



Outcome Capital Life Sciences Market Pulse

April 2022

Reach the Right Outcome



www.outcomecapital.com

OUTCOME CAPITAL | LIFE SCIENCES MARKET PULSE

Strategic Transactional Insights & Market Trends



Outcome Capital At A Glance...

Outcome Capital is a highly-specialized life sciences advisory & investment banking firm providing middle-market transactional expertise underpinned by a value-added, market-aligned approach to strategy execution. Our industry-dedicated specialists leverage significant operational, strategic & scientific knowledge in sharing their insights on industry-defining transactions.

Life Science Verticals:

- › MedTech
- › Pharma
- › Biotech
- › Diagnostics
- › Life Sciences Services
- › Digital Health

Transaction Focus:

- › M&A
- › Management Buyouts & Roll-Ups
- › Partnering
- › Equity Financings

Expertise Across the Value Chain:

- › Scientific
- › Regulatory
- › Reimbursement
- › Legal & IP
- › Operational
- › Transactional

Outcome Capital Pulse: Monthly Insights of Life Science Deal Action & Drivers

Highlighted Transactions

- › Strategic analysis from Outcome Capital's life sciences-dedicated deal team

Transaction Lineup

- › Snapshot of noteworthy life sciences deals highlighting industry-defining activity

Outcome Index Tracker

- › Custom medtech, biotech/pharma, diagnostics & services indices benchmarked to the S&P500



Highlighted Transactions

OUTCOME CAPITAL | LIFE SCIENCES MARKET PULSE

Bioventus Executes Call Option For Novel Knee-Joint Replacement



\$450M

Deal Size



Buyer



Bioventus exercised their option to acquire CartiHeal, which was granted as part of a 2020 equity investment in the company. The \$450M CartiHeal acquisition, together with the recent acquisitions of Bioness and Misonix, embodies Bioventus' strategy to transform from high single-digit organic sales toward double-digit inorganic growth. While the transaction will be dilutive in the near-term, CartiHeal will prove a significant growth driver in the midterm. CartiHeal's argonite implant has been shown to support subchondral bone remodeling as well as cartilage regeneration in patients suffering from joint surface lesions, thereby providing an opportunity to address an unmet need in joint preservation and cartilage regeneration for nearly 400,000 US patients annually, representing an estimated \$1.3B market opportunity for Bioventus. Related, these acquisitions also bolstered Bioventus' commercial organization by adding >200 sales representatives priming the company for their impending growth.



Oded Ben-Joseph, PhD, MBA

Managing Director

Outcome Capital, LLC

oben-joseph@outcomecapital.com





Target

Undisclosed

Deal Size

Undisclosed

Investors

“

Leveraging their proprietary, 3D-printed, minimally-invasive spinal portfolio technology, NanoHive has amassed requisite growth capital to spur adoption in select markets. Long-time orthopedics veteran and NanoHive CEO, Patrick O'Donnell, is prepared to execute on a multifaceted growth strategy with eyes on a near-term exit. Given the >35 strategic middle-market acquisitions in this space over the last three years, it's likely the company is soon to garner significant strategic interest. We look forward to seeing the company's future success.

”



Arnie Freedman

Managing Director
Outcome Capital, LLC

afreedman@outcomecapital.com



OUTCOME CAPITAL | LIFE SCIENCES MARKET PULSE

Market Volatility Not Seen In Private Market Biotech Financings



sionna
Target

\$111M
Deal Size



OrbiMed
Healthcare Fund Management



ATLAS VENTURE
Investors



“

The last decade has seen disease-modifying cystic fibrosis transmembrane conductance regulator (CFTR) modulators transform the treatment paradigm for patients, greatly improving quality and longevity of life. Dominated by US biotech firm Vertex Pharmaceuticals (NASDAQ: VRTX), this drug class has grown rapidly since 2012, now boasting four different agents. Sionna Therapeutics, a Sanofi-Genzyme spin-out, announced the official launch of the company and the closing of a \$111 million Series B financing to develop highly-effective, differentiated treatments for cystic fibrosis (CF). Having raised roughly \$150 million in total, the company is looking to launch two assets into phase 1 studies within a year. Though stock market declines are dampening enthusiasm for supersized startup deals, Sionna Therapeutics was able to get VC investors plenty excited. While the public market volatility of the past few months is expected to have a trickle-down effect on venture metrics in coming quarters, the start of 2022 also suggests the onset of a healthy recalibration period for both startups and venture investors.

