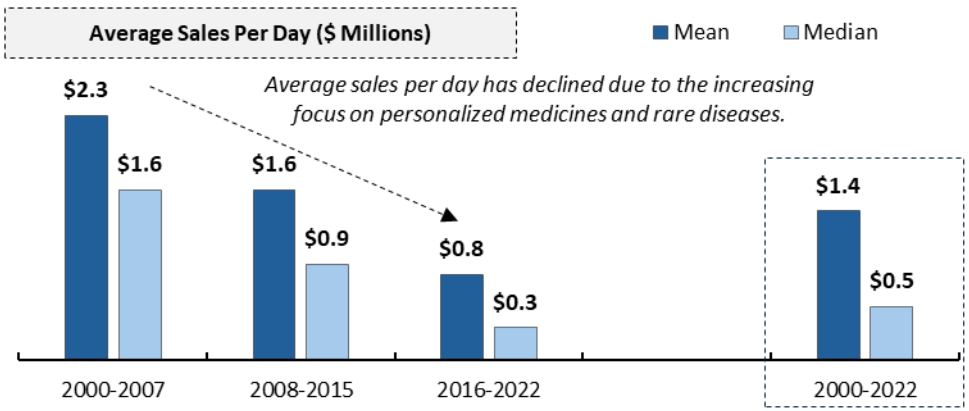
Source: The U.S Food and Drug Administration (FDA) and Bourne Partners

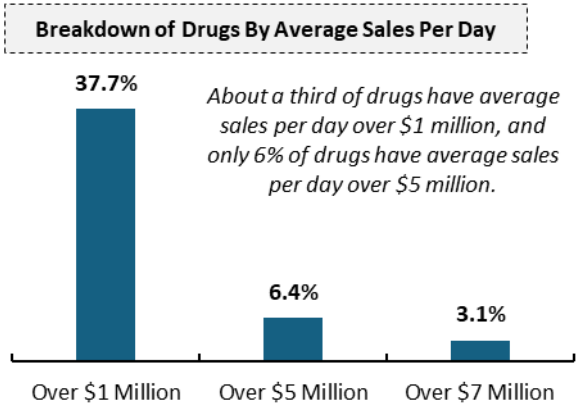
FDA Enters the Artificial Intelligence (AI) Space

We have heard a mixture of excitement and concern from pharma executives and private equity investors on the news that the *U.S. Food and Drug Administration* is launching a generative artificial intelligence (AI) platform. In our view, this could help materially speed up clinical trial applications and regulatory review processes.

In June 2025, the FDA entered the world of AI with the launch of its new "Elsa" generative AI platform to automate many labor-intensive administrative activities at the agency. Elsa will initially be used to automate clinical protocol reviews and scientific evaluations, as well as to identify high-priority inspection targets. The impact of Elsa remains to be seen. The excitement is that Elsa could materially speed up clinical trial applications and regulatory review processes. For instance, an FDA employee using Elsa could potentially conduct a scientific review in minutes that used to normally take days. To put financial numbers to this, each day that a drug is in regulatory review represents lost sales revenue of $1.4 million for a biopharma developer, on average.

Of course, **this will require a balancing act at the FDA between speed and credibility**, in our view. As with other large language models, there will be a need to regularly train and audit Elsa across heterogenous review types, medicines, and diseases, sometimes with limited access to unstructured background data. The FDA commented that Elsa will only have access to internal agency documents. Also, as with other large language models, the FDA will need to regularly track the AI output to ensure that there are no error patterns or biases. Finally, one could imagine that pharma/drug sponsors subjected to AI-based regulatory decisions may have little visibility to why the agency accepted and/or rejected an application. This could lead to confusion and potentially expensive litigation.





