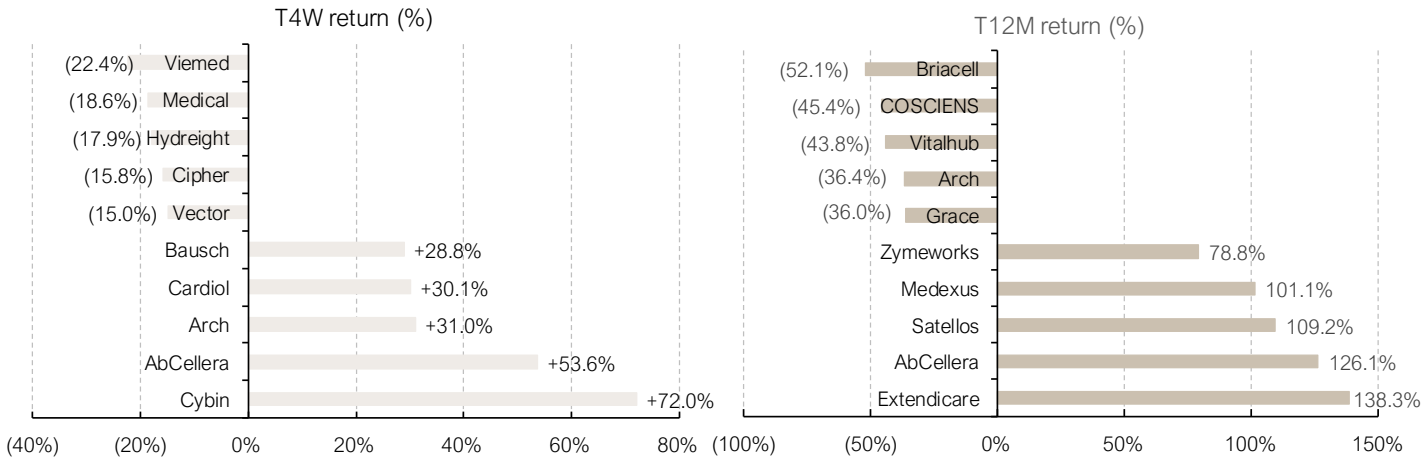
Core Highlights of the Week

Top Movers

Exhibit 1. Top Healthcare/Biotechnology Movers for the Trailing Four-Week & YTD Periods



Source: Leede Financial, Refinitiv

Significant Developments With Relevance To Our Coverage Universe

- **Medexus reports FQ127 financial results.** ON-based specialty pharmaceutical firm Medexus Pharmaceuticals (MDP-T, Buy, PT C$8.00) reported FQ127 financial data for the June-end period that met our expectations on most financial metrics, including quarterly consolidated revenue of US$28.6M & EBITDA/margin of US$4.7M/16.4%. EBITDA margin continues to be at the mid-point of Medexus' recent average (which during the FQ123-to-FQ127 period was 16.2%).

  - All revenue categories, including Treosulfan/Grafapex that for our own purposes we will identify as a distinct revenue element, were up sequentially from FQ426 data – US Rx product sales (excluding Treosulfan/Grafapex) were US$17.7M vs US$16.2M in FQ426 while Canadian Rx product sales were US$5.9M vs US$5.1M in FQ426. Y/y comparison was generally favorable on most revenue categories including consolidated revenue, with FQ126 US Rx product sales of US$15.2M & Treosulfan/Grafapex US sales of US$3.0M clearly growing nicely into the trailing FQ127 period, but FQ126 Canadian Rx sales were higher at US$6.4M, undoubtedly supported by rupatadine/Rupall sales prior to that brand being subjected to generic competition.

  - Medexus maintained its US Treosulfan/Grafapex F2027 sales guidance of US$30M-to-US$32M, which is clearly well above FQ127 run-rate & thus assumes that sequential sales ramp will not only grow but will grow aggressively over the next three quarters. We see no reason based on medical evidence we described in our original report for Treosulfan/Grafapex not to be the dominant bone marrow conditioning agent deployed in allogeneic stem cell transplantation procedures in advanced acute myeloid leukemia (AML) or myelodysplastic syndrome (MDS) patients, but full-year sales guidance will require capable salesforce execution & logistical excellence in parallel. Our model assumes FQ227-to-FQ427 quarterly Treosulfan/Grafapex sales of US$6.7M-US$8.1M-US$9.7M, the sum of which is just below company guidance.

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Exhibit 2. Income Statement & Financial Forecast Data for Medexus Pharmaceuticals, F2023A-to-F2030E

Year-end March 31 (US$000, except EPS)	*F2023A*	*F2024A*	*F2025A*	*F2026A*	*F2027E*	*F2028E*	*F2029E*	*F2030E*
Product rev, US (exc Treo)	78,940	77,182	68,013	63,183	68,851	72,294	78,779	85,847
Treosulfan, US	0	0	601	11,559	29,388	52,902	81,152	109,217
Product rev, Canada	29,156	35,872	39,718	24,590	25,037	26,289	26,766	27,252
Total revenue	**$108,096**	**$113,054**	**$108,332**	**$99,332**	**$123,276**	**$151,484**	**$186,698**	**$222,316**
Revenue growth (%)	*40.9%*	*4.6%*	*(4.2%)*	*(8.3%)*	*24.1%*	*22.9%*	*23.2%*	*19.1%*
Direct costs	42,330	47,985	44,823	35,475	44,879	53,200	65,344	75,587
Gross margin	**65,766**	**65,069**	**63,509**	**63,857**	**78,397**	**98,284**	**121,353**	**146,728**
Gross margin (%)	*60.8%*	*57.6%*	*58.6%*	*64.3%*	*63.6%*	*64.9%*	*65.0%*	*66.0%*
SG&A/R&D/other expense	49,980	46,007	43,999	48,084	53,020	60,502	76,905	90,083
EBITDA	**$15,786**	**$19,062**	**$19,510**	**$15,773**	**$25,377**	**$37,782**	**$44,449**	**$56,645**
EBITDA growth (%)	*(463.1%)*	*20.8%*	*2.4%*	*(19.2%)*	*60.9%*	*48.9%*	*17.6%*	*27.4%*
EBITDA margin (%)	*14.6%*	*16.9%*	*18.0%*	*15.9%*	*20.6%*	*24.9%*	*23.8%*	*25.5%*
Non-operating expenses	$8,172	$8,268	$11,287	$10,637	$8,705	$8,846	$9,952	$10,932
Interest expense (income)	$13,606	$13,364	$8,195	$5,201	$5,428	$6,526	$9,632	$11,094
Other non-oper expenses	($3,135)	($2,691)	($1,412)	$2,209	$976	$1,200	$1,200	$1,200
Tax expense (recovery)	($6,262)	$320	($807)	$120	$2,418	$5,302	$16,573	$20,352
Net income, fully-taxed	**$3,405**	**($199)**	**$2,247**	**($2,394)**	**$7,850**	**$15,907**	**$7,091**	**$13,067**
Fully-taxed EPS (basic)	$0.17	($0.01)	$0.08	($0.07)	$0.25	$0.51	$0.23	$0.41
Fully-taxed EPS (fd)	**$0.14**	**($0.01)**	**$0.08**	**($0.07)**	**$0.22**	**$0.45**	**$0.20**	**$0.37**
P/E (basic)	*21.0x*	*NA*	*42.0x*	*NA*	*14.3x*	*7.0x*	*15.8x*	*8.6x*
EV/EBITDA	*8.4x*	*7.0x*	*6.8x*	*8.4x*	*5.2x*	*3.5x*	*3.0x*	*2.3x*

Source: Medexus financial filings, Leede Financial

- Most revenue is derived from initial US hospital adoption & not yet as aggressively driven by new orders, unsurprising given the recency of the drug's FDA approval & launch. Accordingly, re-order rates should geometrically drive sequential Treosulfan/Grafapex adoption in future periods & correlate with AML/MDS-targeted stem cell transplantation procedure volumes. Treosulfan/Grafapex sales in Jul.26, according to Rx Symphony data that Bloomberg publishes for US pharmaceutical sales, were US$1.75M, a reasonably strong value for what we would assume is a seasonally soft month for hospital-based procedure volumes just based on staffing considerations. We would expect hospital purchasing patterns for Rx therapies (presumably from drug distribution organizations like McKesson [MCK-NY, NR] or AmerisourceBergen [private] or Henry Schein [HSIC-NY, NR], not unique to Medexus or to Treosulfan) to be correlated with actual stem cell transplantation procedures & thus to experience some seasonality in quarterly Treosulfan/Grafapex sales once sales have achieved steady-state.

Exhibit 3. Valuation Scenarios for Medexus Pharmaceuticals

Price/earnings multiple, F2028	**5x**	**7.5x**	**10x**	**12.5x**	**15x**	**20x**
Implied share price [1]	$2.27	$3.41	**$4.55**	$5.69	$6.82	$9.10
EV/EBITDA multiple, F2028	**4x**	**5x**	**6x**	**7x**	**8x**	**10x**
Implied share price [1]	$4.92	$6.00	**$7.08**	$8.16	$9.24	$11.40
One-year MDP target price (US$) [1]			**$5.82**			
One-year MDP target price (C$) [2]			**$8.11**			

[1] *Based on adjusted F2028 EBITDA of US$37.8M, F2028 EPS of US$0.45; EV incorporates FQ127 LT debt of US$26.3M, FQ127 cash (milestone payment to medac GmbH concluded in FQ426) of US$5.3M; fd S/O of 35.0M*

