



## Outcome Capital Life Sciences Market Pulse

July 2022

Reach the Right Outcome



[www.outcomecapital.com](http://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, biopharma, diagnostics, services & healthtech indices benchmarked to the S&P500



## Highlighted Transactions

## Roche Bolsters Focus On Advanced Therapies For Ophthalmic Disease

Avista<sup>TX</sup>

Target

\$1.0B

Deal Size



Partner



*The partnership between Roche and Avista Therapeutics to develop innovative viral gene therapies is further reinforcement of Roche's ophthalmology franchise. Through Genentech's deal with Lineage Cell Therapeutics (2021) and the acquisition of Spark Therapeutics (2019), Roche has been active in their pursuit of advanced therapies to treat ophthalmologic disease (i.e., antibodies and cell/gene therapies). Despite Roche having doubled down in this space with the potential \$1B deal with Avista, ophthalmic gene therapies have had recent clinical failures highlighting the inherent biological risks. With only \$7.5M in an upfront payment, Roche has a minimal outlay of cash as they look towards the blockbuster potential to follow in the footsteps of Luxturna.*



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Target

\$290M

Deal Size



Partner

“

Merck & Co. has added another clinical-stage drug to its oncology pipeline via a licensing agreement with Finland's Orion for ODM-208, a prostate cancer candidate currently in Phase II testing. Merck already has an extensive clinical development program for prostate cancer and is a player in Metastatic Castration-Resistant Prostate Cancer (mCRPC) with AstraZeneca-partnered PARP inhibitor Lynparza (olaparib), which was approved for that indication in 2020, although its efforts to position cancer immunotherapy Keytruda (pembrolizumab) have so far resulted in failure. A combination of Keytruda and Lynparza proved to be ineffective in mCRPC in the KEYNOTE-365 trial, but Merck is still evaluating the pairing of its immunotherapy with Eisai-partnered VEGF/FGFR inhibitor Lenvima (lenvatinib) in this setting. Meanwhile, Merck is also working with Seagen on the development of antibody-drug conjugate ladiratuzumab vedotin – both alone and in combination with Keytruda – for prostate cancer as well as other solid tumors. ODM-208 has the potential to complement their existing programs in prostate cancer. For Orion, the licensing deal represents another successful cancer deal with a Big Pharma, having previously worked with Bayer to develop Nubeqa, an oral androgen receptor inhibitor that won FDA approval for prostate cancer in 2019.

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TARUS THERAPEUTICS

Target

\$53M

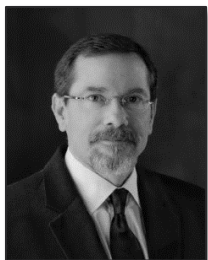
Deal Size



Buyer



You'll see lots of business development activity these days focused on Immune Checkpoint Inhibitors (ICI) such as Keytruda, Opdivo, etc. All of this activity has to do with trying to improve cancer therapy outcomes by interfering with a tumor's immunosuppressive activity. Some of the ICI assets we see gaining traction in BD deals include antibodies to CD39 or CD73. What these two targets have in common is their downstream effect of suppressing immune cells by increasing adenosine production and signaling. Adenosine receptors are exactly what Tarus Therapeutics has developed a pipeline of assets against, and that is why Portage has acquired them. In a deal worth up to \$53 million, Portage adds Tarus's four assets in this class to its own pipeline of adenosine antagonists. Make no mistake about it – Portage is now an immuno-oncology company with a robust pipeline of assets focused on inhibiting adenosinergic pathways more than any other company I am aware of, and this is likely to put Portage itself on the M&A radar of bigger players.



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## Heart Health Is Hot For Funding & Acquisition



Target

\$223M

Deal Size



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Cleerly, a digital health company, “creating a world without heart attacks,” closed an oversubscribed Series C round of \$223MM with a post-money valuation of roughly \$1B plus, bringing their fundraising total to \$281MM since their Series A in August of 2017. The large raise (from a rather diverse syndicate including Fidelity, Novartis, Cigna Ventures, LRVHealth and Peter Thiel, among others) is further proof that funds are flowing freely to the cardiology care and virtual care spaces, with both private equity and venture capital firms looking to capitalize on the high-cost and highly fragmented sector by acquiring cardiology practices at scale and investing in firms that leverage machine intelligence, like Cleerly. The large round will enable Cleerly to grow and expand in numerous ways – in particular across its commercial function – including investment in additional large-scale outcomes research to establish it as the standard of care supporting physicians through personalized evaluation and treatment of heart disease. Cleerly has more than a dozen ongoing multicenter clinical trials, including an international registry enrolling more than 100,000 patients over the next decade – making it the largest cardiovascular phenotype outcomes study ever performed.