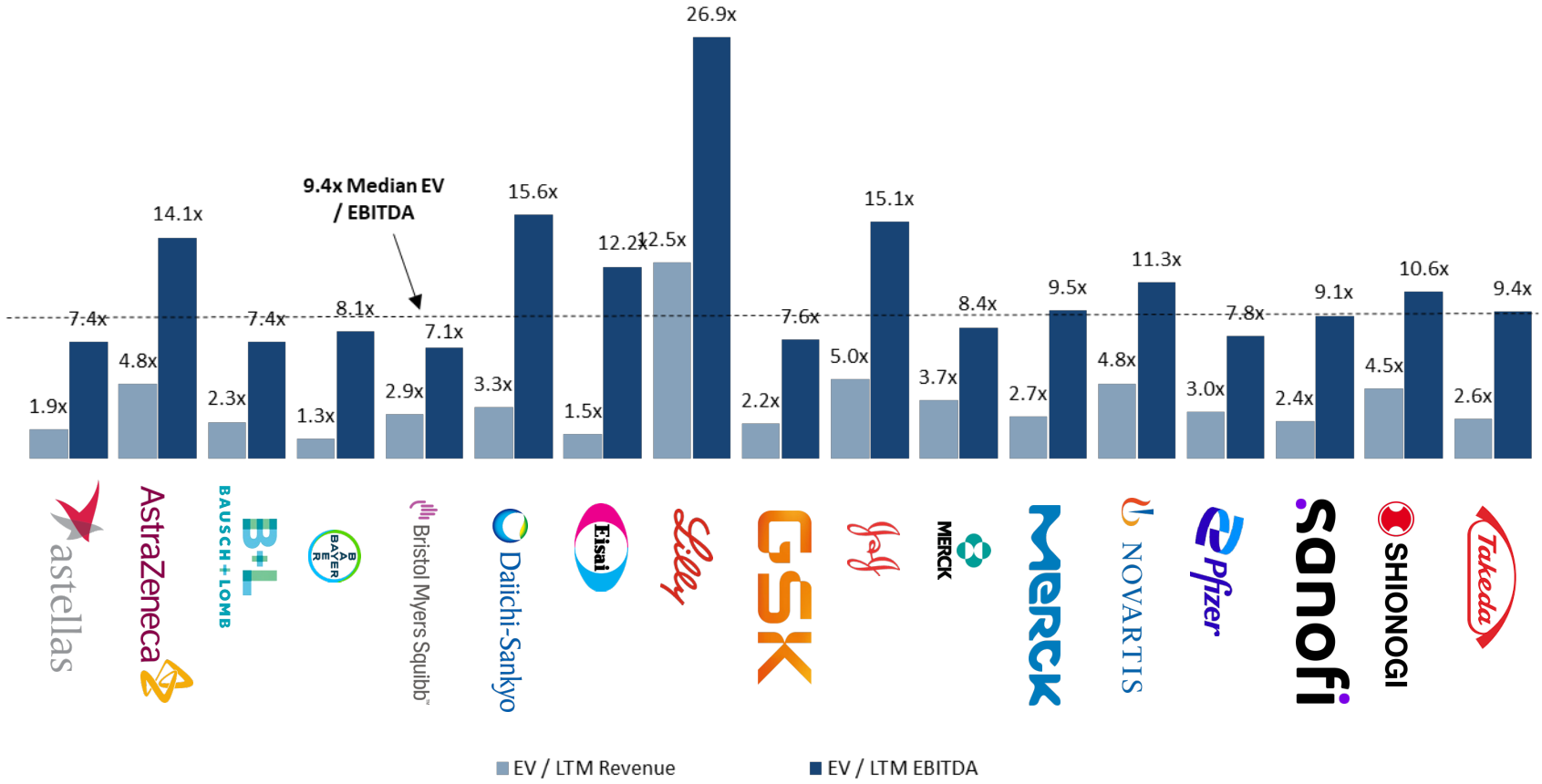
Source: U.S. Food and Drug Administration and Bourne Partners

Select Recent Merger/Acquisition Announcements

Date	Target	Acquirer	Description of Target	Deal Value
Jul-2025	vicebio	sanofi	Developer of next-generation respiratory virus vaccines using the proprietary "Molecular Clamp Technology"	**$1.150 Bil**
Jul-2025	Verona Pharma	MERCK	Biopharma company focused on chronic respiratory diseases, including Ohtuvayre an inhalation-based therapy for COPD	**$10.0 Bil**
Jun-2025	verve THERAPEUTICS	Lilly A MEDICINE COMPANY	Publicly traded clinical-stage biopharma company with a range of genetic medicines targeting cardiovascular diseases	**$1.0 Bil**
Jun-2025	Supernus Pharmaceuticals	Sage Therapeutics	Biopharma company focused on developing and commercializing therapies for central nervous system (CNS) diseases	**$561 Mil**
Jun-2025	CUREVAC	BIONTECH	Publicly traded biotech firm seeking to develop messenger RNA (mRNA) therapeutics using a range of novel technologies	**$1.250 Bil**
Jun-2025	blueprint MEDICINES	sanofi	Biotech firm with a portfolio of commercial drugs and expertise in rare immunological and other KIT-driven diseases	**$9.1 Bil**
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**

