



State of the Life Sciences Market

Outcome Capital

Reach the *Right Outcome*



LIFE SCIENCES INDICES UNDERPERFORM VS. S&P500



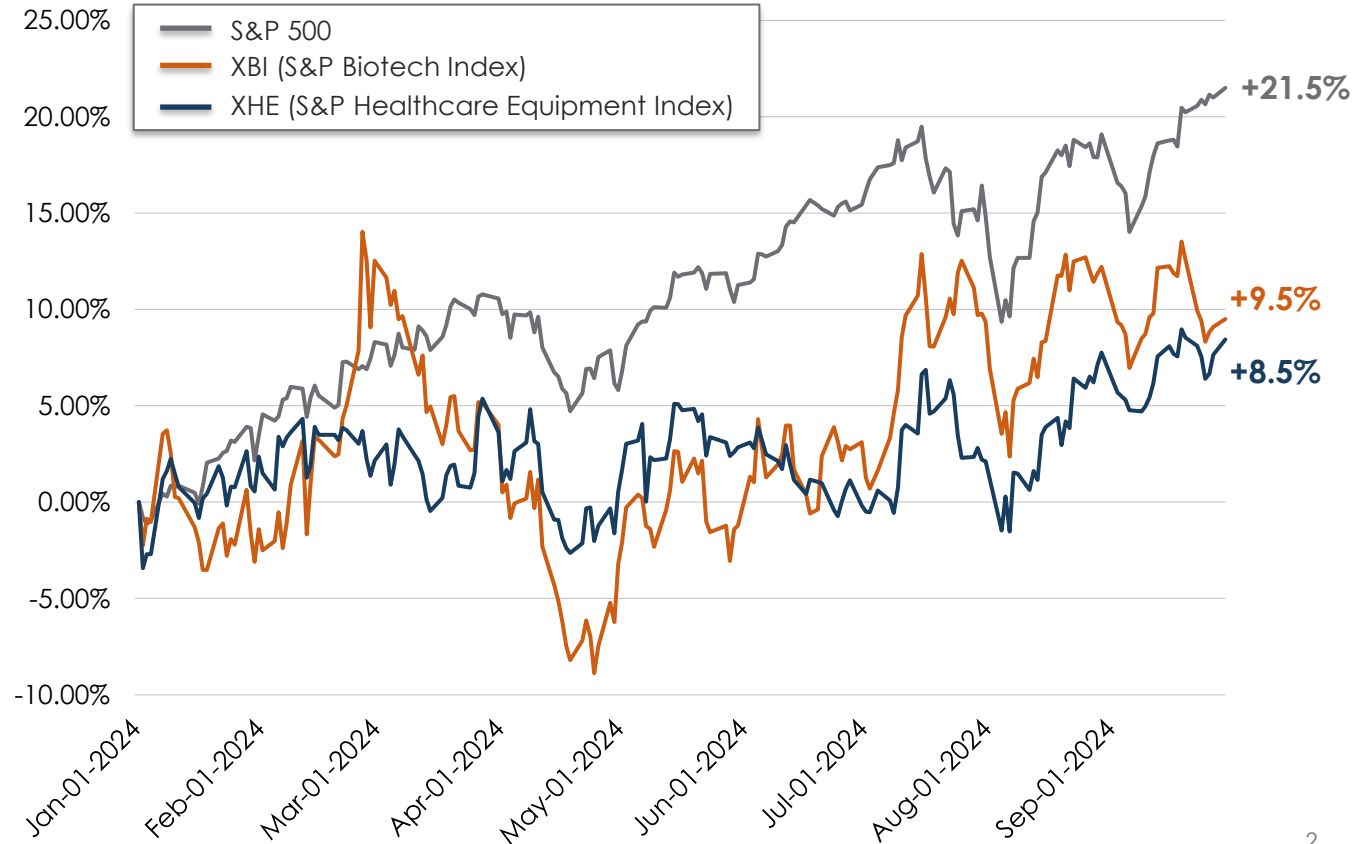
2024: State of the Life Sciences Market

Key Insights

- Key macroeconomic factors including lowering interest rates and election cycle impacting overall life sciences market performance in similar fashion to broader market
- Biotech segment viewed by investors as more speculative, valuing clinical data/commercial potential as opposed to traditional financial metrics; XBI demonstrates more volatility with steep early Q2 downturn but Q3 tracks S&P performance
- Earnings-driven MedTech index mimicked S&P 500, but due to poor earnings across industry demonstrated weaker returns

2024 Public Market Performance

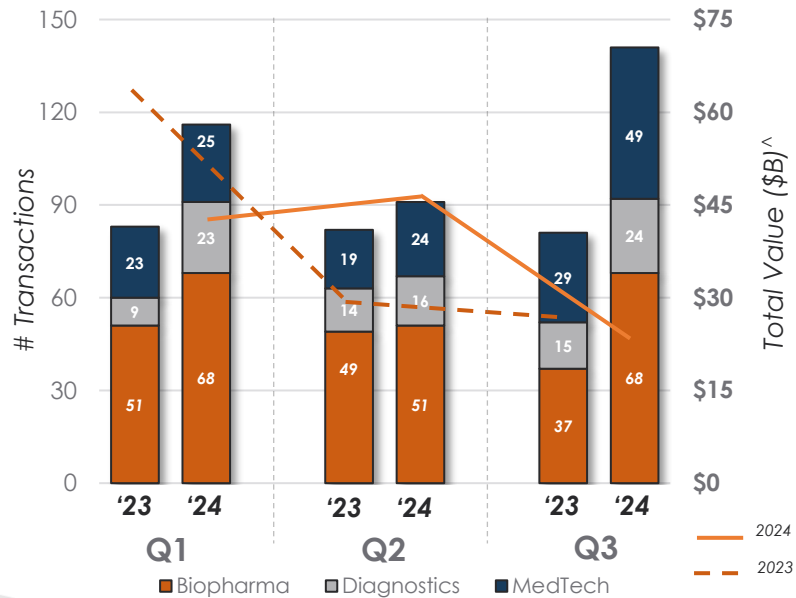
(Jan. 1 – Sept. 30)



M&A DEALMAKING REBOUNDS IN 2024 VS. 2023

2024: State of the Life Sciences Market

2024 Life Science M&A Transactions Overview



2024 Life Science M&A Trends

- ✓ Increased M&A activity in 2024 compared to 2023; Q3 sees significant jump signaling active year-end ahead
 - 2022/2023 spin-offs & divestitures provided dry powder for strategics to refresh businesses in high-growth markets
 - Edwards sold critical care business to BD
 - J&J and GSK spun out consumer health business
 - BD spun out diabetes care (Embecta)
 - Merck spun out Organon; Novartis spun off Sandoz
- ✓ Biopharma remains most active segment for deal making with 2x the amount of M&A compared to MedTech and 3x compared to diagnostics
- ✓ Despite increased transaction activity, overall deal value in 2024 decreased compared to 2023
 - Reduction in >\$10B transactions which defined 2023 (to be discussed further)

348	+41%	\$109.5B	-24%
Total M&A Transactions#	M&A Activity	Total M&A Value (\$B)^	Total M&A Value



Accelerated Life Science Deal Making Activity in 2024 After Sluggish Performance in 2023

