Acquiring and Partnering Assets: Insights Into BioPharma’s Matchmaking

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This presentation is designed to introduce and review various strategies used to conduct asset searches and engage in the partnering process. The insights we share herein are based on completed projects for several of our biopharmaceuticals clients. The content is not intended to support or refute specific approaches or methodologies described by other industry professionals.
Introduction and Background
Introduction

• In the past decade the healthcare industry has experienced an unprecedented revolutionary shift in its ability to provide transformative treatments to patients.
  – Areas within cancer are progressively becoming chronic, manageable diseases for which there are an increasingly greater number of targeted and personalized treatment options available.
  – Gene therapy and cell therapy, with a handful of notable approvals, have not only earned their place as viable modalities among the traditional small molecules and biologics, but are now poised to provide a truly curative rather than symptom-management approach to treating rare diseases.
  – Digital health, in the form of wearables and the first approved “digital pill”, will enable remote monitoring and streamlining of data exchange between physicians, payers and patients to improve non-adherence and, thereby, treatment outcomes and disease management, with the added hope of reducing the overall cost of treatments.

• The private investment community and public markets have clearly shown their enthusiasm for the healthcare industry by providing ample financial backing. This is exemplified by over 12 billion dollars invested by venture groups just last year alone and several notable Initial Public Offerings for companies whose assets have not even reached the clinical stage proof-of-concept.

• These trends, combined with reductions in internal R&D programs at pharma and continued interest in in-licensing or acquiring potential transformative product candidates, emphasizes the fact that searching for new therapeutic assets and finding partners for their development remains a viable value-creation option for companies with innovative science, a well-defined path from clinic to market and a creative reimbursement strategy.
Assets in development for oncological indications attract the most capital, a trend that has continued in the past three years and which has mostly been driven by therapeutic advances in immuno-oncology.

Aggregate Amounts Paid Upfront By Disease ($M) For Licensing Agreements Executed Between 2015 and 2017

Source: “Emerging Therapeutic Company Investment and Deal Trends” by D. Thomas and C. Wessel. 2018 Bio Industry Analysis; deals values at >$10MM
Biotech and Pharma – Differing Challenges

- With a few exceptions, most biotechnology companies (aka biotechs) are truly Research and Development (R&D) organizations that have been formed around a platform technology and which focus on asset-specific value construction.

- The risk-to-reward ratio for biotechs is impacted by the fact that funding is always finite and contingent upon clinical advancement in a world where failure is the norm.

- For a biotech company to become a commercial organization and shift its focus away from R&D/early clinical development to late-stage development and marketing operations constitutes a cultural evolution.

- Those who have made the strategic decision to become a fully integrated biopharma company often focus on commercializing assets in rare diseases, where building a sales force and establishing a relationship with patient advocacy groups can be achieved by a relatively small team.

- Asset partnering therefore continues to be an attractive growth strategy for many biotech companies, especially those with innovative platforms or multi-asset approaches.

- Pharmaceutical companies face several challenges as they consider pipeline expansion, including whether to invest in internal vs external innovation. A program that is brought in from the outside may effectively de-prioritize one that has been pursued internally. An increasing number of pharma organizations invest in their own-funded external science innovation groups to bridge that gap.

- The majority of late stage assets in big pharma’s pipelines are from biotech companies, a clear trend in R&D externalization. Additionally, in the past two decades in-licensed programs have delivered almost a two-fold higher rate of return in development versus in-house programs.1,2

- The desire to acquire and develop a blockbuster, multi-billion dollar pharmaceutical is no longer realistic. The goal now is to become either “best in class”, or “only in class” while meeting strategic corporate objectives and continuing to bring value to shareholders.

- In recent years it has become obvious that the healthcare system is moving towards a patient-centric, value-based approach with large commercial organizations, like big pharma, experiencing increasing pressure from regulators, payers, providers and patients.

- It is thus pertinent to select and then develop a product that has the biggest potential to address these challenges with the cleanest path to market.

Biotech usually consider three different options when licensing out their assets or platform technologies; options 1 and 2 are most likely, as is a hybrid approach that includes both 1 and 2.