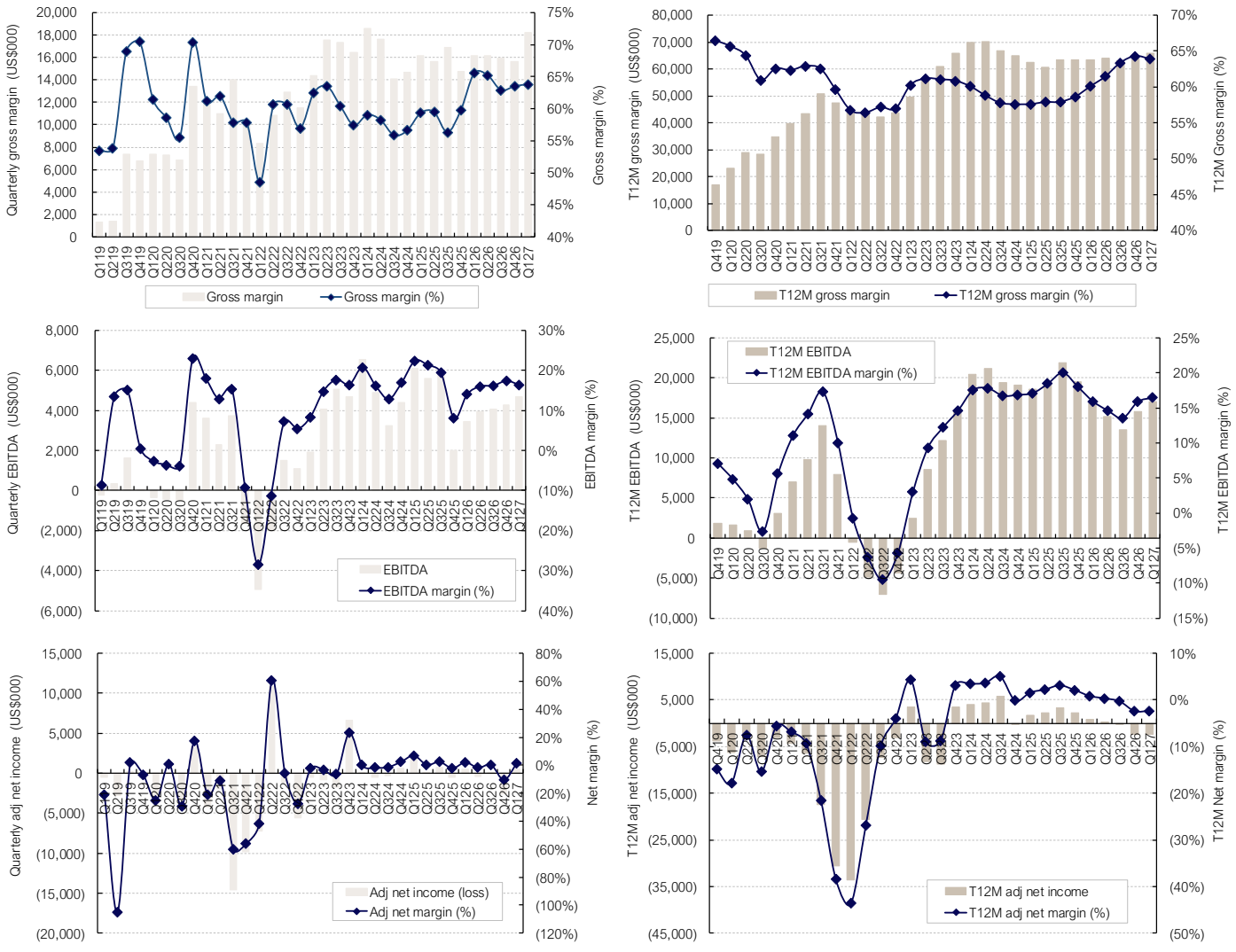
[2] *PT converted to USD using current exchange rate of 1.39x*

Source: Medexus financial filings, Leede Financial

- There is no shortage of peer-reviewed studies that espouse the virtues of Treosulfan as a bone marrow-conditioning alkylating agent & we have summarized several of these, including but not limited to the 461-patient MC-FludT.14/L trial (*Lancet Haematology, 2020*) on which FDA approval was based, in our original report. But the clinical literature on this agent continues to augment the medical literature & in ways that augment rather than contradict our original diligence on the drug's utility in transplantation medicine.

- To cite a few recently-published studies, our attention was drawn to a German study published in Jul/26 in the *Journal of Pediatric Hematology/Oncology*, nicely showing in a 74-patient pediatric stem cell transplantation study that patients receiving bone marrow conditioning with a combination of Treosulfan & fludarabine (the FDA-approved combination therapy; Medexus does not itself market fludarabine & that drug has long since been genericized) plus another alkylating originally characterized in the 1950s by American Cyanamid/Pfizer (PFE-NY, NR) called thiotepa (short for triethylene-thiophosphoramide; multiple manufacturers but is still sold as Tepadina by the Swiss pharma firm Adrienne SA [private]) experienced solid five-year overall survival post-transplantation of 82.2% in a difficult-to-treat patient population who presented with thalassemia at enrollment (thalassemia is a genetic disorder whereby patients produce low levels of hemoglobin, thus requiring frequent transfusions to avert anemia that periodically results).

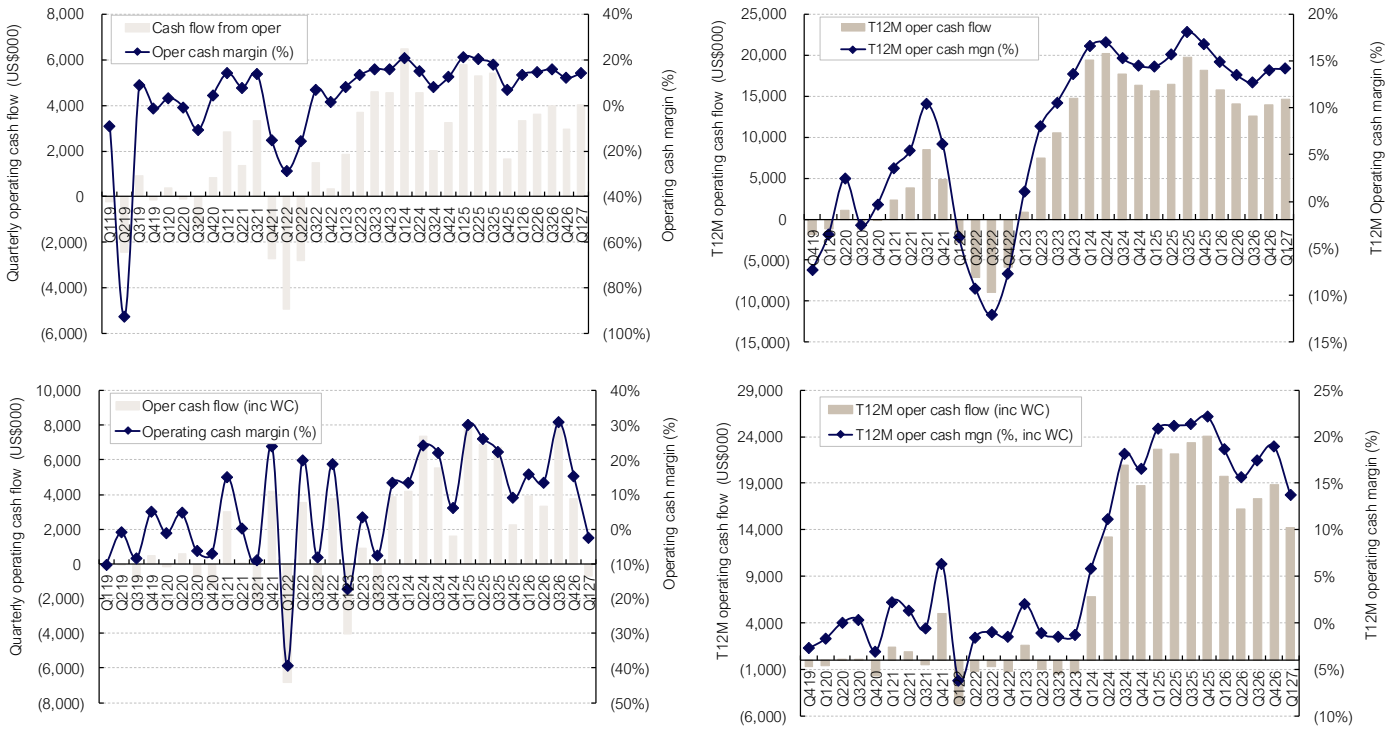
Exhibit 4. Quarterly & T12M Gross Margin-EBITDA-Net Income Financial Data For Medexus, FQ119-to-FQ127



Source: Medexus financial filings, Leede Financial

- A separate study published by an EU-based clinical team published data on Treosulfan/fludarabine's utility for bone marrow conditioning in stem cell transplantation procedures conducted on patients presenting with advanced acute lymphoblastic leukemia (ALL), an indication for which Treosulfan is not FDA-approved but could be down the road if stem cell transplantation resonates more aggressively in future clinical studies like the one we describe here.
- The relevant trial as published last month in the journal *Bone Marrow Transplantation* conducted bone marrow conditioning either with Treosulfan/fludarabine or fludarabine combined with whole body irradiation & found in the 584-patient trial that incidence of post-procedure graft-vs-host disease (where the implanted stem cells reject the host patient, not the other way around as is commonly observed in transplantation medicine) was lower (if not quite to a statistically-significant degree) for Treosulfan-conditioned patients vs irradiated patients (26.6% vs 30.0%), while leukemia-free survival & overall survival rate were comparable.

Exhibit 5. Quarterly & T12M Gross Margin-EBITDA-Net Income Financial Data For Medexus, FQ119-to-FQ127



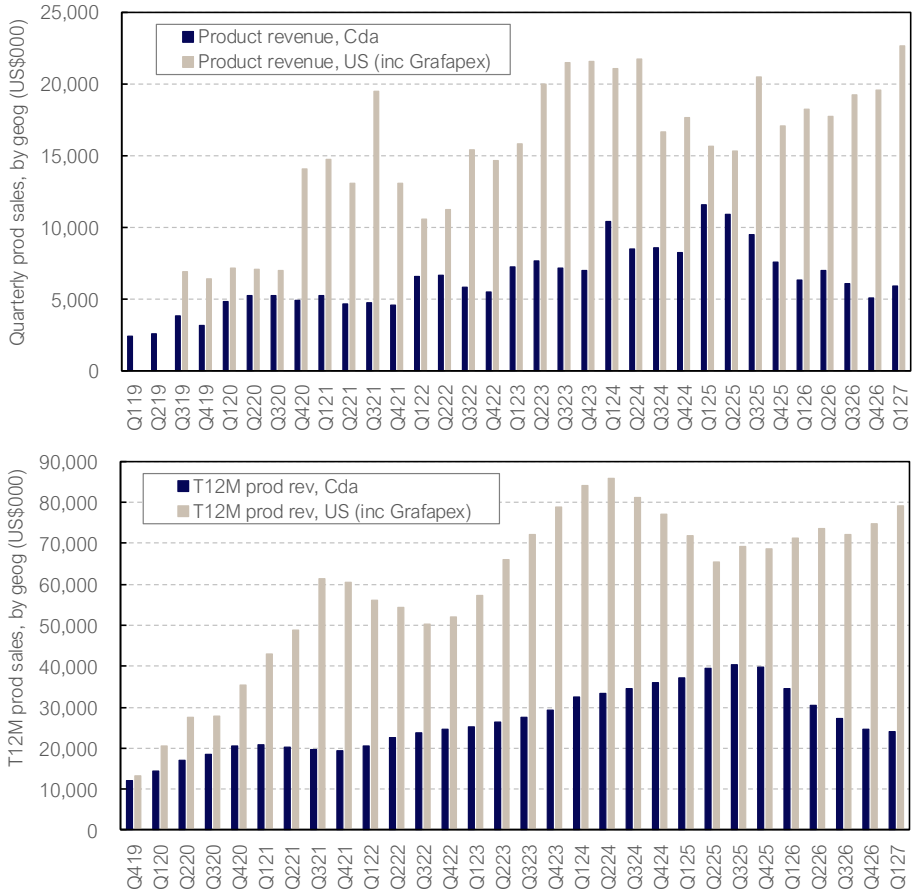
Source: Medexus financial filings, Leede Financial