”



Ellen Baron, PhD

Managing Director
Outcome Capital, LLC

ebaron@outcomecapital.com



OUTCOME CAPITAL | LIFE SCIENCES MARKET PULSE

Castle Continues Aggressive M&A To Expand Diagnostic Franchise



ALTHEA^{Dx}

Target

\$140M

Deal Size

C/STLE
BIOSCIENCES

Buyer

“

Rapidly following the acquisition of Cernostics this past December, Castle Biosciences (NASDAQ:CSTL) announced and completed the acquisition of molecular diagnostics firm AltheaDx in April. Building on its existing oncology portfolio, the addition of AltheaDx diversifies the company's offerings into the mental health space. AltheaDx markets a test (IDgenetix) which assesses pharmacogenomic loci associated with response to drugs prescribed for depression, anxiety, and other mental health conditions. CSTL's management expects the AltheaDx acquisition to significantly expand its potential market reach and potentially lead to development of a larger mental health franchise. The transaction involved a structure including an upfront payment of cash and stock, indicating that AltheaDx's shareholders are on board with CSTL's vision for growing the business.

”



Paul Mieyal, PhD, CFA

Managing Director

Outcome Capital, LLC

pmieyal@outcomecapital.com



HARBOUR
BIOMED

Target

\$350M

Deal Size

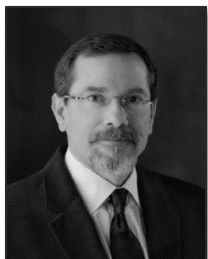
AstraZeneca

Partner

“

HBM Holdings has out-licensed a novel biologic (HBM7002) to AstraZeneca for up to \$350M, including a \$25M upfront. The asset is a bispecific antibody, currently in pre-clinical development, that crosslinks tumor cells and T cells by targeting a tumor-associated antigen and CD3, thus aimed at inducing cytotoxic T lymphocyte activation and tumor elimination. This construct is known generically as a BITE (bispecific T cell engager), and it's been around for decades. Moreover, similar assets are in preclinical biologic pipelines all over the world, so why this particular asset? The structure of HBM7002 is different from many BITEs in that it provides bivalent, high-affinity binding to CLDN18.2 and monovalent, low-affinity binding to CD3, demonstrating potent cytotoxicity but low cytokine release syndrome risk. Lastly, HBM7002 was generated from HBM's HCAb-Based Immune Cell Engagers (HBICE®) mouse platform, meaning the immunoglobulins produced are fully human, heavy chain-only moieties or VH domain versions. However, what likely made HBM's version interesting to AZ is the platform behind the asset; don't be surprised if AZ explores a bigger deal with HBM.

”



John Armstrong, PhD

Managing Director

Outcome Capital, LLC

jarmstrong@outcomecapital.com



OUTCOME CAPITAL | LIFE SCIENCES MARKET PULSE

Pfizer Bolsters Both Digital Health & COVID-19 Portfolios With ResApp



\$74.2M

Deal Size



Pfizer has proposed a binding deal to acquire ResApp Health for ~\$74.2M, in cash, representing a 27.8% premium on the prior closing stock price. The company's machine learning algorithms can detect and measure the severity of respiratory conditions, most notably COVID-19, using sound. The proposed acquisition would appear to be a multi-purposed bolt-on to the Pfizer Digital Companion™ portfolio of apps and would prospectively bolster Pfizer's COVID-19 product development and sales. In March, ResApp announced 92% sensitivity to detecting the virus with a new cough audio-based algorithm in the pilot clinical trial, a result which ResApp says exceeds the real-world measured sensitivity of rapid antigen testing. Additionally, the company and Pfizer have entered into a non-exclusive R&D license agreement for Covid-19 products, featuring a AU\$3 million up-front license fee and an initial collaboration timeframe of six months with options for two three-month extensions, as well as a AU\$1 million milestone payment based on clinical trial recruitment. It will be interesting to see how Pfizer brings this presumably very valuable asset and capability to the broader, international market.



Karl Hess

Managing Director
Outcome Capital, LLC
khess@outcomecapital.com



The logo for HISTION, with the word "HISTION" in a blue, serif font, where the "H" is stylized with a vertical line through it.

Target

Undisclosed

Deal Size

The logo for inotiv, with "inotiv" in a lowercase, sans-serif font, where the "o" is orange and the "i" is blue. Below it, the tagline "analyze. answer. advance." is written in a smaller, lowercase font, and "Buyer" is written below that.

“ Long-term business relationship between Inotiv and Histion provided the backbone for this acquisition. The relationship between smaller Histion and a larger, rapidly growing Inotiv proved to be an important consideration when evaluating this bolt-on acquisition. The transaction is an example of partners understanding their synergies and coming together to solidify Inotiv’s strategic initiative to expand into the medical device testing market. ”



Craig Steger

Senior Vice President
Outcome Capital, LLC

csteger@outcomecapital.com



OUTCOME CAPITAL | LIFE SCIENCES MARKET PULSE

Big Data Poised To Upend Healthcare Norms



Target

\$150M

Deal Size

SoftBank Vision Fund



BlackRock

KKR

Investors

SPARK CAPITAL



Fondly described as a “Moneyball-style” approach to healthcare analytics, Clarify typifies the sort of market-aligned, technology-enabled, analytics-driven platform technology long sought after by physicians, hospitals and payers alike. Interestingly, Clarify has attracted the interest of premier asset managers and investors, oftentimes associated with “unicorn-like” end results. Likewise, it would be unsurprising to see consolidation commence by well-capitalized players in this space, such as Clarify.