### Typical Value Creation Business Development Models for Biotech Companies

<table>
<thead>
<tr>
<th>Scenarios</th>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>License out technology platform</td>
<td>• Low risk option when financial resources are limited</td>
<td>• Loss of control over the technology platform</td>
</tr>
<tr>
<td>• A biotech company licenses its platform technology to biopharma; the</td>
<td>• Provides validation needed to raise additional funds</td>
<td>• Selling before value of the platform is fully recognized</td>
</tr>
<tr>
<td>agreement may or may not include additional R&amp;D services.</td>
<td>• Milestone payments and small future royalties on sales may still apply and provide</td>
<td></td>
</tr>
<tr>
<td>• Biopharma partner commits resources to identify, clinically develop and</td>
<td>much needed cash</td>
<td></td>
</tr>
<tr>
<td>commercialize assets designed with that technology platform as future</td>
<td></td>
<td></td>
</tr>
<tr>
<td>pharmaceutical products.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>License out preclinical through clinical proof of concept (POC) assets</td>
<td>• Higher return on investment, as upfront payment alone may enable recovery of funds</td>
<td>• Longer time horizon than technology licensing; exposure to a greater level of risk,</td>
</tr>
<tr>
<td>• A biotech company uses its proprietary platform technology to develop</td>
<td>invested in development</td>
<td>which can be mitigated by a co-development or co-marketing arrangements</td>
</tr>
<tr>
<td>assets (small molecules, proteins, antibodies and other modalities)</td>
<td>• Should the asset become a successful product, additional commercial-stage milestones,</td>
<td>• Reasonable commercial efforts need to be enforced with the partner. Joint steering</td>
</tr>
<tr>
<td>• Upon achieving a reasonable development milestone, or POC, the asset</td>
<td>payments and/or royalties will be due</td>
<td>committee and alliance management become a necessity</td>
</tr>
<tr>
<td>or a portfolio of assets is then exclusively licensed out to a biopharma</td>
<td></td>
<td></td>
</tr>
<tr>
<td>company, who will develop it into a pharmaceutical product and take on</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the regulatory, commercial and marketing responsibilities.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop and commercialize internally-developed or acquired assets</td>
<td>• Attractive model when substantial investor backing exists, or when there is a well-</td>
<td>• Financial burden and risk exposure is greater than for the other two options, but can</td>
</tr>
<tr>
<td>• A biotech company creates their own pharmaceutical assets and then</td>
<td>established revenue stream from previously successful technology partnering or asset</td>
<td>be mitigated by co-development or co-marketing arrangements</td>
</tr>
<tr>
<td>subsequently becomes a fully-integrated biopharma company by developing</td>
<td>out-licensing</td>
<td></td>
</tr>
<tr>
<td>and commercializing these assets.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Selling Assets and Finding Partners

Most “buyers” (especially pharma) are flooded with incoming requests, reviewing several hundred opportunities annually. Prioritization thus becomes paramount.

For the “seller” (many biotech companies) it is important to understand the data and process requirements of a potential partner, how their existing pipeline can be complemented, and whether they are active in deal-making. It is also key to have the internal strategy defined for taking the asset out. Is straight out-license of rights for all territories and therapeutic applications desirable or would a co-development agreement make more sense perhaps because of internal expertise that resides within the seller organization?

To attract potential buyers, the asset’s information package has to meet certain threshold criteria in order to engage a partner in that first phone call or in-person meeting.

During the initial asset assessment stages, the key characteristics that a potential partner looks for are: compelling animal data in a model that closely recapitulates human disease state, human tissue or genetic, as well as transcription expression-related data that could drive biomarker selection strategy down the development road, and differentiation from the standard of care should a program move forward successfully in the clinic.

It is expected that a licensor (seller) will be able to answer the following fundamental questions:

- Is my company offering disruptive technology or platform?
- Is the biology novel? What is the biological mechanism of action and rationale?
- What is the unmet medical need? What are the current treatment options and how satisfied is the target patient population with the current treatment?
- What benefits does the asset provide?
- How does it stack up against the competition (efficacy, safety, dosing, and cost)?
- What is the future potential target audience or customer for this product?
- Even if at early stage of development, can an insight be offered into clinical development, commercial strategy and payers’ perspectives?