- And in a third trial that coincidentally was also published in Bone Marrow Transplantation just a month earlier also by an EU-based clinical team, data from an 82-patient AML-targeted stem cell transplantation study showed that Treosulfan & fludarabine in their FDA-approved combination when administered as bone marrow conditioning agents pre-procedure contributed to six-month & twelve-month leukemia-free survival of 87.8% & 81.7%, respectively, with mean time-to-relapse in patients that did relapse of 5.6 months & a one-year relapse rate after stem cell transplantation of 14.9% (one or two patients must have passed away from non-AML/non-transplantation-related causes).
- In conclusion, we continue to reflect favorably on all Treosulfan-based bone marrow conditioning stem cell transplantation studies, even studies published this year & thus post-FDA-approval, for which commentary & associated data are either neutral or positive to the drug's utility, consistent with our original diligence on the drug when we initiated coverage on Medexus back in late F2024.
- **Summary & valuation.** We are maintaining our Buy rating & one-year PT of C$8.00 on MDP, with our valuation still based on multiples of our F2028 adjusted EBITDA & EPS forecasts of US$37.8M & US$0.45/shr, as shown in Exhibit 3. While Treosulfan/Grafapex US revenue ramp will unavoidably be a key value driver for MDP shares throughout our forecast period, that drug is likely contributing modestly if at all to EBITDA or cash flow when marketing & promotional

costs care considered. Moreover, FQ127 Treosulfan/Grafapex sales of US$4.9M were only 17% of consolidated Rx sales in the quarter & were between 8%-to-14% of consolidated sales in the prior four financial periods, excluding FQ425 launch revenue that predictably was lower & only 2% of consolidated sales. Our model does assume that US Treosulfan/Grafapex sales could be 49% of consolidated Rx sales (excluding any future product in-licensing activities that we assume Medexus is aggressively exploring) by F2030.

- We were encouraged to see that the drug since launch has achieved gross margin at/above 85%, consistent with gross margin that proprietary specialty pharmaceuticals tend to generate (Theratechnologies' [now private] Egrifta used to generate gross margin that high in some though not all quarters), & our investment thesis assumes that Medexus' existing US marketing team can drive Treosulfan sales without incurring supplemental direct costs, implying that marginal Treosulfan revenue should fall directly to EBITDA in future periods, perhaps as early as FQ227 & drive our projected EBITDA growth trajectory throughout F2027-to-F2030 (Exhibit 2) in so doing.

Exhibit 6. Quarterly & T12M Revenue Data For Medexus, Stratified By Geography, FQ119-to-FQ127



Source: Medexus financial filings, Leede Financial

- **Cipher reports FQ226 financial results.** ON-based specialty pharmaceutical firm Cipher Pharmaceuticals (CPH-T, Buy, PT $22.25) reported FQ226 financial results for the June-end period that experienced sequential softness on both Rx sales & on EBITDA/cash flow derived in part from those sales, but with the term 'softness' carrying a far more negative connotation than we mean to imply since FQ226 data were actually closely approximated with revenue/EBITDA/cash flow data that Cipher generated just two quarters ago in FQ425.

  - Cipher's FQ226 sales for its topical head lice/scabies-targeted Spinosyn A & D-formulated Natroba generating US sales that while hardly reflective of any end-market weakness as such were nonetheless down sequentially at US$6.3M as

compared to FQ126 Natroba sales of US$7.4M & even stronger FQ225 sales of US$7.8M. FQ225 comparisons clearly show us that FQ2 seasonality in head lice/scabies incidence was not a factor in FQ226 Natroba sales performance.

Exhibit 7. Income Statement & Financial Forecast Data for Cipher Pharmaceuticals, F2018A-to-F2028E

Fiscal year-end Dec 31 (US$000, except EPS)	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
US/RoW, royalty revenue											
Royalty rev, ConZip (US)	552	600	500	430	152	138	33	154	119	188	188
Royalty rev, Lipofen (US)	2,378	2,312	2,400	2,331	2,850	2,175	2,045	1,600	1,841	1,887	1,963
Royalty rev, Absorica (US)	12,942	11,300	9,929	7,648	5,143	6,148	4,545	1,800	2,397	2,185	2,185
Royalty rev, Natroba (RoW)	0	0	0	0	0	0	0	0	554	1,342	1,375
Canada/US, direct Rx sales											
Revenue, Epuris (Cda)	5,813	7,300	8,100	10,885	11,330	10,848	12,980	14,700	15,661	15,242	15,242
Revenue, Vaniqa/Actikerall/ Beteflam/other (Cda)	1,064	939	678	650	1,200	1,753	1,780	2,200	2,137	2,296	2,486
Revenue, Natroba (US)	0	0	0	0	0	0	11,980	29,997	28,267	29,533	30,244
Revenue, Natroba (Cda)	0	0	0	0	0	0	0	0	353	1,477	1,512
Total revenue	**$22,749**	**$22,451**	**$21,607**	**$21,944**	**$20,675**	**$21,162**	**$33,363**	**$50,451**	**$51,327**	**$54,150**	**$55,195**
Revenue growth (%)	*(43.6%)*	*(1.3%)*	*(3.8%)*	*1.6%*	*(5.8%)*	*2.4%*	*57.7%*	*51.2%*	*1.7%*	*5.5%*	*1.9%*
Operational expenses	15,984	9,822	8,116	9,294	8,233	8,712	18,237	24,968	21,438	22,513	22,938
EBITDA	**$6,765**	**$12,629**	**$13,491**	**$12,650**	**$12,442**	**$12,450**	**$15,126**	**$25,483**	**$29,889**	**$31,637**	**$32,257**
EBITDA growth (%)	*(74.5%)*	*86.7%*	*6.8%*	*(6.2%)*	*(1.6%)*	*0.1%*	*21.5%*	*68.5%*	*17.3%*	*5.8%*	*2.0%*
EBITDA margin (%)	*29.7%*	*56.3%*	*62.4%*	*57.6%*	*60.2%*	*58.8%*	*45.3%*	*50.5%*	*58.2%*	*58.4%*	*58.4%*
Non-operating expenses	$3,379	$4,570	$6,598	$1,593	$1,392	$2,417	$9,992	$7,285	$9,071	$8,400	$8,400
Net interest exp (income)	$712	$786	$291	$80	($464)	($1,870)	($330)	$1,165	$36	$0	$0
Tax expense, exc tax loss carry-forward	$1,922	$3,071	$3,554	$3,413	($847)	($4,965)	$54	$12	$2,427	$4,963	$5,118
Net income, fully-taxed	**$1,201**	**$2,639**	**$4,386**	**$7,759**	**$26,636**	**$20,383**	**$11,546**	**$27,329**	**$19,884**	**$19,853**	**$20,473**
Fully-taxed EPS (basic)	$0.04	$0.10	$0.16	$0.29	$1.06	$0.81	$0.45	$1.08	$0.78	$0.78	$0.81
Fully-taxed EPS (fd)	**$0.04**	**$0.10**	**$0.16**	**$0.28**	**$1.01**	**$0.78**	**$0.43**	**$1.03**	**$0.75**	**$0.75**	**$0.78**
P/E (basic)	*232.0x*	*106.1x*	*64.1x*	*35.5x*	*9.9x*	*12.9x*	*22.9x*	*9.7x*	*13.3x*	*13.3x*	*12.9x*
EV/EBITDA	*38.1x*	*20.4x*	*19.1x*	*20.4x*	*20.7x*	*20.7x*	*17.0x*	*10.1x*	*8.6x*	*8.1x*	*8.0x*

Source: Cipher Pharmaceuticals financial filings, Leede Financial

- Indeed, Cipher was quite candid about its proposed justification for Natroba sales re-equilibration back to average quarterly levels. Historically the drug has been substantially distributed to (& reimbursed by) state-sponsored Medicaid programs & we identified evidence consistent with Cipher's commentary that the roster of Medicaid-eligible patients nation-wide has contracted in recent quarters, compressing Natroba's largest addressable patient population as a result.