Thomas Busby

Vice President

Outcome Capital, LLC

tbusby@outcomecapital.com



Regeneron Bolsters Immuno-Oncology Pipeline



Target

\$250M

Deal Size

REGENERON

Buyer

“

Regeneron's (NASDAQ: REGN) acquisition of Checkmate Pharmaceuticals (NASDAQ: CMPI), a clinical-stage immuno-oncology company, comes one year after the parties entered into a clinical supply agreement for a combination trial with LIBTAYO. Through the acquisition, Regeneron strengthens their portfolio with a clinical-stage asset for T-cell activation to improve efficacy of immune-checkpoint inhibitors in refractory cancers. However, looking at the transaction more broadly, this may be a leading indicator for how the industry is going to develop given the recent market correction. Checkmate effectively went public in the summer of 2020 when the IPO window was open for early-stage biotechnology companies. They then went to establish two clinical collaborations with BMS and Regeneron and had a peak market capitalization of \$350 million. Due to broader market correction, Checkmate was recently trading with a market cap ~\$50 million prior to the announcement of the \$250 million acquisition. As many other clinical-stage biotech's are in similar positions, will we see an acceleration of acquisitions of companies that recently went public? We think so.

”



Nick Frame, PhD

Senior Associate

Outcome Capital, LLC

nframe@outcomecapital.com





April 2022 | Transaction Lineup

OUTCOME CAPITAL | LIFE SCIENCES MARKET PULSE

April 2022 Transaction Lineup



Date	Target	Buyer/ Investor	Target Description	Deal Type	Deal Value (\$M)	Up-Front Payment (\$M)	Vertical
4/4/22	CartiHeal	bioventus®	Developer of Agili-C implant as a cost-effective solution for cartilage regeneration & bone remodeling to delay total knee replacement.	M&A	450	315	MedTech
4/4/22	ALTHEA ^{Dx}	CASTLE BIOSCIENCES	Commercial-stage molecular diagnostics company specializing in PGx testing services focused on mental health.	M&A	140	65	Diagnostics
4/5/22	NATURAL MACHINES	Takeda	Collaboration to research & develop proteins that could be incorporated into next-generation gene therapies for up to 4 rare disease targets.	Partnership	400	Undisclosed	Biotech / Pharma
4/5/22	Clarify	SoftBank Vision Fund BlackRock SPARK CAPITAL SIGMA KKR MEMORIAL RIVAS INSIGHT PARTNERS	Value-based payment & analytics platform designed to deliver better care, therapies & outcomes with actionable insights.	Financing	150	N/A	HealthTech
4/6/22	HARBOUR BIOMED	AstraZeneca	Global out-license agreement to develop & commercialize novel bispecific antibody generated from HCAB-based engagers.	Partnership	350	25	Biotech / Pharma
4/6/22	FORSIGHT ROBOTICS.	adani	Developer of intuitive ophthalmic surgery system to deliver high-precision, cost-effective procedures preventing blindness.	Financing	20	N/A	MedTech



OUTCOME CAPITAL | LIFE SCIENCES MARKET PULSE

April 2022 Transaction Lineup



Date	Target	Buyer/ Investor	Target Description	Deal Type	Deal Value (\$M)	Up-Front Payment (\$M)	Vertical
4/11/22	Resapp HEALTH	Pfizer	Developer of machine-learning based app to analyze coughs & breathing to detect a wide range of respiratory diseases.	M&A	74	74	HealthTech
4/13/22	NanoHive Medical	Undisclosed Investors	Developer of innovative 3D-printed spinal interbody fusion implants providing new surgical approach for enhanced outcomes.	Financing	Undisclosed	Undisclosed	MedTech
4/13/22	SIERRA ONCOLOGY	gsk GlaxoSmithKline	Late-stage biopharma company focused on targeted therapies for treating rare forms of cancer.	M&A	1,900	1,900	Biotech / Pharma
4/18/22	natus	ArchiMed	Developer of medical device solutions to screen, diagnose & treat disorders impacting the brain, neural pathways & nervous system.	M&A	1,200	1,200	MedTech
4/19/22	sionna	OrbiMed TPG CYSTIC FIBROSIS FOUNDATION RACAPITAL ATLAS VENTURE	Developer of pipeline of first-in-class small molecules designed to fully restore function of the cystic fibrosis transmembrane conductance regulator.	Financing	111	N/A	Biotech / Pharma
4/19/22	CHECKMATE PHARMACEUTICALS	REGENERON	Clinical-stage biopharma company focused on proprietary technology leveraging the immune system to combat cancer.	M&A	250	250	Biotech / Pharma