In our experience, the fastest way to derail any partnering discussions is to use poor animal models to demonstrate preclinical proof of principle, clinical endpoints that simply are not well thought out, patient populations that are poorly defined and selected for a trial, lack of intellectual property strategy or protection, or a lack of understanding of the competitive landscape and grandiose, unsupported claims of future market potential.
Checklist of Due Diligence Items
### Checklist of Due Diligence Items a “Buyer” Is Generally Looking For

#### Seller Background & Biological Rationale

<table>
<thead>
<tr>
<th>Key Information Category</th>
<th>List of Items</th>
</tr>
</thead>
</table>
| **Company and Asset Background** | - Corporate background (non-confidential and confidential presentations)  
- Funds raised and their source(s)  
- Management’s experience and expertise  
- Platform technology  
- Candidate/Program  
  - When was program initiated?  
  - Where there any previous owners?  
  - Was the asset acquired or built organically?  
- Developmental stage of the asset  
- Target product profile (TPP) |

Bluestar BioAdvisors works with clients to craft their stories by creating and modifying slide presentations, teasers and a TPP.

| Biological Rationale, Scientific Publications | - Pedigree (lead asset and follow-on or back-up molecules)  
- Mechanism of action and data supporting target engagement in a model of disease  
- Physicochemical properties (solubility and stability)  
- Bio-distribution and pharmacokinetics  
- Toxicology (GLP and non-GLP)  
- Unmet medical need  
- Primary disease target  
- Potential secondary disease target |

Bluestar BioAdvisors, by interviewing various stakeholders, assesses the strength of preclinical/clinical (if applicable) data in the context of competitive landscape and future market potential.
# Checklist of Due Diligence Items a “Buyer” Is Generally Looking For

## Intellectual Property, Competitive Landscape & Market Data

<table>
<thead>
<tr>
<th>Key Information Category</th>
<th>List of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Intellectual Property</strong></td>
<td>- Patents and patent applications in key geographies (composition of matter, methods and use)</td>
</tr>
<tr>
<td></td>
<td>- Freedom to operate analysis</td>
</tr>
<tr>
<td></td>
<td>- Trademarks</td>
</tr>
<tr>
<td></td>
<td>- Copyrights and design rights</td>
</tr>
<tr>
<td></td>
<td>- Exclusivity/third party involvement (if any)</td>
</tr>
<tr>
<td></td>
<td>- Know-how; trade secrets</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Market, Industry and Competitive Landscape</strong></th>
<th>List of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bluestar BioAdvisors analyzes competitive landscapes, conducts market assessment studies utilizing primary and secondary research to assist clients in addressing market potential for their assets, and provides insights into asset positioning with investors and partners</td>
<td>- Competitive landscape</td>
</tr>
<tr>
<td></td>
<td>- Description of markets and estimated market size</td>
</tr>
<tr>
<td></td>
<td>- Market needs</td>
</tr>
<tr>
<td></td>
<td>- Comparison to Standard of Care</td>
</tr>
<tr>
<td></td>
<td>- Product form [e.g.: NCE, NBE, 505(b)2]</td>
</tr>
<tr>
<td></td>
<td>- Post-marketing requirements</td>
</tr>
<tr>
<td></td>
<td>- Life cycle management strategy</td>
</tr>
</tbody>
</table>
### Clinical evidence & CMC

#### Key Information Category

<table>
<thead>
<tr>
<th>Clinical Evidence, Development Plan</th>
<th>List of Items</th>
</tr>
</thead>
</table>
| Bluestar BioAdvisors, by interviewing various stakeholders, assesses the strength of clinical data in addressing the unmet medical need, potential to impact standard of care, as well as the future potential for reimbursement | ✐ Clinical trial design  
  - Primary and secondary endpoints  
  - Proposed differentiation from placebo or comparator  
  - Size of the population/trial  
  - Patient enrollment rate – length of the trial  
  - Clinical data  
  - Efficacy, safety  
  - Biomarkers, companion diagnostic, if relevant |