Exhibit 8. Valuation Scenarios for Cipher Pharmaceuticals

Price/earnings multiple, F2027	5x	10x	15x	20x	25x	30x	35x
Implied share price [1,2]	$3.76	$7.52	$11.29	$15.05	$18.81	$22.57	$26.34
EV/EBITDA multiple, F2027	**5x**	**7x**	**9x**	**10x**	**11x**	**13x**	**15x**
Implied share price [1,2]	$6.58	$9.07	$11.56	$12.81	$14.05	$16.54	$19.03
One-year Cipher target price (US$)				**$13.93**			
One-year Cipher target price (C$) [3]				**$19.39**			

[1] *Based on F2027 adj EBITDA forecast of US$31.6M, F2027 adj fd EPS of US$0.75, basic S/O 25.4M; fd S/O 26.4M*

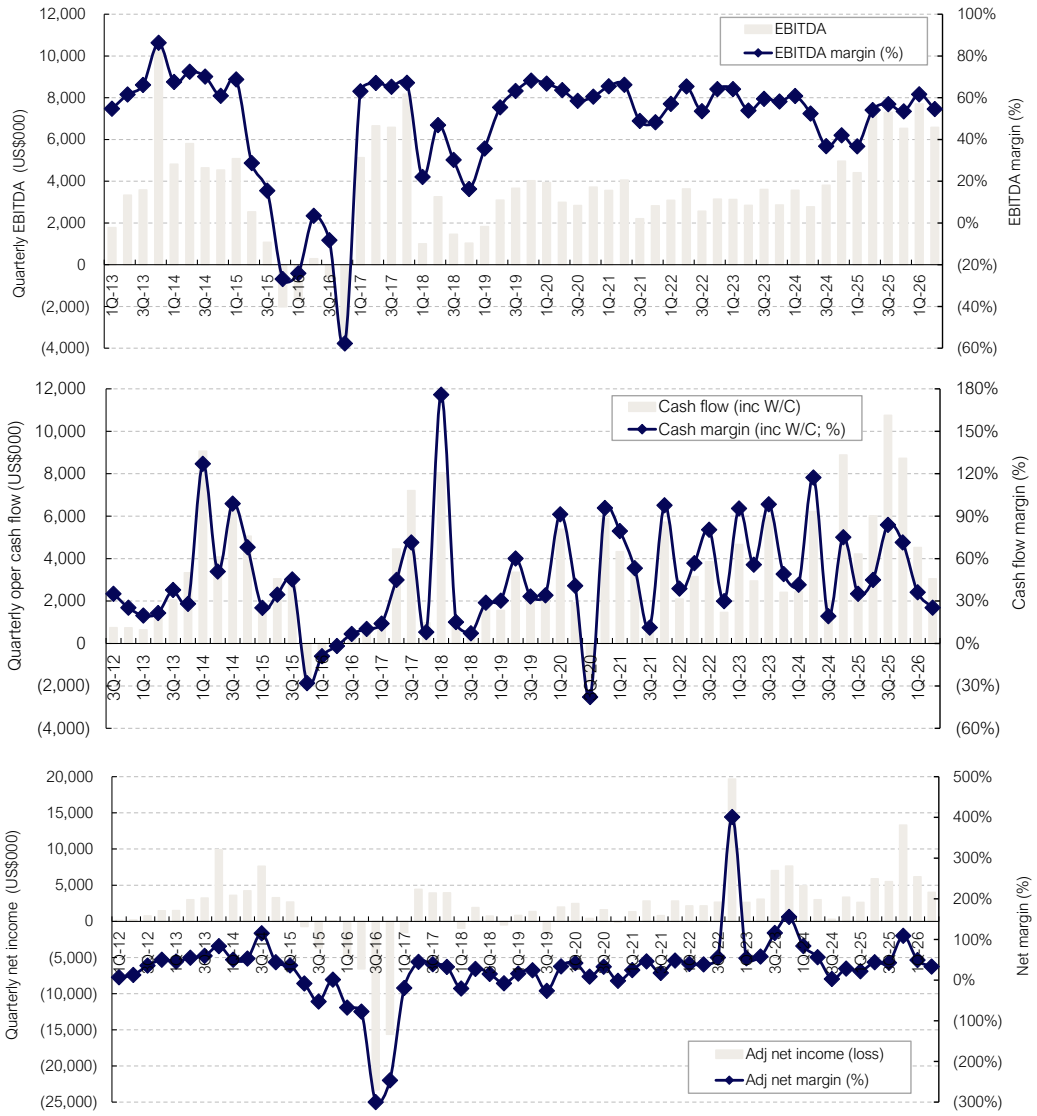
[2] *Based on 20x EPS, 10x EV/EBITDA (F2027); FQ226 cash of US$9.1M/C$12.7M & no LT debt*

[3] *PT in C$ assumes USD:CAD exchange rate of 1.38x*

Source: Cipher Pharmaceuticals financial filings, Leede Financial

- We commented on this element of Natroba's sales softness in our CPH report published earlier this week, which we can re-send to any interested investors – one key reservation that we described therein is that decline in registered Medicaid-eligible patients should not have been unique to FQ226, so other uncharacterized shifts in Natroba purchasing patterns in the quarter could have been equally relevant; we will further explore Natroba's current end-market fundamentals in forthcoming quarters but for now, we assume that quarterly sales can hold firm at/near US$7.0M. What follows are a few summary points that we published in that report.

Exhibit 9. Historic Quarterly EBITDA, Cash Flow, Net Income & Margin Data for Cipher Pharmaceuticals, FQ113-FQ226

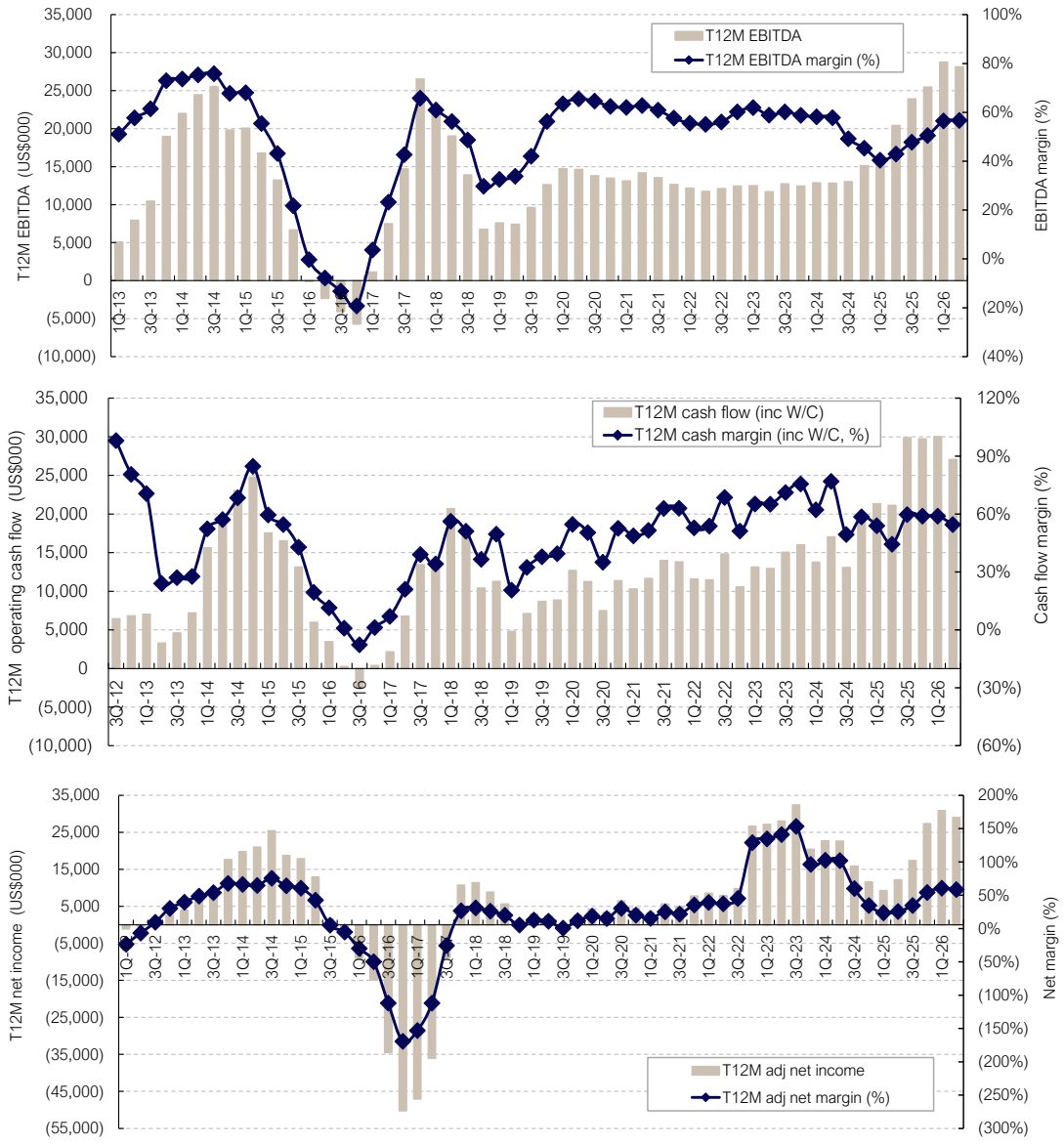


Source: Leede Financial, Cipher Pharmaceuticals financial filings

- Our key takeaway is that we did maintain our Buy rating on CPH based on our positive view on the multiple revenue drivers for Natroba independent of any US-based organic growth that could ensue just by partnering more broadly with retail pharmacies nationwide, including with the Walmart department store chain as was explicitly mentioned in Cipher's FQ226 MD&A. Additionally, Cipher submitted an NDS to Health Canada earlier this year & regulatory review should conclude by early FQ127 if not sooner & though regional RoW Natroba out-licensing partnerships have been slow to materialize, we are optimistic that Cipher can expand its global Natroba revenue prospects through such partnerships, particularly with the leading competitive anti-microbial agent permethrin (GSK's [GSK-LN, NR] encountering mutant head lice/scabies strains against which it is minimally effective. The medical literature is replete with characterization of such mutant strains, each of which is based on distinct point mutations that are endemic to specific nations, any one of which represents a plausible geography for Cipher & its future partners to pursue.

- **FQ226 US Natroba sales softness was offset by Canadian Epuris sales strength.** On a consolidated basis, Cipher reported FQ226 revenue/EBITDA/margin of US$12.1M/US$6.6M/54.6% & thus again generated EBITDA margin at the top end of the range established by its publicly-traded specialty pharmaceutical peers. But in comparison to Cipher's own recent standards, EBITDA margin was comparatively soft - FQ126 data were US$12.5M/US$7.7M/61.6% while FQ225 data were US$13.4M/US$7.2M/54.1%, with FQ225 EBITDA margin clearly comparable to FQ226 level while outperforming on revenue/EIBTDA in absolute terms.

Exhibit 10. Historic T12M EBITDA, Cash Flow, Net Income & Margin Data for Cipher Pharmaceuticals, FQ113-FQ226



Source: Leede Financial, Cipher Pharmaceuticals financial filings

- FQ226 operating cash flow (excluding working capital deficit of [US$3.6M]) was unsurprisingly similar to EBITDA at US$6.7M (the firm has no interest or tax expense that would preferentially impact cash flow & not EBITDA), but below levels generated in both FQ126 (US$7.7M) & FQ225 (US$6.9M). Cipher has no LT debt so debt-based financial ratios no longer apply as an element in its business risk profile, a balance sheet feature that along with the firm's tax-less EPS strength (as caused by periodic recognition of tax losses acquired from BC-based Correvio [ticker was CORV-T] back in May/18) has been a major share price driver for CPH in recent trading sessions, at least until FQ226 financial data were in the public domain.

