



Outcome Capital: Quarterly Market Segment Report

Diagnostics Segment Overview | Q1 2024

Reach the *Right Outcome*



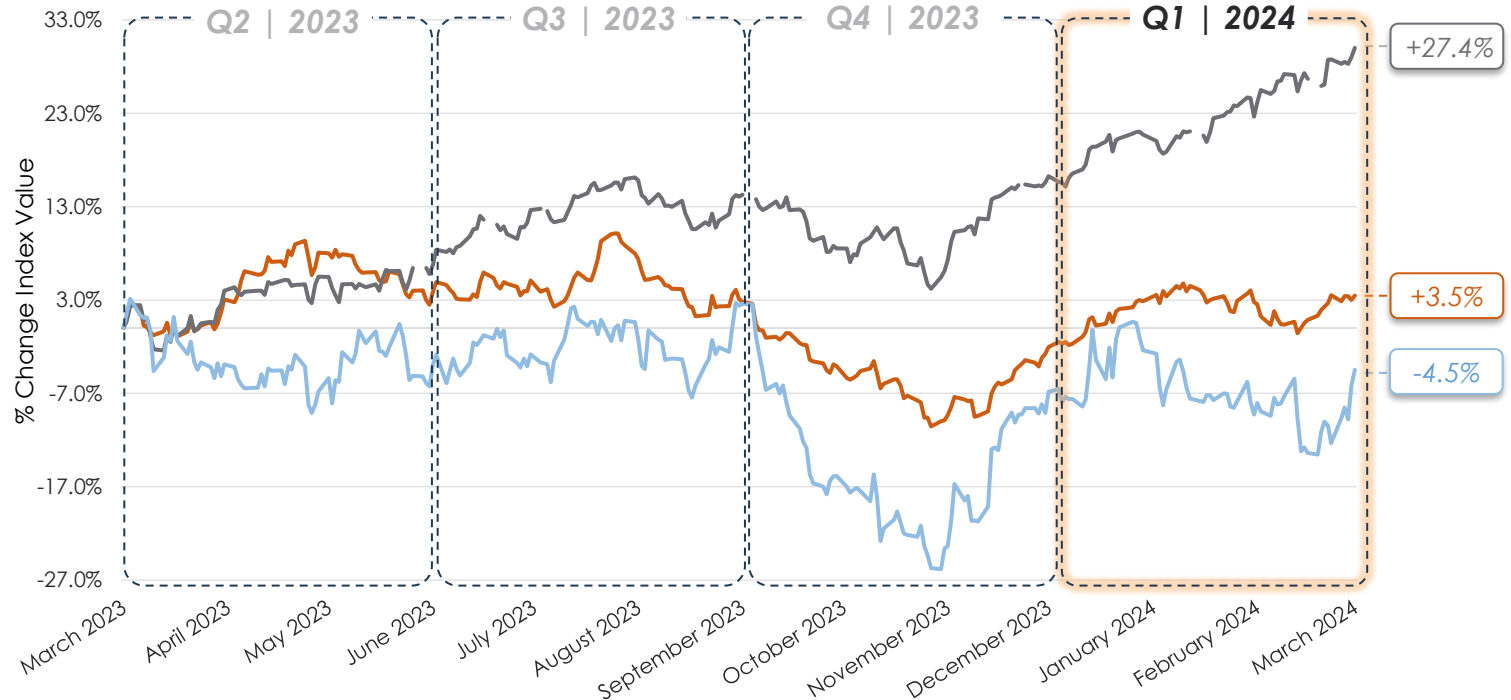
DIAGNOSTICS INDEX MARKET PERFORMANCE



Trailing-Twelve-Months (TTM) Review

Key Insights

- S&P500 currently outpacing broader diagnostics indices
- Noticeable shift towards cash preservation & exploring alternative financings through Q4 2023 into Q1 2024
- Ongoing advancement of proteomics fueled by precision medicine extends beyond oncology
- <\$10B Dx companies experienced a slight recovery in Q4 2023, indicating an improvement while Large Dx companies maintain their improved share price



Legend:

- S&P500 — Grey line
- <\$10B Diagnostics — Blue line
- >\$10B Diagnostics — Orange line