<table>
<thead>
<tr>
<th>Chemistry, Manufacturing and Controls (CMC)</th>
<th></th>
</tr>
</thead>
</table>
| ☐ Data on synthesis, scalability and batch-to-batch consistency  
  ☐ Analytical methods  
  ☐ Manufacturing strategy and future plans  
  ☐ Drug substance and Drug product suppliers  
  ☐ Final product formulation |
## Pricing, Reimbursement & Financial Analysis

### Checklist of Due Diligence Items a “Buyer” Is Generally Looking For

<table>
<thead>
<tr>
<th>Key Information Category</th>
<th>List of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pricing and Reimbursement</strong></td>
<td>✗ Correspondence with regulatory agencies</td>
</tr>
<tr>
<td></td>
<td>✗ Regulatory incentives, if any (e.g.: orphan designation, fast track, breakthrough designation, various vouchers, tax credits)</td>
</tr>
<tr>
<td></td>
<td>✗ Real World Evidence study requirements, if appropriate</td>
</tr>
<tr>
<td></td>
<td>✗ Risk Evaluation and Mitigation Strategy program, if appropriate</td>
</tr>
<tr>
<td></td>
<td>✗ Timing of Phase IV, if any</td>
</tr>
<tr>
<td></td>
<td>✗ Pricing/Profit Margin Royalty</td>
</tr>
<tr>
<td></td>
<td>✗ Health economics data</td>
</tr>
</tbody>
</table>

Bluestar BioAdvisors, by interviewing payers, hospital administrators and other relevant stakeholders, evaluates the future potential for pricing and reimbursement.

### Financial Analysis

<table>
<thead>
<tr>
<th>List of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>✗ Revenue projections or Sales forecast</td>
</tr>
<tr>
<td>✗ NPV or rNPV</td>
</tr>
<tr>
<td>✗ Investment to POC</td>
</tr>
<tr>
<td>✗ Investment to Market</td>
</tr>
<tr>
<td>✗ Third party support opportunities</td>
</tr>
<tr>
<td>✗ Alternatives to Partnering</td>
</tr>
<tr>
<td>✗ Cost of marketing post approval</td>
</tr>
</tbody>
</table>

Bluestar BioAdvisors conducts financial valuations (epidemiology - or prescription-based models), as well as comparable company, product, and transaction analyses.
Asset Search and Partnering Process
Searching for Assets

- Biopharma companies search for assets for a number of reasons, including:
  - To provide growth opportunities and pipeline de-risking
  - To complement current pipeline or product offering
  - To establish presence in an adjacency or to shift focus to a new product area
  - To gain a commercial footprint in a new geography
  - To ensure that they remain active in the marketplace and not miss out on an opportunity

- The process of in-licensing is often tedious and time consuming, thereby making it difficult for internal teams to run a comprehensive screen. Many business development executives take on a multi-faceted approach to maximize that process by increasing the chances of successfully identifying an asset to in-license and close on a transaction:
  - Attend “Bio” conferences to meet with as many relevant asset holders as possible
  - Send inquiries to colleagues in the industry
  - Include internal departments (e.g., R&D teams) in the business development and licensing process
  - Update the BD/Partnering section of the website or send out fliers/marketing materials describing in-licensing business development strategy
  - Use select social media (e.g., LinkedIn)
  - Respond to in-coming queries and requests for evaluation
  - Work with consulting firms to systematically screen and analyze potential assets of interest
The systematic approach for finding and screening assets requires a multi-phased approach that allows for a customized, iterative search process.