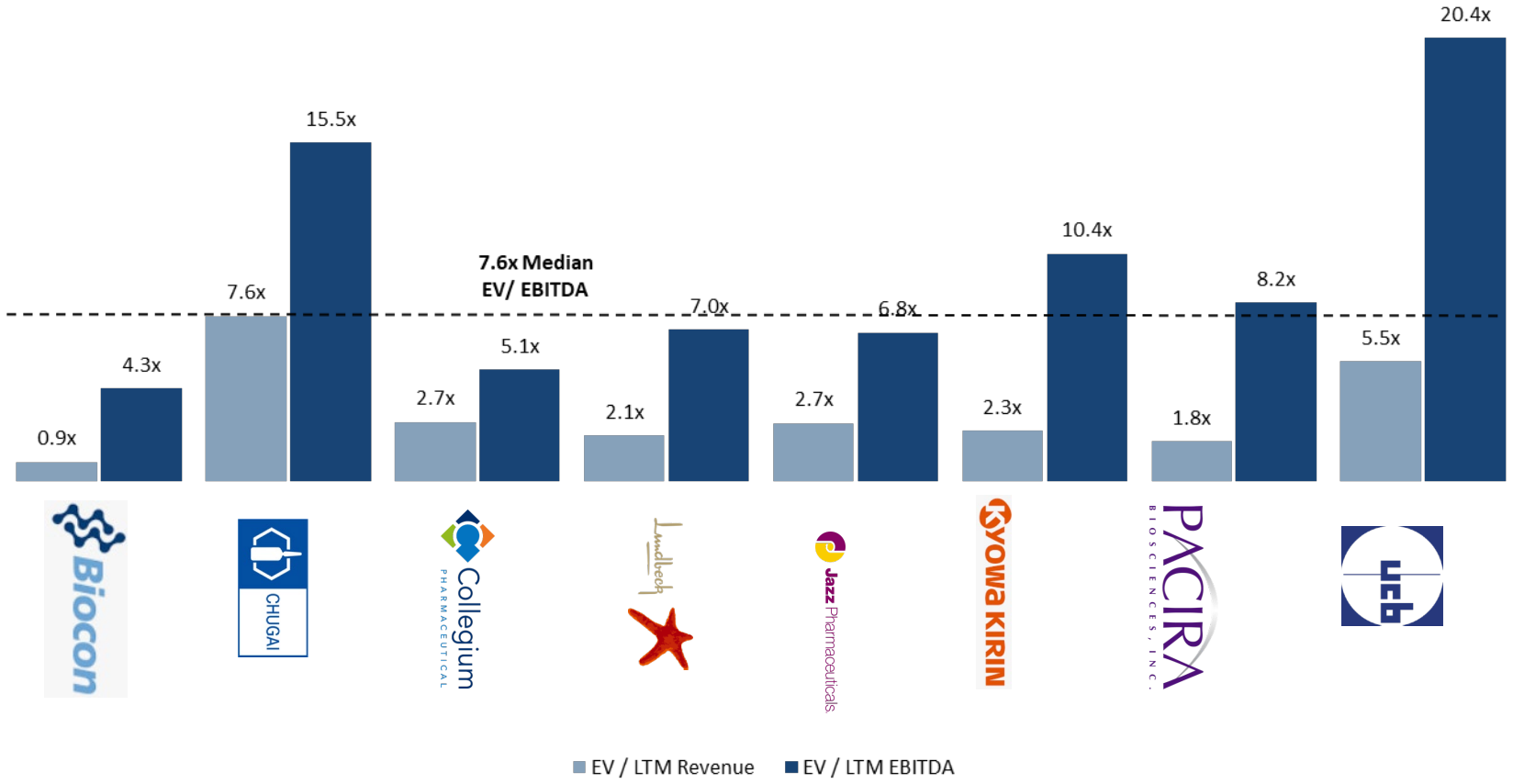
Source: Healthcare Dive and Bourne Partners