<\$10B Diagnostics Index

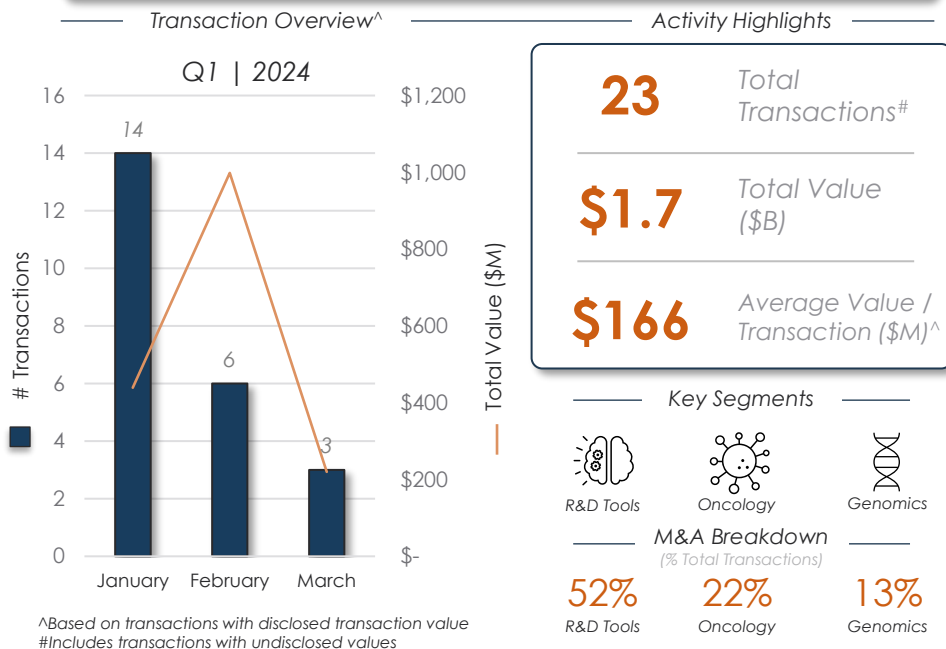
>\$10B Diagnostics Index

DIAGNOSTICS TRANSACTIONAL ACTIVITY

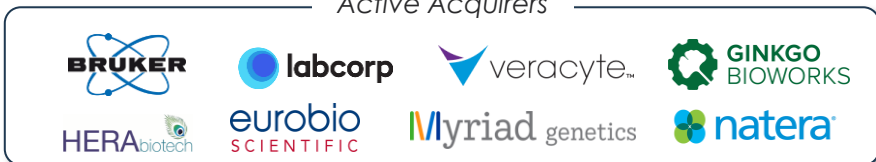
M&A Activity | Q1 2024



M&A Transactions Overview



Active Acquirers



Select M&A Transactions

TARGET	BUYER	DEAL SIZE	DESCRIPTION
ELITechGroup EMPOWERING IVD	BRUKER	\$943M	2/28/24 – Manufacturer of vitro diagnostic equipment and reagents
BioReference [*]	labcorp	\$220M	3/28/24 – Laboratory testing focused on clinical diagnostics & women's health
SOFIE From start to clinic	TRILANTIC CAPITAL PARTNERS NORTH AMERICA	\$139M	1/28/24 – Positron Emission Tomography (PET) radiopharmacy and CDMO
C2i Genomics	veracyte	\$94M	2/6/24 – Provider of a cancer treatment intelligence platform
INVITAE Certain reproductive assets	natera	\$53M	1/22/24 – Reproductive carrier screening & non-invasive prenatal screening

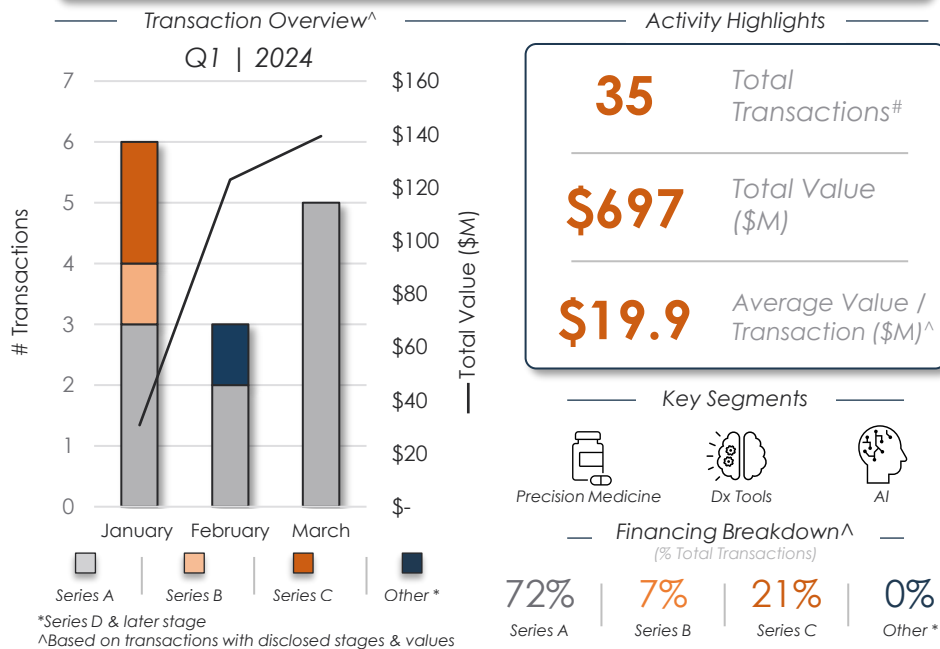
* Note: Deals volumes based on transactions between 1/1/24 – 3/31/24