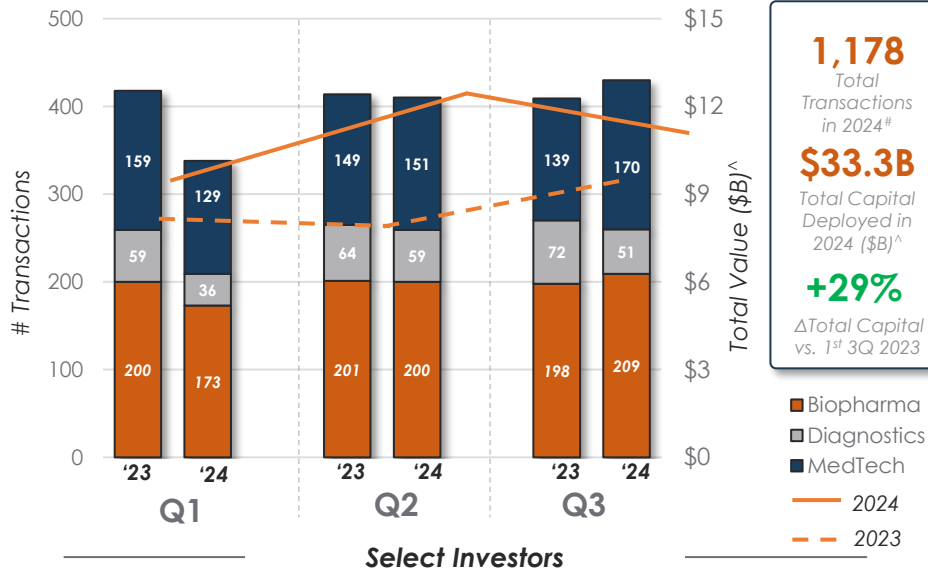
^Based on transactions with disclosed values; #Includes transactions with undisclosed values

INCREASED CAPITAL DEPLOYMENT WITH UPSIZED VC DEALS



2024: State of the Life Sciences Market

2024 Life Science Venture Financings Overview



Venture Financings Review

- Venture firms entered 2024 with record amounts of dry powder after taking defensive positions in 2023
- Rise in high-value exits in 2023/2024 providing significant ROI, encouraging new investments
- Increased in investment dollars driven by multiple >\$100M venture rounds to create substantial value

Select >\$100 million Venture Rounds

 \$400M	 \$223M	 \$175M
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Significant Investment In Clinical Stage

[^]Based on transactions with disclosed values; [#]Includes transactions with undisclosed values

NOTABLE DEVELOPMENTS DEFINING BIOPHARMA INDUSTRY

2024: State of the Life Sciences Market

Biopharma Tailwinds

Welcome to the “GLP-1” age

- Many Pharma/Biotech Cos are focused on new iterations of weight loss drugs with reduced side effects and lower costs.
- In June, at the American Diabetes Association conference, 27 new GLP-1 drugs were reported in development, some of which target a different hormone.
- Early data implicating new potential indications for GLP-1 drugs in Alzheimer's Disease. Teva launched the first GLP-1 generic, Victoza, in the US.

Advances in Alzheimer's

- Lilly received FDA approval for Kisunla, on the heels of Leqembi (by Biogen/Eisai) in early 2023. With upwards of 7M+ Americans with AD, these two drugs are targeting beta-amyloid, the toxic protein that accumulates in the brains of those with Alzheimer's disease
- Abbvie's recent acquisition of Aliada Therapeutics & Takeda's Licensing Agreements with AC Immune demonstrates continued strategic interest in building Alzheimers therapeutic pipeline

Biopharma Headwinds

Inflation Reduction Act (IRA)

- US Dept Health & Human Services announced the first round of Medicare price reductions under the IRA.
- Pricing reductions averaged 60% (38-79%).
- Worst hit drugs were Merck's Januvia (cut 79%) and Novo Nordisk's Fiasp (cut 76%).

