



Outcome Capital Life Sciences Market Pulse

September 2023

Reach the Right Outcome



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OUTCOME CAPITAL | LIFE SCIENCES MARKET PULSE

Market Trends & Strategic Transactional Insights



Outcome Capital At A Glance...

A highly-specialized life sciences & healthcare 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 Sciences Verticals:

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

Transaction Focus:

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

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

Outcome Index Tracker

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

Transaction Lineup

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

Highlighted Transactions

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



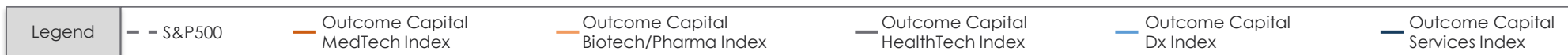
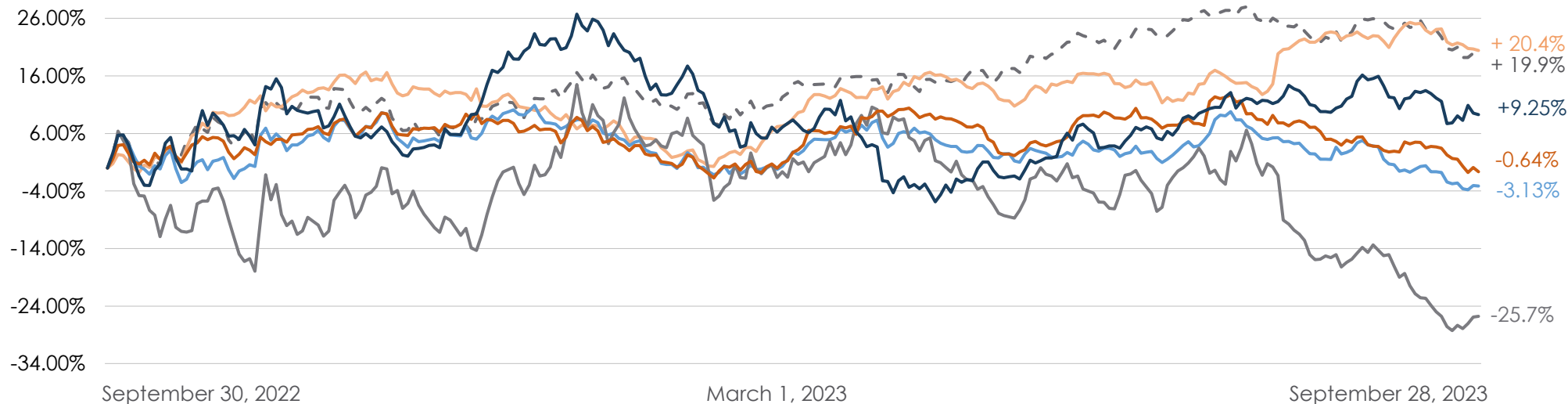
Outcome Index Tracker



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Outcome Capital Index Tracker (LTM)



Outcome Capital MedTech Index

Outcome Capital Biotech/Pharma Index

Outcome Capital HealthTech Index

Outcome Capital Diagnostics Index

Outcome Capital Services Index















September 2023 | Transaction Lineup

OUTCOME CAPITAL | LIFE SCIENCES MARKET PULSE

September 2023 Transaction Lineup



| Date | Target | Buyer/ Investor | Target Description | Deal Type | Deal Value (\$M) | Up-Front Payment (\$M) | Vertical |
|--------------------------|--|--|---|-----------|------------------|------------------------|--------------------|
| 9/1/2023 |  |  | Drug discovery company focused on psychedelic treatments for neurological & psychiatric disorders | M&A | \$59 | \$59 | Biotech/ Pharma |
| 9/5/2023 |  |  | Developer of smart insulin management system capable of reliable dosing recommendations | M&A | Undisclosed | Undisclosed | MedTech |
| 9/6/2023 |  |  | Developer of gene therapies focused on treating neurodegenerative & metabolic diseases | M&A | Undisclosed | Undisclosed | Biotech/ Pharma |
| 9/6/2023 |  |  | Medical device developer of Optilume®, a drug-coated balloon for use in interventional urology | M&A | \$600 | \$255 | MedTech |
| 9/6/2023 |  |  | Drug discovery company developing small molecules to treat cancer, autoimmune & metabolic diseases | Financing | \$210 | N/A | Biotech/ Pharma |
| 9/6/2023 |  |  | Developer of Versius®, a small, modular & versatile robotic system for minimal access surgery (MAS) | Financing | \$165 | N/A | MedTech |