Exhibit 11. Comparable Companies for Cipher

Company	Filing Curr.	Sym.	Shrs Out. (M)	Share Price 13-Aug	Mkt Cap ($M)	Mkt Cap (C$M)	Ent. Value ($M)	Ent. Value (C$M)	EV/EBITDA (T12M)	EV/EBITDA (2026E)	EV/EBITDA (2027E)	Price/Earnings (T12M)	Price/Earnings (2026E)	Price/Earnings (2027E)
Profitable Canadian healthcare firms														
Apotex	CAD	APTX	228.5	$35.55	8,123	8,123	12,080	12,080	NA	NA	11.9x	NA	NA	16.7x
Aurinia Pharmaceuticals	USD	AUPH	133.1	$15.18	2,020	2,020	2,281	2,315	9.4x	NA	NA	6.4x	15.7x	12.6x
Bausch Health	USD	BHC	374.0	$6.34	2,371	3,305	31,053	43,138	5.6x	5.6x	6.0x	NA	1.4x	1.5x
BioSyent	CAD	RX	11.5	$15.01	173	173	167	167	12.9x	10.4x	8.9x	18.7x	16.9x	13.9x
CareRx	CAD	CRRX	63.5	$3.27	208	208	274	281	8.9x	7.9x	6.9x	7.7x	33.5x	13.6x
Chartwell REIT	CAD	CSH.R	328.3	$9.36	3,073	3,073	10,109	10,155	22.2x	19.8x	17.8x	NA	32.3x	22.8x
DRI Healthcare Trust	CAD	DHT.UN	55.0	$18.23	1,002	1,002	1,537	1,560	6.2x	6.5x	7.3x	NA	7.2x	7.8x
Extendicare REIT	CAD	EXE	95.0	$32.27	3,067	3,067	3,619	3,563	16.3x	14.3x	12.6x	24.4x	23.6x	21.3x
HLS Therapeutics	CAD	HLS	30.9	$3.87	120	120	164	162	NA	6.0x	5.1x	NA	NA	NA
Jamieson Wellness	CAD	JWEL	41.5	$45.66	1,894	1,894	2,388	2,359	14.5x	13.3x	11.9x	24.2x	21.2x	18.5x
K-Bro Linen	CAD	KBL	13.0	$46.14	600	600	897	901	7.7x	8.1x	7.8x	27.4x	22.6x	18.4x
Kneat.com	CAD	#N/A	96.7	$6.50	628	628	604	604	NA	34.1x	22.4x	NA	NA	NA
Knight Therapeutics	CAD	GUD	98.2	$9.21	905	905	818	846	8.3x	9.8x	9.3x	NA	55.3x	37.4x
Medexus [1]	CAD	MDP	32.0	$3.91	125	125	204	199	8.5x	9.2x	6.4x	52.0x	NA	14.3x
Medical Facilities [1]	CAD	DR	16.2	$10.62	172	172	304	277	3.8x	3.7x	8.9x	15.2x	5.8x	14.0x
Microbix Biotech	CAD	MBX	137.2	$0.30	41	41	40	41	NA	NA	NA	NA	NA	NA
Vital Infrastructure	CAD	VITL.UN	250.0	$5.41	1,353	1,353	2,712	2,687	11.9x	12.7x	12.7x	NA	NA	NA
Savaria	CAD	SIS	72.1	$29.31	2,114	2,114	2,283	2,346	11.8x	11.1x	10.1x	23.9x	21.2x	18.6x
Sienna Senior Living	CAD	SIA	110.8	$21.94	2,430	2,430	3,633	3,627	21.7x	17.8x	15.7x	41.8x	40.6x	34.8x
Viemed	USD	VMD	38.1	$9.17	349	487	484	682	6.2x	5.3x	4.5x	24.2x	21.6x	15.4x
Vitalhub	CAD	VHI	63.4	$8.01	508	508	374	359	12.8x	10.9x	9.2x	NA	42.7x	23.6x
Well Health	CAD	WELL	255.5	$4.44	1,134	1,134	2,004	2,004	NA	10.7x	9.8x	NA	18.4x	13.7x
Average									**11.1x**	**11.4x**	**10.2x**	**24.2x**	**23.7x**	**17.8x**
Profitable specialty pharmaceutical firms														
AbbVie	USD	ABBV	1767.1	$250.82	443,228	617,882	706,987	985,575	16.2x	15.5x	13.6x	NA	17.9x	15.4x
Amgen	USD	AMGN	540.6	$417.84	225,898	314,913	375,013	522,787	15.1x	12.1x	12.0x	25.8x	18.1x	17.1x
Biogen	USD	BIIB	147.8	$210.65	31,124	43,389	52,836	73,656	12.1x	12.4x	10.4x	37.1x	17.0x	12.7x
Fresenius	EUR	FREG	563.2	€47.66	26,844	43,125	57,577	80,266	NA	12.6x	12.0x	NA	12.9x	12.1x
Cardinal Health	USD	CAH	232.6	$231.24	53,781	74,973	80,752	112,572	18.8x	19.6x	18.0x	31.8x	21.5x	18.6x
Dr. Reddy Labs	INR	500124	833.0	Rp1,206	Rp1,004,579	14,686	14,540	20,270	24.6x	18.0x	22.0x	31.2x	19.8x	27.9x
Gilead Sciences	USD	GILD	1240.0	$138.14	171,287	238,783	270,619	377,256	18.3x	NA	15.6x	NA	NA	13.9x
Jazz Pharmaceuticals	USD	JAZZ	64.9	$245.85	15,959	22,248	25,228	35,170	15.4x	10.7x	10.4x	16.1x	10.2x	9.6x
Neurocrine Biosciences	USD	NBIX	101.6	$150.82	15,331	21,372	20,813	29,014	23.9x	20.9x	14.8x	21.4x	21.5x	14.8x
Perrigo	USD	PRGO	138.8	$12.83	1,780	2,482	6,513	9,079	10.2x	9.9x	8.8x	NA	5.9x	5.3x
Sun Pharma/Ranbaxy [2]	INR	524715	2399.3	Rp1,943	Rp4,661,548	68,147	63,484	88,500	35.3x	36.0x	32.3x	39.5x	38.6x	35.7x
Teva Pharmaceuticals [3]	USD	TEVA	1165.3	$36.52	42,557	59,326	77,619	108,205	17.3x	17.9x	13.8x	58.9x	18.3x	11.9x
United Therapeutics	USD	UTHR	42.9	$501.27	21,500	29,972	26,241	36,581	17.2x	17.7x	15.8x	16.6x	18.4x	16.1x
Vertex Pharmaceuticals	USD	VRTX	253.5	$516.44	130,897	182,477	171,402	238,942	32.8x	30.1x	26.2x	29.8x	27.4x	24.3x
Viatris	USD	VTRS	1148.6	$16.04	18,423	25,683	42,299	58,968	10.6x	9.6x	9.4x	NA	6.4x	6.0x
Average									**19.1x**	**17.4x**	**15.7x**	**30.8x**	**18.1x**	**16.1x**
Cipher Pharma [1]		**CPH**	**25.4**	**$10.40**	**264**	**369**	**255**	**356**	**NA**	**12.0x**	**10.2x**	**9.7x**	**12.9x**	**10.8x**

[1] *Share price converted to USD for stocks reporting financial data in USD but for which share value is reported in CAD*

[2] *Cipher's US Absorica marketing partner* [3] *Generic Absorica competitor (since April-21)*

Source: Leede Financial, Consensus Data - Refinitiv

- Canadian Epuris sales were strong & at the top end of recent quarterly sales performance, showing us how well US Absorica sales could perform with more focused effort from Cipher instead of existing partner Sun Pharma. Natroba US sales softness was offset by FQ226 revenue strength for Cipher's Health Canada-approved once-daily super-bioavailable cystic acne-targeted isotretinoin formulation Epuris that achieved 47% market share in the orally-active isotretinoin cystic acne market - the other major isotretinoin brands in Canada are Roche's [ROG-SW, NR] Accutane, Mylan/Viatris' [VRTS-Q, NR] Clarus & Sun Pharmaceuticals' [SUN-NS, NR] Absorica LD that was more recently approved (in Sept/23) than the other more established brands.
- Cipher can reacquire US marketing rights for Absorica (the same CIP-isotretinoin formulation as Epuris, just with a different US brand) at end-of-year & we are optimistic that Cipher's Natroba sales team will be more motivated to lift Absorica sales above levels that Sun generated in recent quarters. FQ226 Epuris sales were US$4.1M, above FQ126

sales of US$3.9M & above FQ225 sales of US$3.6M, which coincidentally is Cipher's average quarterly sales level since its Canadian launch in F2013. Epuris contributed cumulative sales since its FQ213 of US$103.4M.

- In our CPH report this week, we commented that Cipher's most attractive pipeline asset is piclidenoson, the Phase III-stage plaque psoriasis-targeted adenosine receptor agonist drug for which Cipher acquired Canadian marketing rights from innovator Can-Fite Pharma (CANF-Q, NR). Can-Fite continues to fund a 705-patient Phase III plaque psoriasis trial for which four-month PASI75 data could be available by mid-F2027 & one-year PASI75 data could thus be available by mid-F2028.

- The drug performed well in an already-published Phase III plaque psoriasis trial (the 426-patient COMFORT-1 trial, published in Jun/24 in the *Journal of the European Academy of Dermatology & Venereology*) in which piclidenoson not only performed well on PASI75 outcomes in comparison to placebo at four-month follow-up but also in comparison to Amgen's (AMGN-Q, NR) orally-active phosphodiesterase 4 inhibitor apremilast/Otezla, a drug that is competing successfully with alternative injectable interleukin-23-targeted biologics like ustekinumab/Stelara. Otezla's global FQ226 sales were US$491M.

- Summary & valuation. In our valuation summary, **we described a new PT of C$19.50 on CPH while maintaining our Buy rating**, with our valuation still based on multiples of our revised F2027 adjusted EBITDA/EPS forecasts of US$31.6M & US$0.75/shr, respectively, as shown in Exhibits 7 & 8. Our EV calculation incorporated FQ226 balance sheet cash of US$9.1M/ C$12.7M, no LT debt & basic S/O of 24.5M. Our revised PT still corresponds to a one-year return as of this writing of 39.4%. And as we never grow tired of emphasizing, CPH shares are up >1,085% since we re-initiated coverage under the Leede Financial banner back in Jan/21.