Search and Evaluation Process Flow

1. Identification and Characterization of Initial Candidates
   - Refine selection criteria
   - Screen various sources to uncover the universe of relevant assets
   - Generate a unique and searchable “database” highlighting key product attributes in line with specific criteria

2. Prioritization Based on Assessment of Fit with Company
   - Agree on prioritization metrics and process
   - Conduct preliminary assessment of fit and prioritize assets
   - Create brief profiles of high priority assets

3. Deeper Analysis of Prioritized Assets
   - Conduct a deeper evaluation of commercial rationale and strategic fit of select assets
   - Identify key risks and opportunities

4. Early-Stage Business Development
   - Contact asset holders to gauge their level of interest in preliminary business development discussions
There are several key strategic issues that influence the search and define specific asset selection criteria:

- Product modality
- Uncertain IP
- Unattractive market size
- Too much competition
- Generic entrants
- Existing licensing deal in place
- Particular disease areas that are less interesting
- Deal size/expectations

Selection Criteria:
- Development status
- Geography
- Product type/modality
  - New chemical entities
  - New biological entities
  - Reformulations
  - Cell and gene therapy
- Therapeutic area/Indications

Possible Exclusion Criteria:
- Product modality
- Uncertain IP
- Unattractive market size
- Too much competition
- Generic entrants
- Existing licensing deal in place
- Particular disease areas that are less interesting
- Deal size/expectations

Objectives and Strategy ➔ Project Initiation ➔ Asset Candidates
The output from the searches is used to develop a comprehensive list of assets that highlights their key attributes.

### Asset Database

<table>
<thead>
<tr>
<th>Product Name</th>
<th>Indication</th>
<th>Company Name</th>
<th>Dev. Status</th>
<th>Mechanism of Action</th>
<th>Route of Admin.</th>
<th>Clinical Data Highlights</th>
<th>Licensing/Transaction History</th>
<th>Comments</th>
</tr>
</thead>
</table>

**Sources:**
- External and proprietary databases
- Market and industry reports
- Company presentations
- Conference attendance
From the asset list, we apply a set of prioritization criteria, agreed upon with our clients, to identify high priority assets.

**Key Activities**

- **Products Meeting Criteria**
- **Excluded Assets**
- **Prioritization**
  - **Top Tier Assets**
  - **Second Tier Assets**

- Examples of prioritization criteria include:
  - Time to market
  - Clinical data strength
  - Novelty of mechanism of action
  - Small molecule vs biologic
  - Competitive position
  - Chronic vs. acute therapy
  - Exclusivity
  - Indication attractiveness
A similar approach used to search for assets can be applied to identify and screen for companies, as M&A or investment targets.

**Screening and Inclusion Criteria**

1. **Screen**
   - **Internal Network & External Databases + Other Sources**
   - **List of companies**
   - **Private or public**
   - **Specific Therapeutic Area Focus**
   - **Commercial presence**
   - **Transaction feasibility**

2. **Prioritize**

**Examples of Inclusion Criteria**

- Analysis based on market size
  - 1st tier: private biotech companies (VC dollars invested to date)
  - 2nd tier: public biotech or pharma companies (Market cap and/or EBITDA)

- Analysis based on geographical presence

- Analysis based on market segment served

- Analysis based on commercial presence of the lead asset

- Analysis based on client’s capabilities and strategic fit
If assets are identified for further analysis, we can conduct additional research to develop a deeper understanding of the opportunities and risks

Profile for Deeper Dive Candidates

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Size of the relevant patient population</td>
<td>• Validity of the mechanism of action</td>
</tr>
<tr>
<td>• Disease severity and magnitude of unmet need</td>
<td>• Stage of development</td>
</tr>
<tr>
<td>• Ability to address the unmet need</td>
<td>• Size and length of trials</td>
</tr>
<tr>
<td>• Relevant stakeholders/likely prescribers</td>
<td>• Modality of the asset (e.g., biologic, small molecule, stem cells, gene therapy, etc.)</td>
</tr>
<tr>
<td>• Competitive intensity</td>
<td>• Likelihood of availability for licensing</td>
</tr>
</tbody>
</table>

Depending on the number of assets being researched, we seek perspective of experts to gauge potential of the assets to satisfy unmet needs among the relevant patient population and to further assess commercial attractiveness
The final phases of asset or company search analyses may include creation of in-depth profiles and outreach to target companies to gauge their interest in preliminary business development discussions.

### Detailed Company Profile Objectives

- The expanded profiles capture detailed information about the targeted companies and further evaluate the current state of their operations.
- The intent is to determine whether the candidate company is an attractive partner and constitutes a logical fit for client based on the prioritization criteria and commercial portfolio.