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 MedTech

 Biotech/Pharma

 HealthTech

 Diagnostics

 Life Science Tools

 Services

OUTCOME CAPITAL | LIFE SCIENCES MARKET PULSE

September 2023 Transaction Lineup



| Date | Target | Buyer/ Investor | Target Description | Deal Type | Deal Value (\$M) | Up-Front Payment (\$M) | Vertical |
|---------------------------|--------|--------------------|--|--------------|---------------------|---------------------------|--------------------|
| 9/6/2023 | | | Developer of AI-powered cancer diagnostics for enhanced efficiency in digital pathology in hospital settings | Financing | \$55 | N/A | Diagnostics |
| 9/7/2023 | | | Developer of discovery engine for targeted biology & ligand discovery using precision radiopharmaceuticals | Financing | \$175 | N/A | Biotech/ Pharma |
| 9/7/2023 | | | Developer of targeted protein modulation drugs to treat hematologic malignancies & solid tumors | Partnership | \$3,460 | \$60 | Biotech/ Pharma |
| 9/12/2023 | | | Developer of innovative next-generation sequencing-based precision oncology solutions | M&A | Undisclosed | Undisclosed | Diagnostics |
| 9/19/2023 | | | Medical device developer of Intracept® Intraosseous Nerve Ablation System to treat vertebrogenic pain | M&A | \$850 | \$850 | MedTech |
| 9/20/2023 | | | Developer of peptide discovery platform system leveraging novel macrocyclic peptide-radioisotopes | Partnership | \$1,040 | \$40 | Biotech/ Pharma |

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MedTech

Biotech/Pharma

HealthTech

Diagnostics












Life Science Tools

Services

OUTCOME CAPITAL | LIFE SCIENCES MARKET PULSE

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| Date | Target | Buyer/ Investor | Target Description | Deal Type | Deal Value (\$M) | Up-Front Payment (\$M) | Vertical |
|---------------------------|---|---|---|--------------|---------------------|---------------------------|--------------------|
| 9/20/2023 |  DAYZERO DIAGNOSTICS | Undisclosed | Whole-genome sequencing & artificial intelligence application to combat antibiotic-resistant infections | Financing | \$16 | N/A | Diagnostics |
| 9/20/2023 |  Exscientia |  MERCK | AI-driven precision drug design & discovery capabilities for use in oncology & neuroinflammation | Partnership | \$694 | \$20 | Biotech/ Pharma |
| 9/20/2023 | Benevolent^{AI} |  MERCK | Leader in development of advanced AI dedicated to accelerating biopharma discovery | Partnership | \$594 | Undisclosed | Biotech/ Pharma |
| 9/20/2023 |  Inbound Health |  flare capital partners  HealthQuest CAPITAL  McKesson Ventures | At-home care enablement platform offering hospital-level acute & post-acute care | Financing | \$30 | N/A | HealthTech |
| 9/20/2023 |  ORIONIS™ BIOSCIENCES |  Genentech <small>A Member of the Roche Group</small> | Developer of integrated drug discovery & chemical biology platform targeting major disease areas | Partnership | \$2,047 | \$47 | Biotech/ Pharma |
| 9/20/2023 | Valo |  novo nordisk® | Discovery & development of new treatments for cardiometabolic diseases using human data & AI | Partnership | \$2,760 | \$60 | Biotech/ Pharma |