Select Large Cap Pharma Trading Valuations



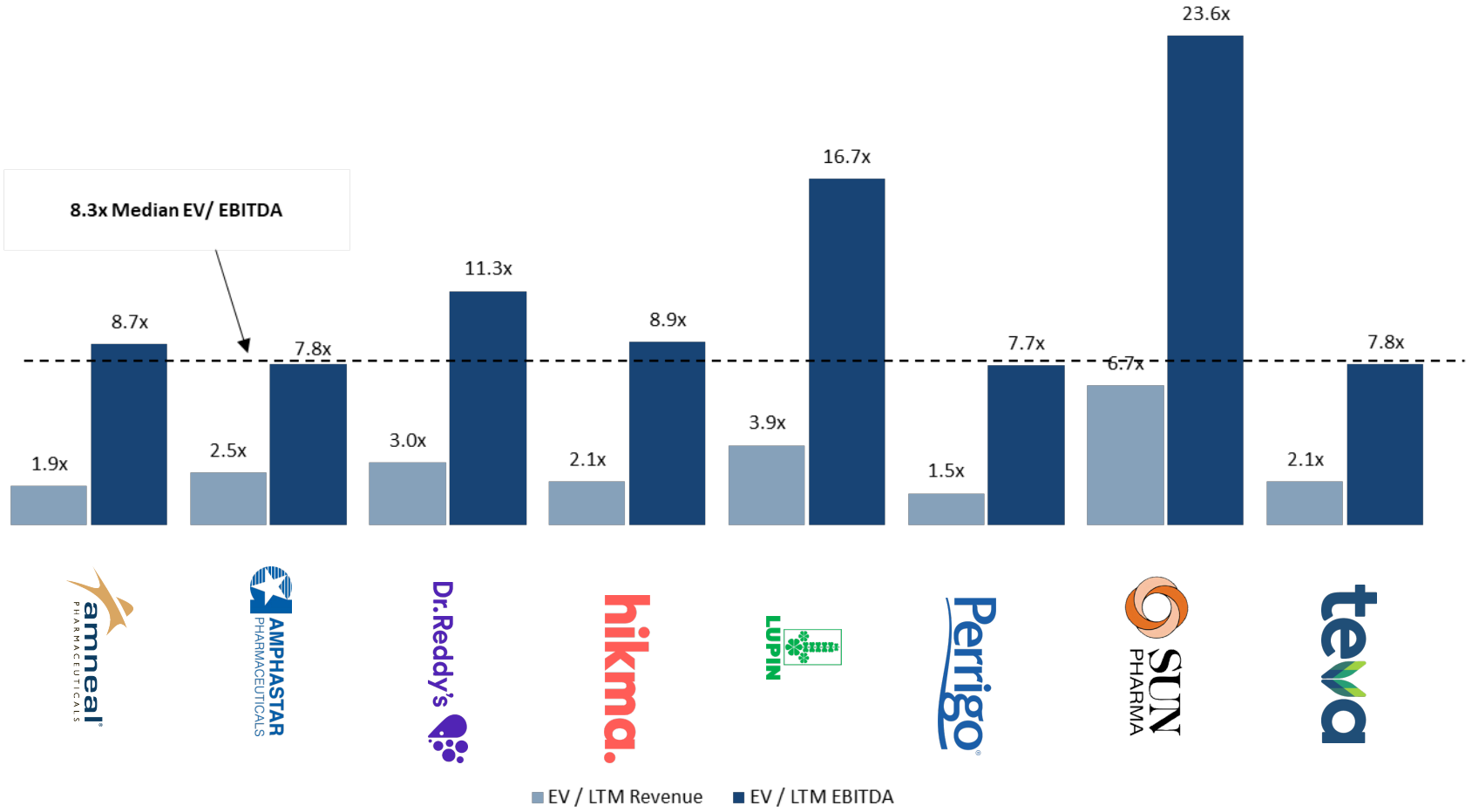
Note: Market values as of the close of business August 15, 2025.
Source: S&P Global Market Intelligence