DIAGNOSTICS TRANSACTIONAL ACTIVITY

Financing Activity | Q1 2024



Financing Transactions Overview



Key Participation



Select Financing Transactions

TARGET	LEAD	DEAL SIZE	DESCRIPTION
Freenome	Roche Venture Fund <i>Connecting Innovation to Value</i>	\$254M	2/15/24 – Developer of a multi-omics platform designed to detect cancer at an early stage
elephas	VENTURE INVESTORS WARF VENTURES <i>Invest-Develop-Partner</i>	\$55M	1/23/24 – Operator of a live tumor imaging diagnostics
ARTERA	Prosperity7 edbi WILSON SONSINI	\$20M	2/1/24 – Developer of AI-enabled predictive and prognostic cancer tests
BERTIS	dreamcis <i>A TIGERMED COMPANY</i> Premier Partners	\$15M	2/26/24 – Developer of AI-based diagnostic platform designed to diagnose cancer and cardiac diseases
BURST DIAGNOSTICS	Innosphere ventures ZYMO RESEARCH	\$2.4M	3/9/24 – Developer of point-of-care medical diagnostic device tests

* Note: Deals volumes & capital deployed based on transactions between 1/1/24 – 3/31/24

DIAGNOSTICS SEGMENT TRENDS

Outcome Leadership Insights & Takeaways

Diagnostic Segment Insights



Diagnostic segment slowly recovering from Pandemic

- Only ~4% of Q1 financings \$5M or greater in the life sciences segments were for Dx companies
- Little market appetite for core IVD technologies
- Renewed interest in imaging-based diagnostics



Precision Medicine still area of interest

- New disease areas emerging for precision medicine companies, including autoimmunity & neurology
- Cancer testing market proving to be hyper-competitive
- Protein based biomarkers signatures continue to emerge as focus for new Dx tests



Market players are rebalancing portfolios

- **Natera** acquires reproductive health assets from Invitae
- **Veracyte** acquires C2i Genomics for improved AI – powered MRD test
- **LabCorp** expands with acquisition of portion of BRL capabilities

Outcome Insights

“Companies focused on core in vitro Diagnostics are still regaining their footing in the post-pandemic world. These focused IVD companies are not getting the love from Wall Street like they once did – inconsistent quarterly revenues and lack-luster projections are having a negative impact. Unfortunately, this pressure may cause IVD companies to pull in spending, stifle innovation, and limit M&A across the segment. We have seen the impact recently regarding mediocre performance at QuidelOrtho, where the longtime CEO has resigned as the board is to shake up the management team and get the company back on track.”



Craig Steger

Director
Outcome Capital, LLC

DIAGNOSTICS TRANSACTION TRENDS

Outcome Leadership Insights & Takeaways



Diagnostic Transaction Value Drivers



Market value for diagnostic industry driven by stable cash flows has impacted innovation & slowed value creation



Accretive deals are sought; stable revenue & historical growth are major considerations



Negative impact of reimbursement uncertainty & potential new FDA regulations are affecting deal structure & pricing



Government oversight & blocking of proposed transactions has slowed some buyers & sellers from entering the market

Highlighted Diagnostic Transaction: Q1 | 2024



Target



Buyer

Date: Feb. 2024

Type: M&A

\$946M

Deal Value

Commercial

Deal Stage

Target Description:

An *in vitro* diagnostic company with commercial offerings for molecular, microbiology, biomedical & clinical chemistry diagnostics laboratories (under PAI Partners' ownership since 2017)

Transaction Insights

- Cash deal for select molecular diagnostics, biomedical & microbiology assets
- Estimated 2023 revenue ~\$150M w/ majority coming from MDx platforms: InGenius & BeGenius
- Synergistic offering with current MALDI Biotyper platform solidifies Bruker's position in infectious disease testing

OUTCOME CAPITAL

Strategic Advisory & Investment Banking



Outcome Capital is a highly specialized life sciences & healthcare strategic advisory and investment banking group.

Our team brings a unique blend of scientific training, operational experience and financial expertise to assist companies in developing a market-aligned strategy to catalyze M&A, partnership and financing transactions. Leveraging a “strategy-first” approach to value enhancement, our goal is to assist management teams and boards effectively navigate strategic and financial markets. Distinct from traditional financial institutions, Outcome’s team is a blend of PhD scientists, physicians, CFAs, MBAs, venture capitalists, former CEOs and seasoned entrepreneurs. Outcome’s DNA enables our bankers to relate to our clients, and speak directly to the technology, R&D pathway and commercial strategies from a first-hand perspective.

Outcome’s quarterly market reports provide an overview of deal activity in select segments across the life sciences and healthcare industries and is accompanied by specific drivers and trends insights from our team.

Please reach out to our team for further information.



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Leveraging our expertise across the life sciences value chain, we help management teams steer across complex environments, providing a multidisciplinary & multidimensional perspective aimed at creating optionality & reducing risk toward increased probability of a successful transaction




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