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MedTech



Biotech/Pharma



HealthTech



Diagnostics



Life Science Tools



Services

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| Date | Target | Buyer/ Investor | Target Description | Deal Type | Deal Value (\$M) | Up-Front Payment (\$M) | Vertical |
|---------------------------|--------|--------------------|---|--------------|---------------------|---------------------------|--------------------|
| 9/25/2023 | | | Early-stage rare disease gene therapy portfolio to develop next-generation genomic medicines | Partnership | \$1,000 | Undisclosed | Biotech/ Pharma |
| 9/26/2023 | | | Biopharma company focused on rare & serious liver disease and developing leading Ocaliva medicine | M&A | \$1,176 | \$1,176 | Biotech/ Pharma |
| 9/27/2023 | | | Proprietary RNA technology to advance discovery & development of novel RNA molecules | Partnership | \$331 | Undisclosed | Biotech/ Pharma |
| 9/27/2023 | | | Global orthopedic company developing digital innovations & patient-tailored hardware | M&A | \$844 | \$741 | MedTech |
| 9/27/2023 | | | Biotech company developing generative AI-powered drug discovery platform | Financing | \$81 | N/A | Biotech/ Pharma |
| 9/27/2023 | | | Early-stage programs for RNA-targeting investigational medicines for Alzheimer's & Huntington's Disease | Partnership | \$60 | \$60 | Biotech/ Pharma |

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MedTech

Biotech/Pharma

HealthTech

Diagnostics

Life Science Tools

Services



Highlighted Transactions

Boston Scientific Brings In First-In-Class Device To Enhance Neuromodulation Business

relievant

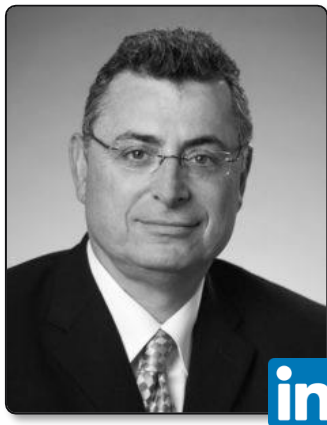
Target

\$850M

Deal Size

Boston
Scientific

Buyer



Oded Ben-Joseph, PhD, MBA

Managing Partner

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“

Boston Scientific followed up their 2023 investor day, where tuck-in M&A was highlighted as a focus for growth, with the acquisition of Relievant Medsystems & their Intracept System. Through the acquisition, Boston furthered the neuromodulation business' focus on commercializing products for large, under-penetrated markets. Intracept is the only FDA-approved product for vertebrogenic pain that effects ~5.3 million people in the U.S. Given the first-mover advantage, Relievant offers an ultra-growth product to complement a portfolio of solutions, including those acquired via Codman & Vertiflex, growing at between 5-8% CAGR. The Intracept system is expected to add \$70 million to top line sales, & likely more exciting to Boston, 50% YoY growth from 2023 to 2024. With Intracept, now owned by a MedTech giant, we can expect revenue to continue to ramp in upcoming years. For CEOs, this transaction is another example of how the MedTech segment is a feeder industry. Despite over \$210 million raised & being supported by blue chip MedTech investors, the company elected for M&A as opposed to investing significant capital to build a commercial channel & organically ramp sales; an investment that is often not recouped

”

Discovery & Development Of Novel Peptide-Radioisotope Drug Conjugates



\$1.04B
Deal Size



Ellen Baron, PhD

Managing Director
Outcome Capital, LLC
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“

PeptiDream will use its proprietary Peptide Discovery Platform System (“PDPS”) technology to discover, optimize, & develop macrocyclic peptide candidates for use as peptide-radioisotope drug conjugates against targets of interest to Genentech. PeptiDream will lead early preclinical development before transitioning peptide-RI drug conjugate products arising from the collaboration to Genentech for further development & commercialization. PeptiDream will retain the right to develop & commercialize such peptide-RI drug conjugate products in Japan. The new collaboration & license agreement builds upon the long collaborative relationship between the companies, which started with a multi-target collaboration & license agreement in December 2015, followed by Genentech licensing PeptiDream’s PDPS technology in 2016, & expansion of the companies’ collaboration in 2018. PeptiDream will receive \$40 million upfront for R&D of its macrocyclic peptide-radioisotope drug conjugates. Going forward, another \$1 billion is on the line in milestones plus tiered royalties of product sales. Back in March, Novartis hopped on Bicycle Therapeutics’ radio-conjugates ride with a \$50 million upfront payment & a further \$1.7 billion possible down the road. Novartis has positioned radiopharmaceuticals as a pillar of its oncology program. The Swiss pharma already has two marketed drugs, Lutathera & Pluvicto, for certain gastroenteropancreatic neuroendocrine tumors & prostate cancer, respectively.