The BIOSECURE Act

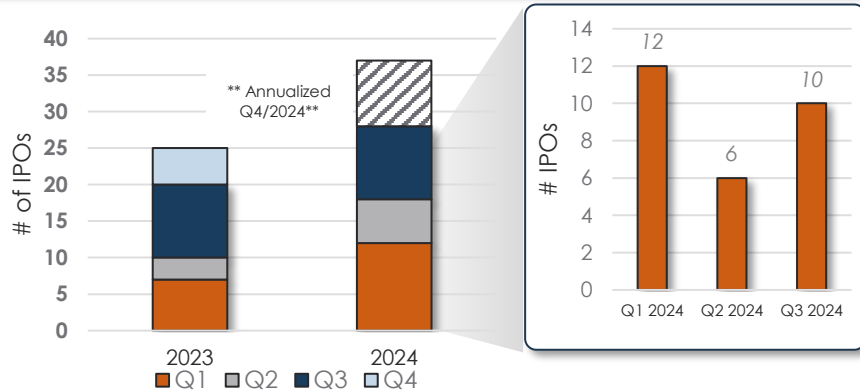
- If passed by the Senate and signed into law, this legislation would prohibit federal agencies from procuring, purchasing, or obtaining biotechnology equipment or services from a biotechnology company that is controlled or operated on behalf of a foreign adversary, most notably Chinese CDMOs, CROs and drug developers.

UPTICK IN 2024 IPOS WITH MORE FOCUSED COMPANY PROFILE



2024: State of the Life Sciences Market

2024 Biopharma IPO Market



- ✓ 2024 Biopharma IPOs through Q3 have surpassed total from 2023 although the deal total remains far below the high of 2021 (45).
- ✓ Strong end of Q3 after summer lull; **>\$900M raised since 9/1/2024**
- ✓ IPO focused on **later-stage**, clinical assets in high-growth markets across oncology, neurology & autoimmune

2024 IPO Recipe

Late-stage clinical asset

Multiple near-term catalysts

Strong investor syndicates

Recent 2024 BioPharma IPOs

Company	Proceeds	Δ Value (%)	Financing Overview
CG ONCOLOGY	\$380M	96%	Proceeds to support late-stage trial of bladder cancer therapy
BICARA therapeutics	\$362M	40%	Proceeds will advance Phase II/III development of a bifunctional EGFR/TGF-β antibody for solid tumors
Zenas BioPharma	\$260M	10%	IPO to advance Phase II and Phase III trials of obexelimab for treating inflammatory disorders
BIOAGE labs	\$198M	22%	Proceeds to support Phase II trial for lead weight loss asset, azelaprag in combination with Eli Lilly's tirzepatide
MBX Biosciences	\$188M	48%	IPO supports MBX's precision peptide therapy pipeline, including two assets in clinical trials

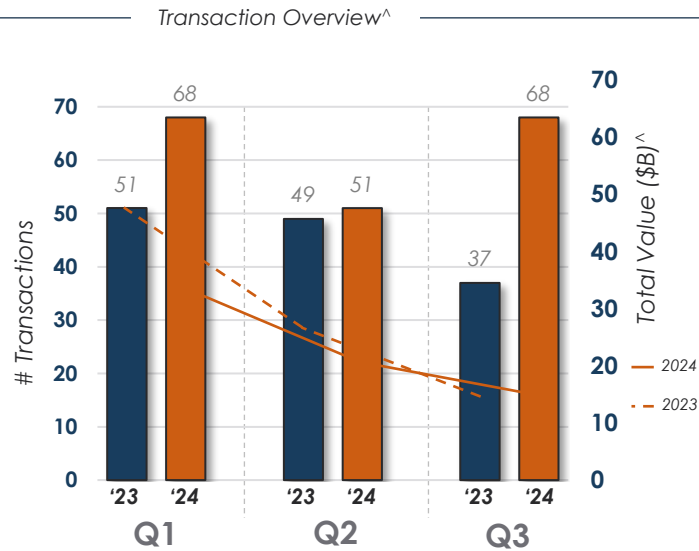
Recent Momentum In The IPO Activity Signals Better Days Ahead For 2024 Public Markets