<table>
<thead>
<tr>
<th>Key Items</th>
<th>Key Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive management</td>
<td>Detailed company overview and strategy</td>
</tr>
<tr>
<td>Board of directors</td>
<td>Financial overview and measure of transaction feasibility</td>
</tr>
<tr>
<td>Financial summary (as available):</td>
<td>Stock price volatility based on experienced events and inflection points (for public companies)</td>
</tr>
<tr>
<td>– Current price</td>
<td>Clinical development highlights and planned clinical trial structure</td>
</tr>
<tr>
<td>– Market cap</td>
<td>Evaluation of the commercial portfolio with sales and prescription data</td>
</tr>
<tr>
<td>– Cash</td>
<td>Market and epidemiology outlook in targeted indications</td>
</tr>
<tr>
<td>– Debt</td>
<td>Analysis of relevant competitors</td>
</tr>
<tr>
<td>– Enterprise value</td>
<td>Scoring scale to measure how well the opportunity fits Client’s prioritization criteria</td>
</tr>
<tr>
<td>Company pipeline</td>
<td></td>
</tr>
<tr>
<td>Clinical development highlights</td>
<td></td>
</tr>
<tr>
<td>Clinical trial plans</td>
<td></td>
</tr>
<tr>
<td>Regulatory interaction</td>
<td></td>
</tr>
<tr>
<td>Indication epidemiology</td>
<td></td>
</tr>
<tr>
<td>Commercial portfolio overview</td>
<td></td>
</tr>
<tr>
<td>Product descriptions</td>
<td></td>
</tr>
<tr>
<td>Competitors</td>
<td></td>
</tr>
</tbody>
</table>

Example

ABC Company

- Product is being developed for...
- Key features:
  - Activity 1
  - Activity 2

ASD Company

- Product is being developed for...
- Key features:
  - Activity 1
  - Activity 2
We can serve as a catalyst in preliminary business development discussions

Partnering Outreach Workflow

- Review any prior interactions and contact key stakeholders (usually BD executives, chairmen or CEOs), initially in a double-blinded fashion
- Create a "live" tracking database of all contacts and outcome of interactions with prospective parties

- Create or refine marketing materials, including competitive landscape and market receptivity to position the client as an attractive partner

- Conduct transaction analysis by reviewing prior agreements or M&As for assets or companies in the same therapeutic area and stage of development

- Evaluate quantitative and qualitative terms contained in a non-binding term sheets (NBTSs)
- Based on NBTS(s) create an NPV split analysis to compare retained versus potential out-licensed value

- Assist in the execution of CDAs and manage meetings with client organization either in person or telephonically

- Manage the process and advise the client on the best strategy to undertake in these early stages of business development discussions

- Should a client require assistance with deal execution, the Bluestar team may transition the project to a business partner who will negotiate and close a transaction on client’s behalf
- We may continue to serve as a partner and provide additional analyses, as needed
Based on discussions and reviews, we monitor our client’s feedback and record prioritization decisions throughout the search process.

<table>
<thead>
<tr>
<th>Reason for Rejection</th>
<th>Company</th>
<th>Asset</th>
<th>Portfolio Fit</th>
<th>Territory/Infrastructure</th>
<th>Not for Sale</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>1</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>Not for sale, too big, no added infrastructure</td>
</tr>
<tr>
<td>B</td>
<td>2</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td>Previously reviewed and rejected</td>
</tr>
<tr>
<td>C</td>
<td>3</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td>More of a CMO than Pharma marketing company</td>
</tr>
<tr>
<td>D</td>
<td>4</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td>Previously reviewed, no presence in key geographies</td>
</tr>
<tr>
<td>E</td>
<td>5</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td>No interest, not in therapeutic area</td>
</tr>
<tr>
<td>F</td>
<td>6</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td>Previously reviewed, declined (noted growing French and German footprint. Potentially one to review)</td>
</tr>
<tr>
<td>G</td>
<td>7</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td>Failed due diligence</td>
</tr>
</tbody>
</table>