”

Kriya Advances Gene Therapy Goals With Acquisition Of Tramontane Tx



Target

Undisclosed

Deal Size

Kriya

Buyer



Paul Mieyal, PhD, CFA
Managing Director
Outcome Capital, LLC
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“

Last year, Kriya raised \$270M & subsequently acquired Redpin Therapeutics. Following the same game plan, Kriya added \$150M this past July & has now acquired Tramontane. This transaction was facilitated by cross-pollination as the co-founder of Tramontane was already a scientific advisor to Kriya. Anchored bicoastally in the hubs of Silicon Valley & Research Triangle Park, Kriya has coalesced a gene therapy ecosystem with a proprietary computational platform, R&D, & in-house manufacturing infrastructure with aspirations to revolutionize how gene therapies are designed, developed, & manufactured, improving speed to market with significant reductions in cost. Though still early in development, Kriya has now broadened its pipeline of gene therapies for indications in ophthalmology, neurology, & metabolic diseases. To date, Kriya's vision has attracted over \$600M in total funding. Patient Square Capital led the most recent financing & has a significant presence on Kriya's board.

”

Day Zero Diagnostics Raises \$16M To Support Antibiotic-Resistance Infections



Target

\$16M

Deal Size

Undisclosed

Investors



Craig Steger

Director

Outcome Capital, LLC

csteger@outcomecapital.com

“

We continue to see the impact of ML & AI across the life sciences. Day Zero Diagnostics (DZD) is focused on addressing the worldwide issue of antibiotic-resistant infections recently closed their latest \$16M financing round. This funding will continue to support the development DZD's two-part diagnostic test which combines Keynome ID algorithm with their proprietary database to identify bacterial & fungal pathogens, with Keynome g-AST algorithm to determine the antibiotic resistance status of the pathogen, all within 8 hours. The use of AI to improve critical diagnostic procedures for patients with systemic infections while eliminating the over prescription of antibiotics will substantially impact overall healthcare costs.

”

Orthopedic M&A Continues To Roll As Enovis Snaps Up LimaCorporate

**LimaCorporate**
Orthopaedic motion

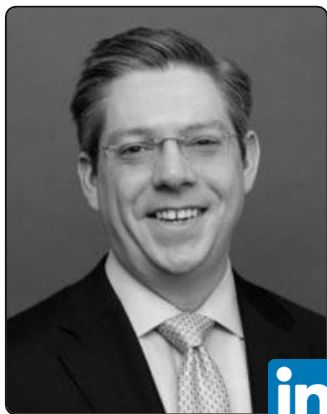
Target

\$844M

Deal Size

enovis™

Buyer



Thomas Busby, MBA
Senior Vice President
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“

On the heels of a series of middle market orthopedic deals, from OrthoFix & SeaSpine, to restor3d & Confirmis, Enovis takes the plunge with a strong acquisition rounding out their portfolio & providing a growth-mode entity to drive EPS. Competitors will likely be taking note, & those with strong balance sheets deploying similarly offensive M&A strategies. If the trend continues, we can expect the orthopedics market to look decidedly different than it does today.

”

After Early Investment, Laborie Completes Staged Acquisition Of Urotronic

UROTRONIC

Target

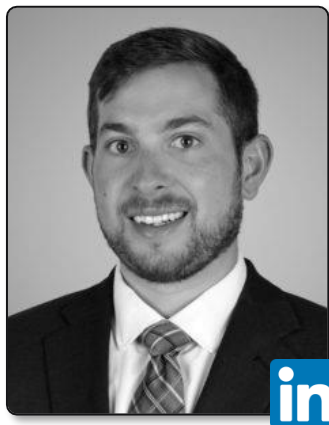
\$600M

Deal Size

Laborie⁷

FOR DIGNITY. FOR LIFE.