ONCOLOGY & IMMUNOLOGY LEADING BIOPHARMA M&A

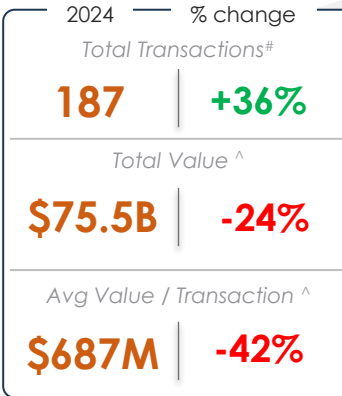


2024: State of the Life Sciences Market

M&A Transactions Overview



Activity Highlights



[^]Based on transactions with disclosed transaction value
[#]Includes transactions with undisclosed values

What Strategies Are Looking For In M&A

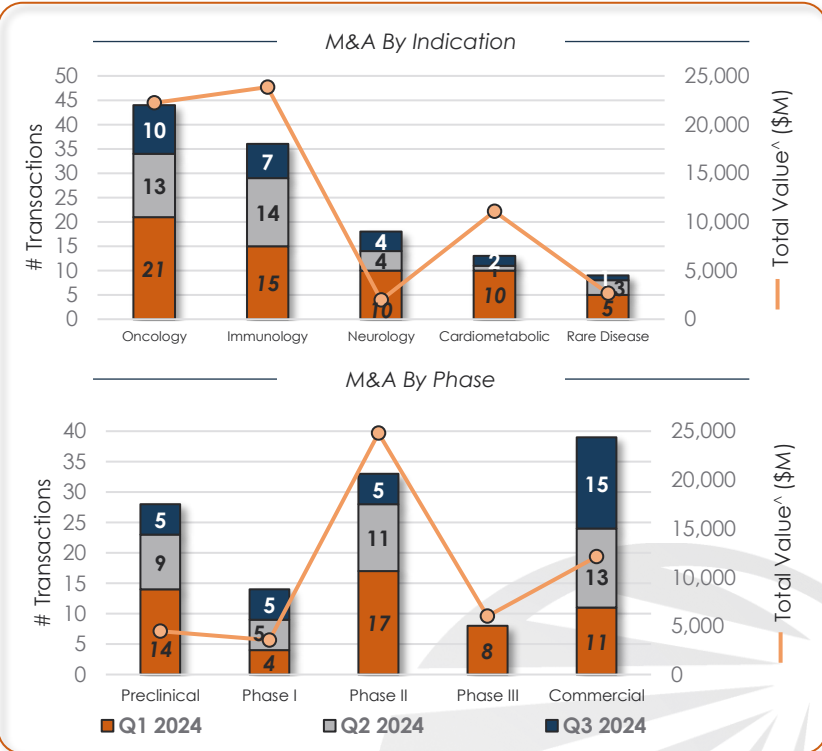
Compelling Proof of Concept

Strong Management

Clinically Validated Targets

Large Market Opportunities

2024 M&A: By Target Indication & Stage



Assets With Clinical Proof of Concepts Or Commercial Traction Driving Deal Making

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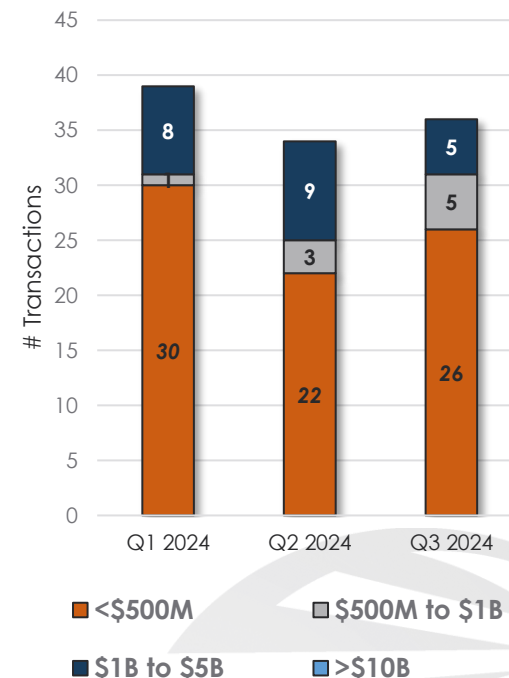
MID-CAP ACQUISITIONS TAKE CENTER STAGE IN 2024