Select Branded Pharma Trading Valuations



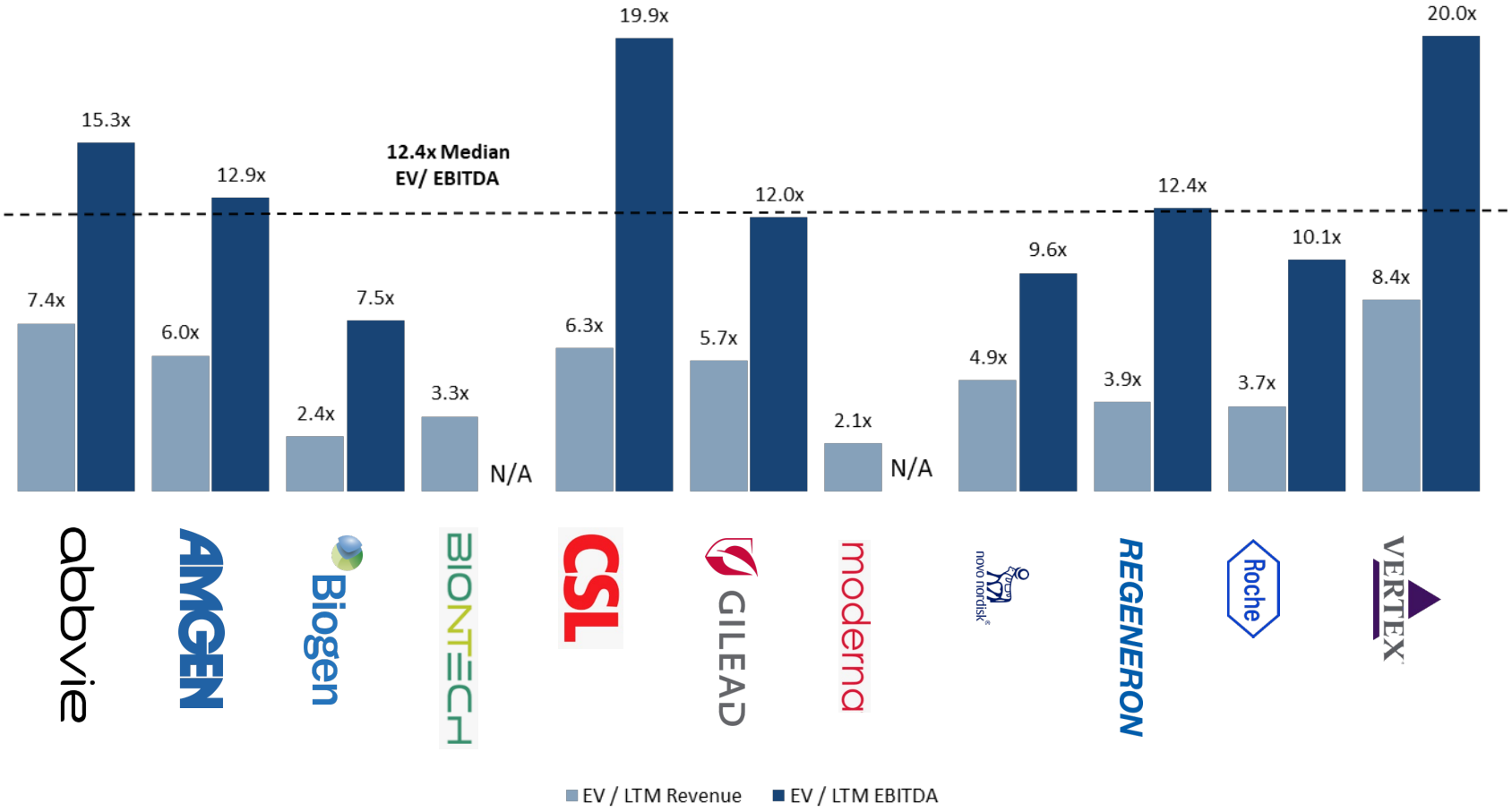
Note: Market values as of the close of business August 15, 2025.
Source: S&P Global Market Intelligence