Buyer



Nick Frame, PhD

Vice President

Outcome Capital, LLC

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“

Last month, Laborie announced their \$600 million acquisition of Urotronic, a medical device company focused on developing therapeutic solutions for urethral strictures & benign prostate hyperplasia. Optilume®, an FDA-approved & CE-marked drug-coated balloon developed by Urotronic for use in urologic applications, will offer Laborie's sales reps another tool in the bag, to build on established urologist commercial channels. The acquisition of an approved & commercial portfolio is aligned with Laborie's corporate strategy which focuses on driving profitability, common of private equity backed entities. Notably, the acquisition highlights another example of mutually beneficial structured acquisitions within the MedTech industry. The success of the Urotronic & Laborie relationship is one that start-up companies should take notice of, demonstrating the tremendous value offered by early strategic investments. Laborie may also be looking to follow a similar model, making a corresponding equity investment in Urotronic spin-off, GIE Medical, as a part of this transaction. Don't be surprised if GIE is eventually part of Laborie.

”

Ginkgo & Pfizer Collaborate To Bring Novel RNA-Based Therapeutics To Market



Target

\$331M

Deal Size



Partner



Michael Casasanta, PhD

Associate

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mcasasanta@outcomecapital.com

“

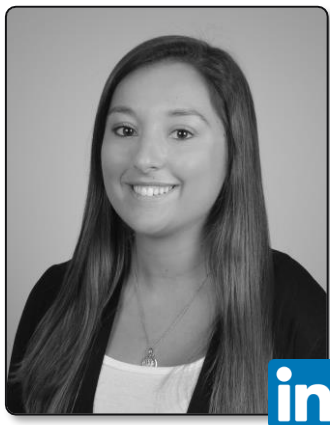
The global success of the Pfizer/BioNTech COVID vaccine proved to the world that RNA-based approaches to treat disease were ready for primetime. Continuing that success, Pfizer has entered a partnership with Synthetic Biology leader, Ginkgo Bioworks, to identify & commercialize the next RNA-based success. The deal, valued in excess of \$330M factoring in commercial & regulatory milestones, seeks to build on the success of previous RNA breakthroughs as the modality itself is somewhat de-risked & in search of new applications. Effective RNA therapeutics are dependent on a complex mix of product attributes including the maintenance of both complex stability & translation efficiency while keeping production costs in check. The latter being especially important for commercialization as company executives are laser focused on favorable margin profiles while the reimbursement picture crystallizes post-regulatory approval. To achieve all of this, Ginkgo plans to leverage technology acquired in last year's acquisition of Circularis, which aims to solve these exact problems. As with all things in the RNA therapeutics field, we are seeing rapid deployment of novel technologies by strategics to identify the next blockbuster drug. It comes as no surprise that Pfizer, an industry leader with a very healthy balance sheet following their COVID success, is at the forefront.

”

Surgical Robotics Continues To Garner Investor Interest



\$165M
Deal Size



Elena Bonetti

Senior Analyst

Outcome Capital, LLC

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“

This past month, CMR Surgical has raised an additional \$165M, bringing their total amount raised >\$1B. As a major competitor in the surgical robotics space, CMR's Versius robot mimics surgeons traditional practices with a minimized footprint to fit inside any operating setting. CMR's fundraised success over the years exemplifies the continued growth experienced in the surgical robotics market. With Intuitive Surgical as the market leader, there is an opportunity for emerging players like CMR Surgical to enter the space in untapped areas, in this case minimal access surgery. Further, leading investors, such as Ally Bridge Group & SoftBank Vision Fund's participation in the round signals confidence in the surgical robotic space, despite a more hesitant investor sentiment over the past few months. As emerging players like CMR continue to develop & commercialize their offerings, we will likely see a wave of consolidation in the segment in the coming years, as MedTech leaders will look to acquire these differentiated capabilities to maintain & advance market position.