- Natroba still has abundant revenue growth drivers that are embedded into our investment thesis, including Health Canada approval in the next quarter or two & royalty-bearing RoW distribution alliances even before considering market share that Natroba should capture from permethrin/Nix over time. Though our model does not overtly ascribe value to future Natroba-like product in-licensing agreements, we expect Cipher to actively explore new opportunities in that realm, for which we will assess impact on our forecasts & valuation as details materialize.

- **ProMIS Neurosciences reported FQ226 financial results.** MA-based CNS-focused biologics developer ProMIS Neurosciences (PMN-Q, Spec Buy, PT US$49.50) reported FQ226 financial data for the June-end quarter that were in line with our expectations. As with our Cardiol commentary above, financial data themselves bear minimally on our PMN investment thesis but product development milestones do & we were thus more focused on ProMIS' update on its ongoing 144-patient Phase II Alzheimer's disease trial (the PRECISE-AD trial) testing the firm's beta-amyloid oligomer-binding mAb PMN310, along with two other conformational epitope-targeted mAbs in its CNS portfolio that are at an earlier stage of development but to which our model does ascribe value in alpha-synuclein-targeted Parkinson's disease mAb PMN442 & TDP-43-targeted amyotrophic lateral sclerosis (ALS) mAb PMN267.

  - For the record, ProMIS exited the quarter with US$53.4M in cash which our model considers to be sufficient to fund all ongoing Phase II & IND-enabling studies ascribed to the aforementioned mAbs well into F2027. But while cash at that level would be able to fund pipeline activities (even clinical-stage pipeline activities) for multiple quarters, ProMIS' quarterly cash burn at least while it is funding PMN310 Phase II testing in the PRECISE-AD trial is considerable – FQ126 operating cash loss, including (US$3.0M) in accrued liabilities, were (US$12.4M) & comparable if below that value in FQ226 at (US$10.4M) in FQ226. Predictably, most of this operating cash loss was driven by R&D expense that was US$9.5M in the prior period & cumulatively was US$16.5M for FH126.

  - Shifting to ProMIS' pipeline update that was predictably focused on PMN310, the firm indicated that 136 patients in PRECISE-AD were evaluable at its six-month interim update back in late July/26 – that update as we published in a ProMIS-specific report nicely showed that circulating levels of phosphorylated tau protein (either pTau217 in blood plasma for which a threonine residue at position #217 in the amino acid chain of the neurofibrillary tangles component protein tau, or MTBR-tau243 in cerebrospinal fluid, for which a different threonine residue at position #243 in tau's amino acid chain is separately phosphorylated) were reduced in the overall PRECISE-AD patient population. While the study is still blinded & thus it is not known with certainty if reduced levels of pTau217 or MTBR-Tau243 are ascribed to PMN310-treated patients or placebo patients, it would be a highly pessimistic view of pTau data to assume that reduced levels transpired in patients who were naïve to PMN310 action.

Exhibit 12. Income Statement & Financial Forecast Data for ProMIS Neurosciences, F2028E-to-F2038E

Year-end December 31 *(C$M, except per share data)*	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E	2038E
Royalty revenue, by mAb & indication											
PMN310/Alzheimer's disease (AD)	$0.0	$0.0	$23.2	$113.7	$216.9	$261.1	$308.6	$359.4	$413.8	$472.1	$534.4
PMN442/Parkinson's disease (PD)	$0.0	$0.0	$0.0	$0.0	$0.0	$10.2	$34.9	$61.6	$90.4	$121.4	$154.8
PMN267/Amyotrophic lateral sclerosis (ALS)	$0.0	$0.0	$0.0	$0.0	$0.0	$5.4	$17.6	$30.4	$44.0	$58.4	$73.7
Royalty revenue, mAbs	**$0.0**	**$0.0**	**$23.2**	**$113.7**	**$216.9**	**$276.8**	**$361.1**	**$451.4**	**$548.3**	**$651.9**	**$762.8**
Revenue growth (%)	*NA*	*NA*	*NA*	*391%*	*91%*	*28%*	*30%*	*25%*	*21%*	*19%*	*17%*
Cash operating expenses	$33.4	$34.2	$30.2	$26.2	$27.3	$28.5	$29.9	$31.4	$33.0	$34.8	$36.8
Non-cash operating expenses	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8
Milestone & other revenue	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)
Operating income	**($24.1)**	**($25.0)**	**$2.2**	**$96.7**	**$198.9**	**$257.6**	**$340.5**	**$429.3**	**$524.5**	**$626.4**	**$735.3**
EBITDA	**($23.4)**	**($24.2)**	**$3.0**	**$97.5**	**$199.6**	**$258.3**	**$341.2**	**$430.1**	**$525.3**	**$627.1**	**$736.0**
EBITDA growth (%)	*NA*	*NA*	*NA*	*NA*	*104.8%*	*29.4%*	*32.1%*	*26.0%*	*22.1%*	*19.4%*	*17.4%*
EBITDA margin (%)	*NA*	*NA*	*12.9%*	*85.8%*	*92.0%*	*93.3%*	*94.5%*	*95.3%*	*95.8%*	*96.2%*	*96.5%*
Other non-operating expenses (Interest, income tax, deriv value)	$0.0	$0.0	$0.9	$30.1	$90.0	$77.5	$102.4	$129.0	$157.6	$188.1	$220.8
Net income	($23.6)	($24.5)	$1.8	$67.1	$109.4	$180.6	$238.6	$300.8	$367.5	$438.8	$515.0
Adjusted net inc, fully-taxed	($24.1)	($25.0)	$1.3	$67.5	$139.0	$180.1	$238.1	$300.3	$367.0	$438.3	$514.5
EPS (fully-taxed, basic)	**($2.69)**	**($2.79)**	**$0.15**	**$7.53**	**$15.50**	**$20.08**	**$26.55**	**$33.49**	**$40.92**	**$48.87**	**$57.37**
EPS (fully-taxed, fd)	**($1.25)**	**($1.29)**	**$0.07**	**$3.49**	**$7.19**	**$9.31**	**$12.31**	**$15.53**	**$18.97**	**$22.66**	**$26.60**
S/O (basic, 000)	*8,968*	*8,968*	*8,968*	*8,968*	*8,968*	*8,968*	*8,968*	*8,968*	*8,968*	*8,968*	*8,968*
S/O (fully-diluted, 000)	*19,341*	*19,341*	*19,341*	*19,341*	*19,341*	*19,341*	*19,341*	*19,341*	*19,341*	*19,341*	*19,341*
P/E (fd)	*NA*	*NA*	*212.4x*	*4.2x*	*2.1x*	*1.6x*	*1.2x*	*1.0x*	*0.8x*	*0.7x*	*0.6x*
EV/EBITDA (fd)	*NA*	*NA*	*77.6x*	*2.4x*	*1.2x*	*0.9x*	*0.7x*	*0.5x*	*0.4x*	*0.4x*	*0.3x*

Source: Leede Financial

- As ProMIS reported at the time, average reduction in blood plasma pTau217 was 15% as six-month follow-up while average reduction in CSF pTau243 was 13.3%, but once the trial is unblinded & we inevitably find that placebo patients experienced a rise in phosphorylated tau levels (a plausible if not probable assumption), we believe that PMN310's impact on these Alzheimer's disease biomarkers will be even more profound. Moreover, the proportion of PRECISE-AD patients who experienced some magnitude of pTau217 decline (68.7%) was coincidentally almost identical to the proportion of patients who were randomized to receive PMN310 (75%, three-to-one randomization to the PMN310 treatment arm vs placebo arm). Proportion of patients experiencing some magnitude of MTBR-tau243 reduction in CSF was also comparable at 62.5%. The proportion of pTau217 & MTBR-tau243 'responders' does imply that a few PMN310 patients were unresponsive to PMN310 action for reasons that may be interesting to explore once PRECISE-AD is unblinded.

- Obviously showing impact on Alzheimer's disease biomarkers is not a direct measure of PMN310's impact on cognitive impairment & six-month follow-up would likely have been far too early to observe such impact using any of the cognitive tests that ProMIS is deploying in PRECISE-AD, but as we described in our PMN report cited above, ProMIS & its UT-based contract research collaborator Pentara (private) quite prudently conducted preclinical studies (in Nov/25 in the journal *Alzheimer's & Dementia*) to show that increase in circulating/CSF-based phosphorylated tau-based biomarkers is in fact a verifiable predictor of future cognitive impairment, leading us to assume that reduction in these biomarkers is diagnostic for eventual onset of Alzheimer's disease. This assumption is so well-verified in the medical literature that Swiss diagnostics giant Roche (ROG-SW, NR) already has EMA approval for an Alzheimer's disease diagnostic assay called Elecsys pTau217; FDA review is pending.

- ProMIS indicated that 49% of PRECISE-AD patients have already completed one-year follow-up, giving us confidence that the trial is on pace to conclude at end-of-year & to provide one-year biomarker & cognition data by FQ127. Once PRECISE-AD is unblinded, we will of course be interested to see if the magnitude of phosphorylated tau reduction is correlated to shifts in cognitive impairment that may be apparent in some PMN310-treated patients. Biomarker levels should continue to decline over the second six-month interval in the trial & that magnitude of reduction will be uncoupled from placebo patients in the unblinded analysis.