2024: State of the Life Sciences Market

2023 Top 5 M&A		
TARGET	BUYER	DEAL SIZE
Seagen®	Pfizer	\$43.0B
KARUNA THERAPEUTICS	Bristol Myers Squibb™	\$14.0B
Prometheus Biosciences	MERCK	\$10.8B
immunogen.	abbvie	\$10.1B
cerevel	abbvie	\$8.7B

2024 Top 5 M&A		
TARGET	BUYER	DEAL SIZE
ALPINE ImmuneSciences	VERTEX	\$5.0B
CYMABAY	GILEAD	\$4.4B
MORPHIC	Lilly	\$3.2B
EyeBio	MERCK	\$3.0B
morphosys	NOVARTIS	\$2.8B

2024 M&A Activity By Size



- After 2023 was marked by multiple \$10B+ M&A deals, headlined by Pfizer's acquisition of Seagen, biopharma M&A in 2024 has been categorized with more mid-size deals
- With upcoming patent cliffs and pricing uncertainty due to the IRA, large strategics investing in clinical-stage products in early/mid-stage development to enhance pipeline

Significant M&A Activity For Deals Between \$500-\$5B in 2024

BIOPHARMA SEGMENT TRENDS: *RADIOPHARMACEUTICALS*

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Radiopharmaceuticals Segment Insights



First Generation Radiopharmaceuticals Faced Challenges

- Production & supply hurdles limited availability to meet strong demand
- Short half life limited usage availability & drove the need for efficient logistics at a higher cost



Second Generation Found Commercial Success

- Improvements in efficacy over existing standards of care & greater inclusion of radiation oncologists in clinical practice
- Positive clinical success in treatment of certain cancers with improved stability & safety



Future of Radiopharmaceuticals

- Effective, safer & easier use molecules spurred renewal in field & consummated a flurry of licensing, M&A & VC activity
- Future development will be focused on effective radiopharmaceuticals for broader range of diseases

Highlighted Biotech/Pharma Investment

TARGET	BUYER	DEAL SIZE	DATE
	<i>Lilly</i>	\$1.4B	December 2023
		\$4.1B	February 2024
		\$1.0B	May 2024
		\$2.4B	June 2024
		\$2.8B	August 2024
<i>Select Financings</i>			
		Series A&B \$142M	April 2023
		Series A \$52.5M	August 2023
		Series B \$50M	January 2024
		Series B \$175M	September 2024

Surge In Large Biopharma Interest In Radiopharmaceuticals Continues Into 2024

BIOPHARMA TRANSACTION TRENDS: GLP-1 INVESTMENTS

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Obesity Segment Insights

Continued Wave of Obesity & Weight Loss Drug Investments

With record revenues driven by Novo & Lilly's incretin drugs, VCs are investing early & heavily to capitalize on a rapidly developing market

- ✓ Multiple early-stage financings demonstrates VCs continued appetite to fund companies developing obesity & weight loss therapeutics
- ✓ With a projected market worth more than \$130B in 2030, investors are looking to pursue the "second" generation of obesity medicines to supplant Mounjaro & Wegovy
- ✓ Despite promising initial data to incite VC investments, early-stage metabolic companies will be faced with the challenges of competing against Amgen, Roche, Boehringer Ingelheim, and AstraZeneca's promising candidates currently in clinical trials

Additional Representative Transactions



Acquired by:



\$1.05B



Acquired by:



\$1.11B



Acquired by:



\$3.19B



Acquired by:



\$4.43B

Highlighted Biotech/Pharma Investment: Q2 | 2024



Target

Date: May 16, 2024

Type: Seed



Lead Investors

\$400M

Deal Value

Phase II

Deal Stage

Target Description: Incorporated in May 2024, Kailera is a clinical-stage biotechnology company developing incretin treatments for diabetes, obesity, & weight loss

Transaction Insights

- Leading investor syndicate seeking to benefit from significant strategic interest in obesity drugs
- Kailera acquired phase 3 ready GLP/GIP dual product with hope of developing best-in-class molecule
- Investors leverage data collected in China clinical studies to de-risk investment opportunity

Metabolic Diseases Draw Major Investor Interest in 2024 As Strategic Transaction Activity Is At A High

BIOPHARMA TRANSACTION TRENDS: AI IN BIOPHARMA



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AI In Biopharma Segment Insights

2024 Nobel Peace Prize Award Recognizes Value Computational Tools Have On Transforming Biology Processes, Improving Diagnostic Capabilities & Revolutionizing Drug Discovery:

- ✓ Accelerate drug discovery by identifying potential drug candidates & predicting protein structures & molecular interactions; currently 67 AI-platform derived drugs in phase II or III clinical as of 2023
- ✓ Ability to enhance diagnosis rates and disease identification, especially for cancer diagnostics, enabling quicker access to necessary care and treatment
- ✓ Increasing efficiency in production, quality control, and logistics in supply chain & manufacturing of biopharma products

Additional Representative Transactions

			
Financing led by:	Financing led by:	Financing led by:	Partnered with:
 			
\$1.0B	\$144M	\$40M	Undisclosed

Highlighted Biotech/Pharma Investment: Q2 | 2024



Target



Buyer

Date: 8/8/24

\$688M

Deal Value

Phase II

Deal Stage

Type: M&A

Target Description: Developer of an AI drug discovery platform to design novel, safe, and efficacious compounds for clinical testing

Transaction Insights

- AI offers biopharma companies the opportunity to bring drugs to market faster and more efficiently
- Merger between Exscientia and Recursion is first sign of consolidations among AI-biopharma companies
- Previously, AI-based pharmas have relied on monetizing their platform externally

AI-Based Tools For Drug Discovery & Development Continues To Drive Investment & Deals In Biopharma

DRIVERS AND CATALYSTS SHAPING MEDTECH INDUSTRY

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MedTech Segment Drivers

1

Minimally invasive procedures continues to shift procedures to outpatient settings