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AI Drug Discovery Collaboration To Address Unsolved Drug Design Challenges



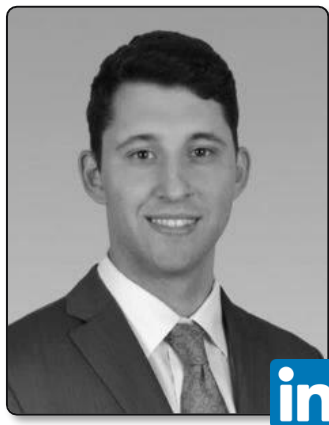
Target

\$694M

Deal Size

MERCK

Partner



Carey Gallant, MBA

Senior Analyst

Outcome Capital, LLC

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“

Adding to an already active 2023 for Merck KGaA, its latest AI Drug Discovery Collaboration with Exscientia represents the first of two recent partnerships hoping to accelerate drug discovery within the fields of oncology, neurology & immunology. With an upfront payment of \$20M, & potential \$674M in discovery & developmental milestones, this blockbuster engagement hopes to leverage strengths from both participants. Exscientia will be relied on to support discovery efforts through its proprietary Patient-First AI system; empowering target selection, precision design & experiment, as well as enhanced clinical assessment. Coupled with Merck KGaA's disease expertise within oncology & neuroinflammation, & upon the discovery of 3 potential best-in-class targets, both companies will provide support to advance targeted small-molecule clinical development. Highly synergistic with Merck KGaA's preferred discovery methods, & complimentary with its own AI-based drug discovery engine, this research collaboration aims to improve the probability of identifying drug-like molecules against a target. If successful, effective identification of best-in-class targets will reduce the need to synthesize & screen compounds for activity. It will be exciting to monitor future readouts this multi-year collaboration is poised to achieve.

”

Alfasigma Scores Intercept At A Fraction Of The Price

Intercept 

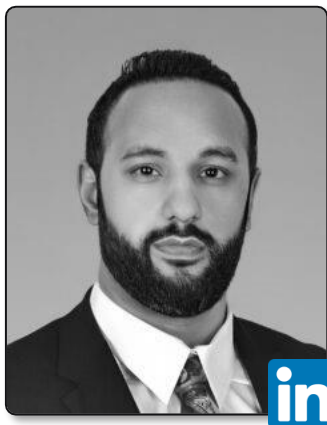
Target

\$1.2B

Deal Size

ALFASIGMA 

Buyer



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“

Three months after Intercept Pharmaceuticals received its second complete response letter, regarding the investigation of obeticholic acid for the treatment of fibrosis associated with nonalcoholic steatohepatitis, leading to the discontinuation of this particular indication, Alfasigma SpA, based in Bologna, Italy, made the strategic decision to acquire the company at a price of \$19 per share, involving a total cash transaction of approximately \$794 million. This move is advantageous for both parties. For Alfasigma, it marks an entry into the U.S. pharmaceutical market, while simultaneously expanding its product portfolio within the fields of gastroenterology & hepatology. For Intercept, this acquisition provides the essential resources & scalability required to continue the development & commercialization of its products. Intercept's flagship product, Ocaliva, is primarily indicated for the treatment of primary biliary cholangitis (PBC), a rare autoimmune liver disease. Furthermore, Ocaliva is in development as a treatment for nonalcoholic steatohepatitis (NASH), a more common liver disorder characterized by excessive fat accumulation in the liver. Intercept faced regulatory setbacks in its pursuit of NASH program approval, with the United States Food & Drug Administration (FDA) rejecting its application in June 2023. Despite the challenges encountered by Intercept, Alfasigma maintains unwavering confidence in this acquisition.

”

Merck Enters Strategic Collaboration To Accelerate Biopharma Discovery

Benevolent^{AI}

Target

\$594M

Deal Size

MERCK

Partner



Roisin O'Brien, PhD

Analyst

Outcome Capital, LLC

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“

Merck doubled their AI initiatives this month by engaging in a second partnership with an AI-powered drug discovery leader, BenevolentAI. The agreement outlines \$594M in payments from Merck, including a low double-digit million-dollar upfront and development milestones. BenevolentAI's technology will support Merck's drug discovery pipeline by efficiently testing small molecules against selected targets thereby increasing probabilities of moving successful candidates through clinical pipelines. Similar to Merck's deal with Exscientia, Merck and BenevolentAI will work together on three targets in cancer, neurology, neuroinflammation, and immunology. Notably, the partnership not only allows Merck to harness Benevolent's drug-discovery technology, but also compete under the increased pressure for leading biopharma strategics to partner with AI platforms for heightened therapeutic development and preclinical cost reduction.

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PULSE



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