Exhibit 13. Valuation Scenarios for ProMIS Neurosciences

NPV, discount rate		20%	25%	30%	35%	40%	50%
Implied value per share		$120.41	$76.20	**$48.97**	$31.85	$20.79	$8.59
				Discounted share price mid-2027			
Price/earnings multiple, F2032	**P/E**	**20%**	**25%**	**30%**	**35%**	**40%**	**50%**
Implied share price[1]	10	$35.30	$30.10	$25.83	$22.30	$19.35	$14.78
	20	$70.59	$60.20	**$51.66**	$44.59	$38.70	$29.57
	30	$105.89	$90.31	$77.50	$66.89	$58.04	$44.35
EV/EBITDA multiple, F2032		**5x**	**10x**	**12.5x**	**15x**	**17.5x**	**20x**
Implied share price[1,2]		$19.54	$38.10	**$47.37**	$56.65	$65.92	$75.20
One-year PMN target price				**$49.34**			

[1] *Based on F2032 fd fully-taxed EPS forecast of US$7.19; EBITDA of US$199.6M; 30% discount rate*

[2] *EV incorporates FQ226 cash of US$53.5M without giving effect to potential cash from derivative securities described in the Feb/26 equity offering; no LT debt, S/O (basic) 9.0M, S/O (fd) 19.34M.*

Source: ProMIS Neurosciences financial filings ; Leede Financial

- We remind our readers that we remain cautious about PRECISE-AD's ability to demonstrate impact on cognition from PMN310 dosing, since the trial is much smaller & of shorter duration than prior Phase III studies conducted by ProMIS' peers in the service of other beta-amyloid-targeted mAbs, specifically for lecanemab/Leqembi for which FDA approval was supported by an eighteen-month 1,795-patient pivotal trial (the CLARITY-AD trial, published in Nov/22 in the *New England Journal of Medicine*) or for donanemab/Kisunla for which FDA approval was supported by a separate eighteen-month 1,736-patient trial (the TRAILBLAZER-ALZ2 trial, published in Jul/23 in the journal *JAMA*). PRECISE-AD incorporates multiple cognitive assays that we have seen in other Phase III Alzheimer's disease trials, but on the conference call, ProMIS specifically identified the Clinical Dementia Rating-Sum of Boxes (CDR-SB) cognition assay as being specifically germane to PMN310's putative impact on cognitive function.

Exhibit 14. Development Pipeline For ProMIS Neurosciences

Asset	Target protein	Disease indication	Normal physiological role	Clinical Stage: Discovery / Preclinical / I / II / III	Timelines to next milestone
Lead antibodies in formal preclinical/IND-enabling testing					
PMN310	Epitope exposed in beta-amyloid oligomers	Alzheimer's disease	Synaptic plasticity, memory formation in hippocampus		Phase I completed, data in FH224 ***PRECISE-AD, final data in Q127***
PMN267	TDP-43 (Transactive response DNA-bind protein)	Amyotrophic lateral sclerosis (ALS)	Transcription factor (mRNA homeoasis/processing)		Complete IND-enabling studies, FH127 Commence Phase I ALS trial, FH227
PMN442	Alpha-synuclein (pre-synaptic tetramer in the brain)	Parkinson's disease, multiple system atrophy	Controls neurotransmitter release, vesicle transport		Complete IND-enabling studies, FH127 Commence Phase I PD/MSA trial, FH227
Misfolded protein antigens being targeted in discovery					
TBD	RACK1, SOD1	Amyotrophic lateral sclerosis (ALS)	Protein synthesis		Lead mAb generation by FH227
TBD	Tau	Alzheimer's disease Frontotemporal lobar degeneration (FTLD)	Microtubule stabilization neuron generation		Lead mAb generation by FH227
TBD	DISC1	Schizophrenia	Neuron generation mitochondrial transport		Lead mAb generation by FH227
TBD	Beta-amyloid vaccine	Alzheimer's disease prevention	Synaptic plasticity, memory formation in hippocampus		Lead mAb generation by FH227

Source: ProMIS Neurosciences investor presentation (May/26); Leede Financial

Exhibit 15. Comparable CNS Disease-Targeted Drug Developers For ProMIS Neurosciences

Company	Filing Curr	Sym	Shares Out (M)	Share price 13-Aug	Mkt cap ($M) (curr)	Mkt cap ($M) (C$)	Ent val ($M) (curr)	Ent val ($M) (C$)	Status of lead program
Comparable AD drug developer targeting beta-amyloid, tau, and other signalling pathways									
Acumen Pharmaceuticals Inc	USD	ABOS	72.2	$2.51	$181.3	$252.7	$83.9	$117.0	Lead mAb is ACU193 (sabirnetug), targeting amyloid oligomers. 65-patient Phase I AD trial (INTERCEPT-AD) completed in Jul/23; 542-patient Phase II AD trial (ALTITUDE-AD) data expected by Q426
AC Immune SA	USD	ACIU	101.8	$2.62	$266.6	$371.7	$145.6	$203.0	ACI-24.060, vaccine based on pyroglutamate-modified N-terminal beta amyloid fragment; positive interim Phase I safety/immunogenicity data in Jan/23 from 304-patient ABATE trial, final data in H129
Alpha Cognition Inc	USD	ACOG	21.8	$8.95	$194.9	$194.9	$140.6	$140.6	AD drug ALPHA-1062 (enteric-coated benzoyl ester derivative of acetyl-cholinesterase inhibitor galantamine/Razadyne; FDA-approved in Jul/24 as Zunveyl, EMA-approved in Jul/26; partnered in Jan/25 with China Medical System Holdings (867-HK), FQ126 sales US$3.5M; 150-patient RESOLVE trial ongoing, data in FH127
Alzinova AB	SEK	ALZ	155.0	0.92 kr	142.9 kr	$20.8	176.3 kr	$25.6	ALZ-101, vaccine formulations specifically targeting beta amyloid oligomers and not monomer or fibril forms; ALZ-201, mAb selected against disulfide-bridged stabilized beta-amyloid oligomers; 33-pt Phase I AD trial completed in Q125, ALZ-201 clinical testing is pending
Anavex Life Sciences Corp	USD	AVXL	92.7	$3.41	$316.0	$440.5	$184.3	$256.8	ANAVEX2-73 (blarcamesine), 508-pt Phase III trial, 48-week ADAS-Cog data generated in Sept/23, reduced serum amyloid & reduced MR-confirmed brain atrophy; clinical/regulatory strategy is pending
Annovis Bio Inc	USD	ANVS	34.6	$1.80	$62.4	$86.9	$48.1	$67.1	Buntanetap (Translational Inhib of Neurotoxic Aggregation Protein, TINAPs, potentiates binding of iron responsive elements to iron binding protein), improved axonal transport. 760-patient Phase II AD trial, data by mid-2028
BioArctic AB (publ)	SEK	BIOA B	74.3	328.00 kr	24,376.8 kr	$3,541.9	22,384.5 kr	$3,252.5	Original developer of Eisai's Phase III-stage protofibril-targeted lecanemab. 1,795-patient CLARITY-AD trial published in *NEJM* in Nov/22, Q126 sales US$168M, accelerated FDA-approved in Jan/23, formal approval in Jul/23
Cognition Therapeutics Inc	USD	CGTX	95.1	$1.04	$98.9	$137.9	$65.0	$90.6	Lead AD drug CT1812 (Elayta), binds to TMEM97 subunit of sigma-2 receptor, displaces amyloid oligomer binding to neurons. 540-patient Phase III AD trial is ongoing, data in 2027
INmune Bio Inc	USD	INMB	27.8	$2.04	$56.6	$78.9	$38.2	$53.3	DN-TNF, selective protein-based inhibitor of soluble tumor necrosis factor (TNF), Xpro; preserves activity of membrane-bound TNF; inhibits neuro-inflammation caused by glial cell activation. 201-pt Phase II AD trial started in Q122, 24-wk cognition data by H223.
Average								**$467.4**	
ProMIS Neurosciences Inc	**USD**	**PMN**	**9.0**	**$14.50**	**$130**	**$130**	**$77**	**$77**	**mAb drug developer, targets disease-relevant conformational epitopes, including in Alzheimer's disease with Phase II-stage PMN310, final data from PRECISE-AD trial in FH127**
ProMIS' balance sheet data & capital structure are pro forma-adjusted on consideration of recent equity offering; basic S/O are used in our market capitalization calculation									
AD drug developers that discontinued clinical testing of late-stage pipeline candidates									
BioVie Inc	USD	BIVI	7.5	$1.27	$9.6	$13.4	($3.5)	($4.9)	Lead orally-active anti-inflammatory beta-androstenetriol drug NE3107 in 439-patient Phase III AD trial, 30-week CDR-SB data insufficiently powered (258 patients excluded due to protocol deviation)
Filana Therapeutics Inc	USD	FLNA	48.3	$0.97	$46.9	$65.4	($35.7)	($49.8)	Was Cassava Sciences. Lead AD drug simufilam/PTI-125 alters shape-function of altered filamin A in the brain. 750-patient Phase III RETHINK-ALZ trial &1,000-patient Phase III REFOCUS-ALZ trial were terminated
LeonaBio Inc	USD	LONA	9.4	$7.62	$71.6	$99.8	$3.9	$5.4	ATH-1017/fosgonimeton (HGF-MET neurotrophic system modulator); 300-pt Phase III AD trial (LIFT-AD) terminated in Q225
Vivoryon Therapeutics NV	EUR	VVY	29.6	€ 1.13	€ 33.5	$53.8	€ 31.0	$49.8	Lead glutaminyl cyclase inhibitor drug varoglutamstat (PQ912), inhibits formation of pyroglutamyl beta-amyloid. Negative data from 414-pt Phase II AD trial (VIVIAD trial, discontinuing AD testing as of Mar/24
Comparable drug developers targeting Parkinson's disease, amyotrophic lateral sclerosis (ALS), or other forms of dementia									
Alector, Inc.	USD	ALEC	111.7	$2.04	$227.8	$317.5	$64.8	$90.4	TREM2-targeted AL002, 265-pt Phase II AD trial, 48-96-week CDR-SB data expected by Q124; separate Phase II AL001 program targeting TDP-43 in FTD, includes pts with progranulin mutations; partnered with GSK & AbbVie
Alnylam Pharmaceuticals, Inc.	USD	ALNY	133.8	$227.12	$30,390.7	$42,361.6	$29,813.6	$41,557.2	Diversified siRNA portfolio (TTR-amyloidosis drug Onpattro, also ALN-APP (amyloid precursor protein, mutations lead to ceregral amyloid angiopathy)
Amylyx Pharmaceuticals, Inc.	USD	AMLX	111.4	$22.48	$2,504.8	$3,491.4	$2,254.0	$3,141.9	Lead ALS drug is AMX0035 (sodium phenylbutyrate & taurursodiol), positive 6-mo ALSFRS-R data from 137-patient Phase II CENTAUR trial (*NEJM, 2020*), NDA filed in Nov/21, negative FDA Advisory Panel vote in Mar/22
Biohaven Ltd.	USD	BHVN	151.0	$14.85	$2,243.0	$3,126.5	$2,234.6	$3,114.8	CNS-focused drug developer, targets diseases related to glutamate dysregulation. Phase III ALS drug is verdiperstat. Collaborating with Artizan Biosciences to explore role of gut microbiome in PD
Denali Therapeutics Inc.	USD	DNLI	159.8	$24.82	$3,967.4	$5,530.2	$3,262.5	$4,547.6	Targeting frontotemporal dementia through associated mutations in the GRN granulin gene; lead drug is recombinant BBB-translocating progtranulin DNL593, in 106-pt Phase I/II testing, 18-mo data (Columbia-Suicide Severity Rating Scale) in Q425
Prothena Corporation PLC	USD	PRTA	51.3	$9.08	$466.1	$649.8	$177.9	$248.0	Prasinezumab (alpha-synuclein C-terminus-targeted mAb) in Phase II PADOVA trial; also PRX012 (amyloid beta N-terminus-targeted mAb) in Phase I AD testing; dual-acting amyloid-tau vaccine in development. AFFIRM-AL trial targeting light chain amyloidosis with birtamimab
Average								**$8,783.3**	