2

Widening adoption of surgical robotics increases procedure efficiency & accuracy

3

Continued increase in procedure volumes across segments post-COVID

4

GLP-1 uptake enables improved care/management in orthopedics / diabetes

Significant Breakthroughs

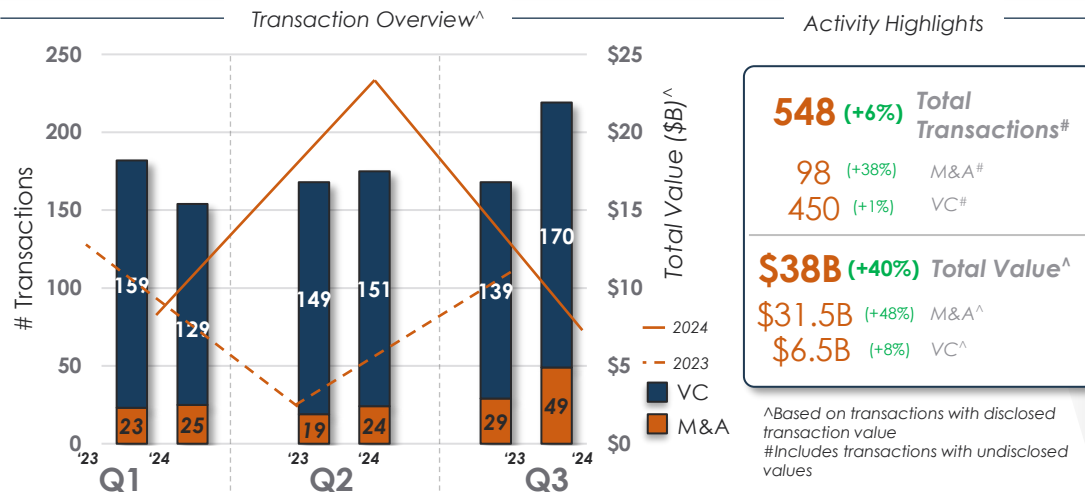
- ✓ Continued & expanded adoption of new interventional cardiology procedures
 - First pulse field ablation for AFib introduced in 2024 (Medtronic)
 - IVL continuing to have uptake leading to J&J's acquisition of Shockwave and several fast-followers
 - Transcatheter valves expanded into more mobile structures; Edwards received tricuspid valve replacement approval
- ✓ Surgical robotics continues to thrive as Intuitive continues to outpace industry in public market performance
 - Intuitive's DaVinci system continues to demonstrate clinical superiority to standard of care
 - J&J Ottava system filed FDA IDE application
- ✓ Insulet's Omnipod 5 receives first FDA approval for automated insulin delivery for people with Type 2 diabetes

MEDTECH M&A AND VC ACTIVITY UP IN 2024

2024: State of the Life Sciences Market



MedTech Investment Overview



- Medical device strategics significantly more acquisitive in 2024 compared to prior years; deals with high-growth indications i.e.; cardiovascular, endovascular and neuromodulation
- Investors continue to be active in the space with financings mainly focused on later-stage companies with clinical proof-of-concept and/or approval

Highlighted MedTech Investment

TARGET	TECHNOLOGY	BUYER	DEAL SIZE	DATE
Axonics	Sacral neuromodulation therapy	Boston Scientific	\$1.3B	Jan. 2024
SHOCKWAVE MEDICAL	Intravascular lithotripsy platform	Johnson & Johnson	\$13.9B	May 2024
JENAVALVE	Trilogy Heart Valve System	Edwards Lifesciences	\$945M	Jul. 2024
SILKROAD MEDICAL	Transcatheter artery revascularization	Boston Scientific	\$3.4B	Sep. 2024
V-WAVE	Interatrial shunt	Johnson & Johnson	\$1.7B	Oct. 2024
Select Financings				
CereVasc	Endovascular CSF Shunt	Bain Capital LIFESCIENCES xontogeny	\$70M Series A	May 2024
Endogenex	Endoscopic procedure for T2D	HATTERAS VENTURES LUMIRA	\$88M Series C	June 2024
HISTOSONICS	Histotripsy therapy platforms	ALPHA WAVE Amzak Health HealthQuest LUMIRA	\$102M Series D	Aug. 2024
MENDAERA	Surgical robotics	PFM Health Sciences LUMIRA LU+	\$73M Series B	Sep. 2024

Cardiovascular, Neuromodulation & Robotics Leading Deal Making Trends For 2024

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2025 INDUSTRY OUTLOOK

2024: State of the Life Sciences Market



Steady Climb in M&A Activity For The Rest of 2024 & Into 2025

- Biopharma strategics continue to depend on M&A for growth & replenish their portfolios
- Continued search for new disruptive opportunities such as GLP-1 therapeutics, Radiopharmaceuticals & AI-based platforms

IPO Candidates & Bankers Approaching Rest Of The Year Cautiously

- Election & geopolitical concerns cause hesitancy around IPO environment for Life Sciences
- As clarity on the political scene & interest rate emerges, there is growing conviction for a stronger IPO market next year

Increased Confidence In The Financial Outlook Over The Next 12 Months

- Overall cash runways are improving, alongside favorable economic conditions & interest rate cuts, leading to potential robust deal activity in late 2024 & 2025
- VC fundraising expected to continue attracting LP investment leading to availability of capital



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