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## Continued M&A Strategy For Emerging Pharma Services Provider



Target

\$11M

Deal Size



*As we have seen in the pharma services space, size does matter, and larger CROs can capture and retain clients longer in a highly-competitive market. Protypia is a strategic acquisition that expands Inotiv's technologies into tissue-based protein analysis which is critical when transitioning from research to pre-clinical or clinical studies. Inotiv has been using an aggressive M&A strategy to grow their pharmaceutical services business over the past 2 years, having put ~\$770M to work, completing 11 transactions. This strategy has increased their revenues by ~3x and their EBITDA by ~14x, making them both more stable in the current economic environment, positioning Inotiv for continued growth.*



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❖ **one medical**

Target

**\$3.9B**

Deal Size

**amazon**

Buyer

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Amazon (NASDAQ: AMZN) rocked the primary care space with its nearly \$4B acquisition of One Medical. The ramifications of this transaction are significant and yet largely unknown. With nearly 800,000 people under their care, paying \$199/year, this novel primary care platform is now supported by one of the world's largest balance sheets attached to an entrenched tech player unintimidated by taking on the U.S. healthcare system's greatest challenges– all while retaining profitability. Look for Amazon to seek value-enhancing, tech-driven bolt-on technologies to enhance care, reduce costs and improve profitability.

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## Type 1 Diabetes Offers A New Frontier For Vertex Pharmaceuticals



**\$320M**  
Deal Size



Vertex Pharmaceuticals (NASDAQ: VRTX) is best known for their medicines to treat Cystic Fibrosis, but in recent years investors have begun to ask, "What's next?". With recent management changes and new R&D focus, positive clinical data and press has followed. Just this past June, Vertex released exciting data for their cell therapy, VX-8800, which offers a potential cure for Type 1 diabetes by introducing differentiated pancreatic islet cells. Vertex further strengthened their cell therapy portfolio through the July acquisition of ViaCyte for \$320M. ViaCyte, similar to Vertex, is developing a stem cell-derived approach for pancreatic cell replacement therapy, which has reported promising preliminary clinical results. Through this acquisition, Vertex has positioned themselves to be the future leader in the treatment of Type 1 diabetes, with a potential functional cure.



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## Xilis Inks Series A Extension To Fund MicroOrganoSphere Technology



**\$89M**  
Deal Size



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*Xilis, Inc. secured funding to continue the development of their MicroOrganoSphere (MOS) technology, providing precision tools that both dissect and predict responses to cancer therapy. Xilis seeks to enable effective treatment and drug discovery by assessing a patient's complete disease state and response to therapy by using patient samples to create micro-tumors in the lab. A series of assays are performed on these micro-tumors in turn generating response readouts with predictive values. FPV Ventures led the Series A extension alongside a syndicate of other leading Biotech VCs. Developing therapies for cancer is akin to addressing evolution itself by navigating an ever-changing genetic and environmental landscape. These investors are betting on Xilis' MOS technology to solve this problem by neutralizing the confounding effects of tumor microenvironment heterogeneity on therapy efficacy.*

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July 2022 | Transaction Lineup

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## July 2022 Transaction Lineup



Date	Target	Buyer/ Investor	Target Description	Deal Type	Deal Value (\$M)	Up-Front Payment (\$M)	Vertical
<a href="#">7/1/22</a>	INSTITUT MERIEUX		Long-term partnership supporting development of innovative solutions for global health issues.	Partnership	848	283	Diagnostics
<a href="#">7/5/22</a>	TeneoTwo, Inc.		Developer of early-stage experimental treatment medicines for blood cancers specifically B-cell non-Hodgkin lymphoma.	M&A	1,265	100	Biotech / Pharma
<a href="#">7/5/22</a>	SKYHAWK THERAPEUTICS		Collaboration to discover & develop novel small molecules that modulate RNA splicing for oncology & immunology targets.	Partnership	2,054	54	Biotech / Pharma
<a href="#">7/6/22</a>	TARUS THERAPEUTICS		Developer of 4 drug candidates targeting adenosine receptor pathways for cancer treatment.	M&A	53	21	Biotech / Pharma
<a href="#">7/6/22</a>	INSIGHT MEDICAL SYSTEMS		Developer of the only FDA-cleared augmented reality solution for hip & knee replacement surgery.	M&A	Undisclosed	Undisclosed	MedTech
<a href="#">7/7/22</a>	Protypia		Bioanalytical company offering high-quality, targeted tissue-based protein & peptide mass spectrometry.	M&A	11	11	Services



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<a href="#">7/7/22</a>	meridian BIOSCIENCE*	SD BIOSENSOR SJL PARTNERS	Fully-integrated life sciences company developing a broad range of diagnostic products & raw materials.	M&A	1,520	1,520	Diagnostics
<a href="#">7/11/22</a>	VIACYTE®	VERTEX	Biotech company focused on delivering novel stem cell-derived cell replacement therapies as a functional cure for Type 1 diabetes.	M&A	320	320	Biotech / Pharma
<a href="#">7/12/22</a>	Accelus	CONCORD HEALTH PARTNERS	Developer of an innovative portfolio of implants, instruments, biologics & technologies addressing the clinical challenges of spinal surgery.	Financing	12	N/A	MedTech
<a href="#">7/13/22</a>	ORION	MERCK	Global development & commercialization agreement for drugs targeting cytochrome, an enzyme important in steroid production.	Partnership	290	290	Biotech / Pharma
<a href="#">7/13/22</a>	xilis	FPV  G  Felicis  Alix TST Life Sciences  Pear  MUBADALA TWO SIGMA  Duke  ANGEL NETWORK ALEXANDRIA Venture Investments  CATALIO CAPITAL MANAGEMENT	Biotech company developing MicroOrganoSphere technology to guide precision therapy for cancer patients & accelerate drug discovery/development.	Financing	89	N/A	Biotech / Pharma
<a href="#">7/19/22</a>	AVISTA <sup>TX</sup>	Roche	Partnership to develop novel AAV gene therapy vectors for the eyes using Avista's internal pipeline of novel capsids.	Partnership	1,000	7.5	Biotech / Pharma