The database lists all potential opportunities in a concise manner, allowing the client to review at any time during the process and in future discussions, both internally and externally.
Case Studies
Case Study 1: Conducted an asset search for business development opportunities for a company seeking to expand its rare disease portfolio

**Project Background and Objectives**

- U.S.-based pharmaceutical company anticipating the launch of a new rare disease product was seeking to add to its portfolio through licensing or acquisition opportunities
- Bluestar team was hired to apply criteria to a search for compelling opportunities, profile attractive assets, and determine which assets were worthy of further analysis

<table>
<thead>
<tr>
<th>Key Activities</th>
<th>Key Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bluestar supported the client’s business development team for 6 months and conducted bi-weekly calls presenting new ideas to the team</td>
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<td>Asset profiles included company overviews, disease and patient population background, product highlights (e.g., mechanism of action, clinical data, points of differentiation), and fit with the client’s criteria</td>
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<td>At project completion, the client team provided feedback that Bluestar was able to provide new ideas that they themselves had yet to find, offered new ways to consider opportunities that the client might have previously disregarded, and provided updates for assets that the client was monitoring</td>
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Case Study 2: Engaged in business development support for a biopharma company developing an asset in Inflammatory Bowel Disease

Project Background and Objectives

• Assisted a small biopharmaceutical company, developing an NCE with a novel mechanism of action for the treatment of Inflammatory Bowel Disease, through an out-licensing transaction process
• The licensing process began with preparation of the marketing materials, identification of interested parties, and partnering outreach

Key Activities

• Preparation of Partnership Materials
  – Created non-confidential and confidential information memorandum
  – Identified potential strategic partners with an existing therapeutic portfolio
• Partnership Outreach
  – Supported the outreach to target organizations
  – Tracked communications among all parties
• Transaction Negotiation
  – Evaluated quantitative and qualitative terms and provided support in negotiations

Key Output

• Non-confidential and confidential information memoranda
• Organized tracking sheet of each team members communication with interested parties
• Analysis of each competing bid, including “NPV split” analysis based on a DCF
About Bluestar BioAdvisors
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• Bluestar BioAdvisors LLC is a boutique, client-centered consulting firm that services companies in the life sciences industry.

• We assist clients in answering key strategic questions about asset value, positioning, and future market potential.

• We also serve as an independent, objective advisor, guiding our clients through the critical decision-making points of portfolio planning and business development activities.

• Our clients range from startups to major multinationals. They may be seeking to:
  — Better understand how to optimally develop and position products to meet the needs of the market
  — Gain an independent perspective on how to prioritize investments or develop product/therapeutic area strategies
  — Obtain assistance with identifying and characterizing new licensing or acquisition opportunities

• Our services focus on market and product assessments, commercial diligence, forecasting/NPV analysis, product positioning, competitive landscape analysis, asset search and evaluation, and therapeutic area/indication prioritization and strategy.
Bluestar BioAdvisors frequently supports companies through the process of identifying and assessing potential asset acquisitions or in-licensing opportunities

**Asset Search and Evaluation**
- Develop set of search inclusion/exclusion criteria
- Identify and characterize relevant assets that fit clients’ criteria
- Generate searchable database of asset opportunities highlighting key attributes
- Collaborate with clients to define prioritization criteria
- Prioritize assets and develop profiles outlining opportunities and risks of high-interest targets

**Market Assessments**
- Evaluate the commercial market potential of asset(s)
- Conduct extensive secondary research to assess the treatment dynamics, competitive landscape, including development stage assets
- Perform qualitative and/or quantitative research with key stakeholders to evaluate market dynamics that will impact adoption and to test a target product profile
- Assessments are utilized to make go/no-go decisions or serve as the foundation for detailed analyses within a diligence process

**Forecasting**
- Create revenue forecasts with detailed assumptions, including, but not limited to:
  - Addressable patient population(s)
  - Market share and speed of adoption
  - Duration and frequency of treatment
  - Pricing and reimbursement
  - Competition
- Conduct NPV analyses, including sensitivity analyses
- Analyze non-binding terms sheets to provide insight into negotiation strategy and tactics
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