Select Generic Pharma Trading Valuations



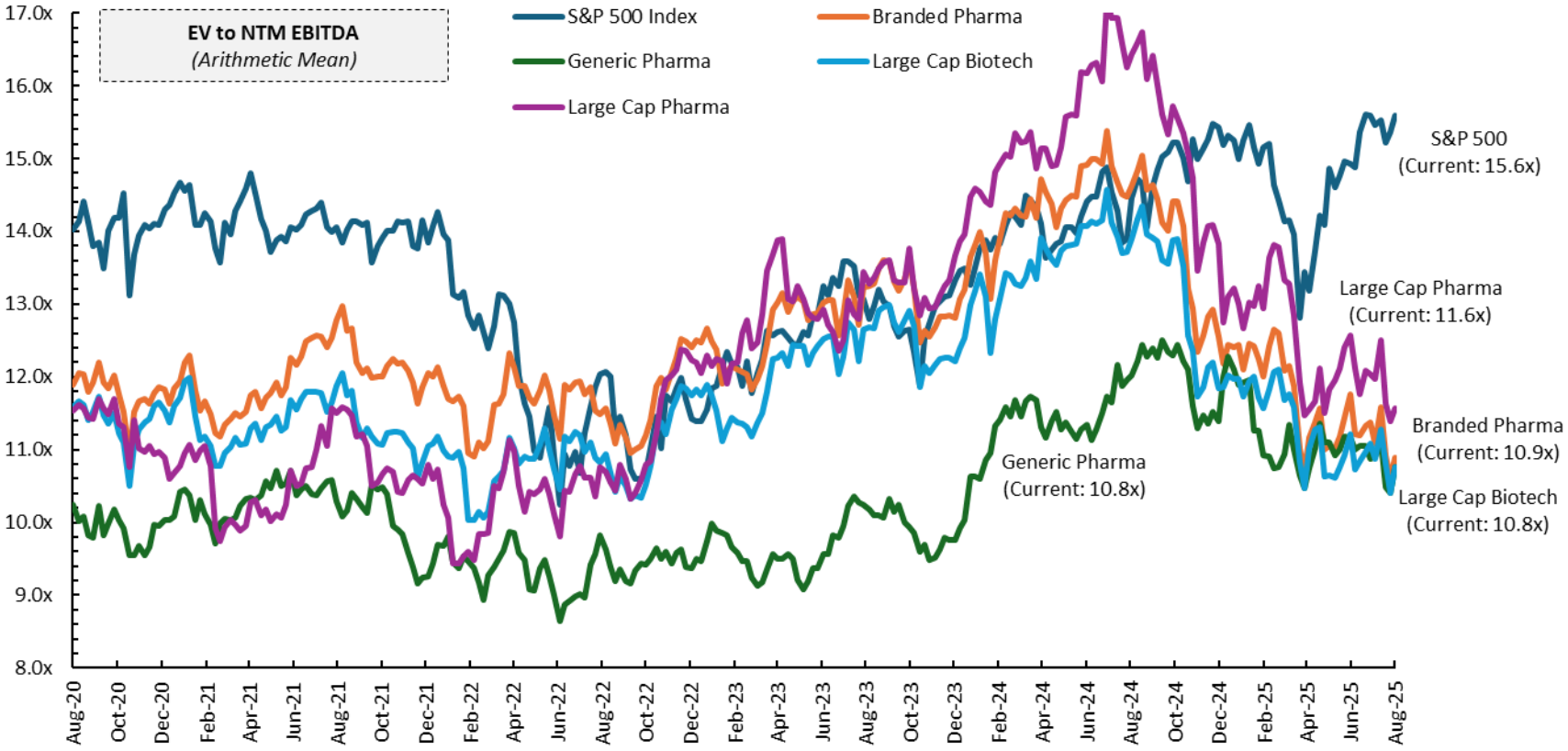
Note: Market values as of the close of business August 15, 2025.
Source: S&P Global Market Intelligence

Select Large Cap Biotech Trading Valuations



Note: Market values as of the close of business August 15, 2025.
Source: S&P Global Market Intelligence

Bourne Therapeutics Indices (By Sub-Segment)



Note: Market values as of the close of business August 14, 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

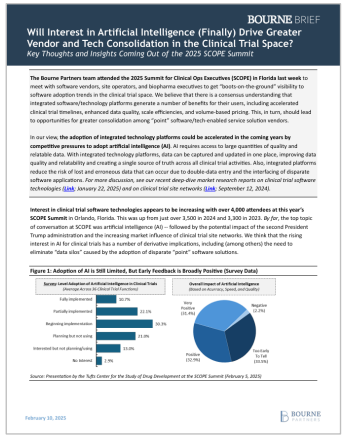
UBS

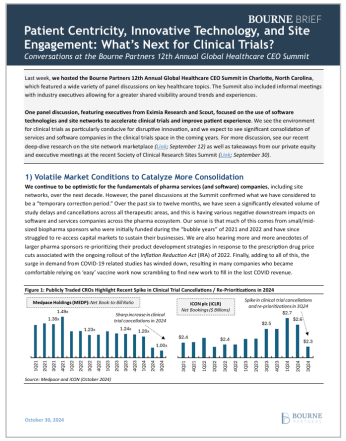
KeyBanc Capital Markets

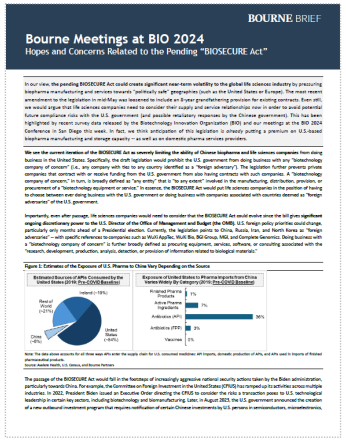
Capital One

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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