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Release](#)



MedTech



Biotech/Pharma



HealthTech



Diagnostics



Life Science Tools



Services

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<a href="#">7/20/22</a>	MMI	DEERFIELD <sup>®</sup> RACAPITAL <sup>®</sup> andera <sup>®</sup> BIOSTAR <sup>®</sup> Sambatech FOUNTAIN PANAKES	Developer of robotic system that enables surgeons to achieve better outcomes in microsurgery.	Financing	75	N/A	MedTech
<a href="#">7/21/22</a>	one medical	amazon	Technology-powered national primary care platform offering affordable & accessible healthcare services.	M&A	3,900	3,900	HealthTech
<a href="#">7/21/22</a>	ARS PHARMA	SILVERBACK <sup>®</sup> THERAPEUTICS	Combined entity focused on regulatory approval & commercialization of investigational epinephrine nasal spray for allergic reactions.	M&A	267	267	Biotech / Pharma
<a href="#">7/25/22</a>	OpenEye SCIENTIFIC	cadence <sup>®</sup>	Provider of computational molecular modeling & simulation software used by biotech/pharma companies for drug discovery.	M&A	500	500	Biotech / Pharma
<a href="#">7/25/22</a>	cleerly	TRowePric Fidelity VIDA LRV PIPER SANDLER breyercapital MIRAE ASSET VENSANA NOVARTIS digiTx Cigna SANDS CAPITAL	Developer of FDA-cleared, value-based diagnostic solution enabling comprehensive phenotyping of coronary artery disease.	Financing	223	N/A	HealthTech
<a href="#">7/28/22</a>	MNGHealth Empowering Confident Care	WebMD <sup>®</sup> health services	Delivers technology-enabled marketing solutions for life sciences brands using its connected ecosystem & proprietary data insights.	M&A	Undisclosed	Undisclosed	Services

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MedTech

Biotech/Pharma

HealthTech

Diagnostics

Life Science Tools

Services

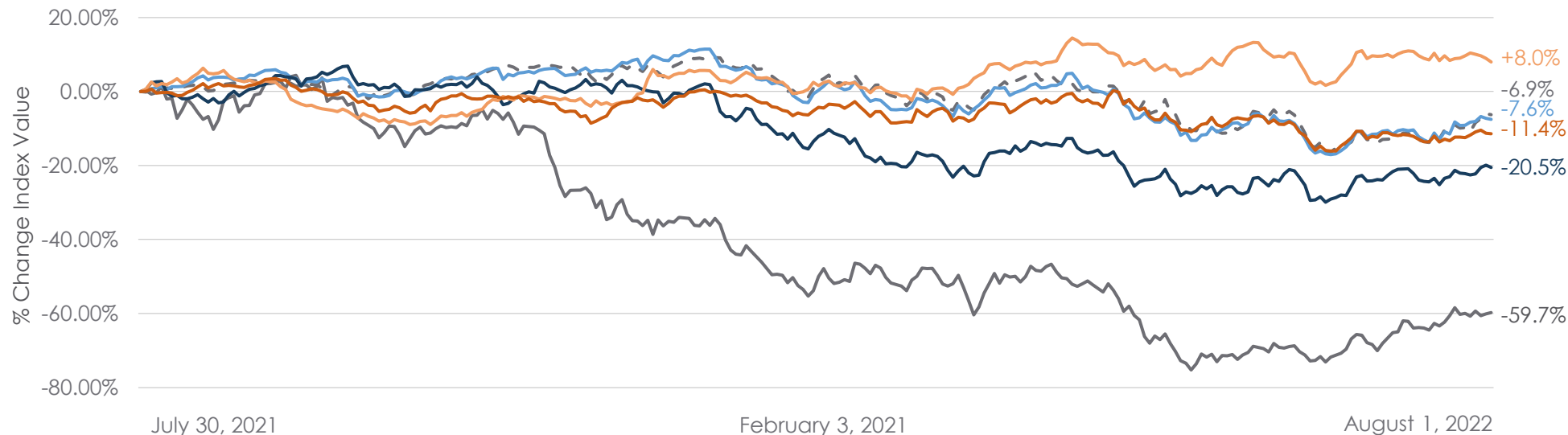


## Outcome Index Tracker



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## Outcome Capital Index Tracker (LTM)





**OUTCOME**  
**CAPITAL**

PULSE



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