[Hyperlinked
to Press
Release](#)



MedTech



Biotech/Pharma



HealthTech



Diagnostics



Life Science Tools



Services

OUTCOME CAPITAL | LIFE SCIENCES MARKET PULSE

April 2022 Transaction Lineup



Date	Target	Buyer/ Investor	Target Description	Deal Type	Deal Value (\$M)	Up-Front Payment (\$M)	Vertical
4/19/22	Kogent Surgical Katalyst Surgical, LLC	ZEISS	2 manufacturers of surgical instruments to scale the business & further strengthen position as complete solution provider.	M&A	Undisclosed	Undisclosed	MedTech
4/19/22	TESSERA	ADIA APFC Flagship Pioneer SALT T.RowePrice MARCH SoftBank Vision Fund Hanwha Impact	Biotech company pioneering novel gene writing approach to create curative, scalable & easily-administered genetic medicines.	Financing	300	N/A	Biotech / Pharma
4/20/22	toothpic	QUIP	Teledental company connecting patients to dentists through its network & providing actionable insights for enhanced care.	M&A	Undisclosed	Undisclosed	HealthTech
4/25/22	HISTION	inotiv analyze. answer. advance.	Provider of preclinical lab services specializing in histopathological evaluation of medical devices.	M&A	Undisclosed	Undisclosed	Services
4/26/22	biofourmis	SoftBank Vision Fund SEQUOIA edbi openspace MassMutual Ventures	Developer of clinically-validated, software-based therapeutics to treat & manage patients with unmet clinical needs.	Financing	100	N/A	HealthTech
4/27/22	ACUTUS MEDICAL (Select Assets)	Medtronic	Left-heart access portfolio composed of sheath-compatible septal crossing devices & integrated devices.	M&A	50	50	MedTech

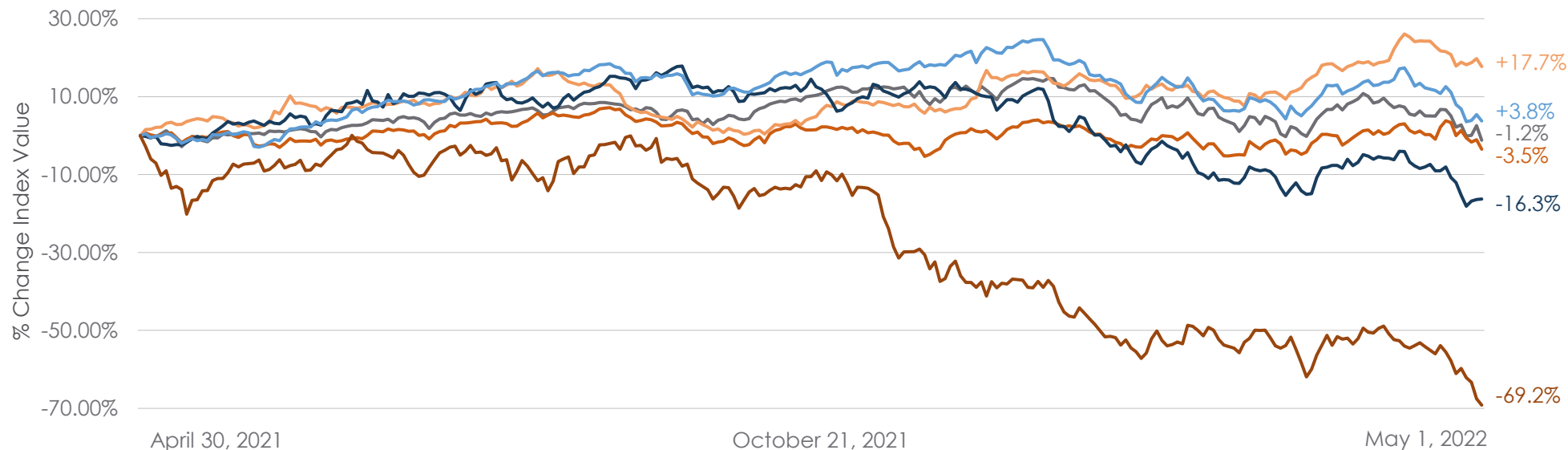


Outcome Index Tracker

OUTCOME CAPITAL | LIFE SCIENCES MARKET PULSE



Outcome Capital Index Tracker (LTM)





OUTCOME
CAPITAL

PULSE



99 High Street
Suite 2900
Boston, MA 02110
(703) 225-1500

Reach the Right Outcome

www.outcomecapital.com