Source: Refinitiv

- ProMIS provided few details on its preclinical mAb pipeline in its conference call commentary & its FQ226 MD&A but it did acknowledge that alpha-synuclein-targeted Parkinson's disease mAb PMN442 & TDP-43-targeted amyotrophic lateral sclerosis (ALS) mAb PMN267 have been fully-humanized from their murine-derived hybridoma forms & IND-enabling studies are ongoing. We will of course be interested to see if ProMIS' discovery platform based on raising mAbs against cyclic peptides mimicking conformational epitopes in disease-associated misfolded proteins will be as germane to PMN442/PMN267 as it was for PMN310, for which beta-amyloid oligomer-selective binding is well-documented in published biochemical assays. PMN442/PMN267 are both factored into our PMN valuation but as a practical consideration, we expect Phase II-stage PMN310 to be the dominant share price driver for ProMIS in the medium term.

- **Summary & valuation.** We are maintaining our Speculative Buy rating & one-year PT of US$49.50 on PMN, with our valuation still based on NPV (30% discount rate that we normally ascribe to Phase II-stage clinical-risk equities) & multiples of our F2032 adjusted EBITDA/fd EPS forecasts (US$199.6M & US$7.19/shr, respectively) as shown in Exhibits 12 & 13. Our EV calculation incorporates FQ226 balance sheet data (cash of US$53.4M, no LT debt) & fd S/O of 19.3M – ProMIS capital structure is well-populated with derivative securities ascribed to its FQ126 equity offering, all of which we assume will be converted to common shares in our valuation. In the near-term, PMN310 & its Phase II Alzheimer's disease clinical program are the focus in our PMN investment thesis. As shown in Exhibit 14, there are a few clinical-stage Alzheimer's disease therapy developers that are basing clinical programs on oligomer-targeted assets, notably but not exclusively MA-based Acumen Therapeutics (ACOS-Q, NR) for which independent Phase II data from the 542-patient ALTITUDE-AD trial are on the horizon for ACU193, based on the work of Northwestern University researcher WL Klein who independently was publishing on the relevance of beta-amyloid oligomers to Alzheimer's disease pathology as far back as 2001); eighteen-month ACU193 cognition data are expected by end-of-FQ426.

- **Cardiol Therapeutics reports FQ226 financial results.** ON-based cardiovascular disease-focused small molecule drug developer Cardiol Therapeutics (CRDL-T, Spec Buy, PT C$7.00) reported FQ226 financial data for the June-end quarter that was simultaneously in line with our expectations for operating cash loss & minimally relevant to our CRDL investment thesis that is squarely focused on Cardiol's Phase III activities in recurrent pericarditis for its ultra-pure semi-synthetic orally-active cannabidiol formulation CardiolRx & parallel preclinical IND-enabling activities in diastolic heart failure (heart failure with preserved ejection fraction, or HFpEF) for the firm's polyethylene glycol (PEG) & elastin-like polypeptide-based injectable cannabidiol formulation CRD38.

Exhibit 16. Income Statement & Financial Forecast Data for Cardiol Therapeutics, F2026E-to-F2035E

Year-end December 31 (C$000, exc per share data)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
CardiolRx (Acute Myocarditis)	$0	$0	$0	$0	$0	$33,573	$84,436	$101,932	$136,724	$171,931
CardiolRx (Recurrent Pericarditis)	$0	$0	$0	$32,597	$81,981	$107,214	$116,154	$125,198	$125,949	$126,705
CardiolRx (injectable, diast HF)	$0	$0	$0	$0	$0	$42,954	$86,424	$108,678	$131,196	$153,981
Total revenue	**$0**	**$0**	**$0**	**$32,597**	**$81,981**	**$183,742**	**$287,015**	**$335,807**	**$393,869**	**$452,616**
Revenue growth (%)	*NA*	*NA*	*NA*	*NA*	*252%*	*224%*	*156%*	*117%*	*117%*	*115%*
R&D, clinical expenses	$7,500	$5,000	$5,123	$5,248	$5,377	$5,508	$5,643	$5,782	$5,923	$6,068
G&A, marketing expenses	$16,041	$15,765	$15,495	$16,537	$17,847	$20,240	$21,660	$20,964	$21,894	$22,843
Other expenses	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
EBITDA	**($23,541)**	**($20,765)**	**($20,618)**	**$10,812**	**$58,757**	**$157,993**	**$259,711**	**$309,062**	**$366,052**	**$423,704**
EBITDA growth (%)	(5%)	(12%)	(1%)	(152%)	443%	169%	64%	19%	18%	16%
EBITDA margin (%)	*NA*	*NA*	*NA*	*33%*	*72%*	*86%*	*90%*	*92%*	*93%*	*94%*
Non-operating expenses	$719	$719	$719	$719	$719	$719	$719	$719	$719	$719
EBIT	**($24,260)**	**($21,484)**	**($21,337)**	**$10,093**	**$58,038**	**$157,274**	**$258,992**	**$308,343**	**$365,333**	**$422,985**
Other non-oper expenses	$384	$384	$384	$384	$384	$384	$384	$384	$384	$384
EBT	**($24,643)**	**($21,867)**	**($21,721)**	**$9,709**	**$57,655**	**$156,891**	**$258,609**	**$307,960**	**$364,950**	**$422,602**
Tax expense	$0	$0	$0	$2,913	$17,296	$47,067	$77,583	$92,388	$109,485	$126,781
Net income, fully-taxed	($24,643)	($21,867)	($21,721)	$6,796	$40,358	$109,823	$181,026	$215,572	$255,465	$295,821
Fully-taxed EPS (basic)	($0.21)	($0.19)	($0.19)	$0.06	$0.35	$0.95	$1.56	$1.86	$2.20	$2.55
Fully-taxed EPS (fd)	**($0.18)**	**($0.16)**	**($0.16)**	**$0.05**	**$0.30**	**$0.81**	**$1.33**	**$1.59**	**$1.88**	**$2.18**
P/E (basic)	*NA*	*NA*	*NA*	*42.3x*	*7.1x*	*2.6x*	*1.6x*	*1.3x*	*1.1x*	*1.0x*
EV/EBITDA	*NA*	*NA*	*NA*	*17.2x*	*3.2x*	*1.2x*	*0.7x*	*0.6x*	*0.5x*	*0.4x*
S/O, basic (M)	*115,885*	*115,885*	*115,885*	*115,885*	*115,885*	*115,885*	*115,885*	*115,885*	*115,885*	*115,885*
S/O, fd (M)	*135,706*	*135,706*	*135,706*	*135,706*	*135,706*	*135,706*	*135,706*	*135,706*	*135,706*	*135,706*

Source: Cardiol Therapeutics financial filings, Leede Financial

- For the record, Cardiol exited the quarter with $26.1M in cash – quite similar to FQ126 cash level of $27.7M despite an operating loss in the quarter of ($7.9M) in part from raising $2.5M in new equity capital from warrant exercise activity in the quarter along with incurring a modest working capital surplus in the period of about $0.8M. Stock option expense by our calculation had a $2.4M impact on operating loss; accordingly, FQ226 operating cash loss including the aforementioned working capital surplus was only ($4.4M).

- At that run-rate, Cardiol certainly has sufficient cash runway in our view to not only fund operations through conclusion of Phase III recurrent pericarditis testing. The 110-patient MAvERIC trial is on pace to conclude patient enrollment by end-of-FQ326 & if so achieved, six-month efficacy data on episodes of pericarditis recurrence & on changes in pain intensity as measured by the eleven-point Numeric Rating Scale [NRS] could be available by end-of-FQ127 & possibly reported during FQ227. Importantly, Cardiol is enrolling patients that have discontinued treatment with current standard of care rilonacept, about which we will have more to say below.

- Cardiol did not dwell on its preclinical heart failure studies with CRD-38 other than to indicate that it has budgeted $4.0M toward completing IND-enabling studies on this formulation which it expects to complete during FH127. As a practical consideration, we would be surprised if Cardiol commenced formal Phase I CRD-38 heart failure testing before final MAvERIC data were in the public domain but that said, we strongly encourage Cardiol to advance IND-enabling testing for its injectable cannabidiol formulation since diastolic heart failure is a sizable & largely underserved medical market for Cardiol to target. The leasing heart failure therapy that also targets diastolic disease is Novartis' (NVS-NY, NR) sacubitril (neprilysin inhibitor)/valsartan (angiotensin receptor-blocker) combination therapy Entresto, for which multiple generic forms are now available, including from Novartis itself.

- We have described the medical justification for Cardiol to target recurrent pericarditis before & we can send our relevant reports to any interested Cardiol investors, but our key takeaway is that cannabidiol was shown in published preclinical studies to work pharmacologically through the same NLRP3 inflammasome pathway that forms the basis for anti-pericarditis activity engendered by market-leading interleukin-1-blocking biologic drug rilonacept/Arcalyst in its 82-patient Phase III RHAPSODY trial. Arcalyst is marketed by MA-based Kiniksa Pharmaceuticals (KNSA-Q, NR) which last month reported FQ226 Arcalyst sales for the June-end quarter of US$243.6M, keeping the drug well on its way to achieving full-year F2026 revenue guidance of US$980M-to-US$995M, at least on a run-rate basis. The drug is in no danger of being genericized in the near-term & only if/when CardiolRx is FDA-approved for the indication (which under best-case scenario is unlikely to transpire before FH228 even if Cardiol can submit its NDA filing for the indication within a quarter or so of completing MAvERIC data analysis).

Exhibit 17. Valuation Scenarios for Cardiol Therapeutics

NPV, discount rate		10%	20%	25%	30%	40%	50%
Implied value per share		$22.22	$9.99	**$6.11**	$4.78	$2.67	$1.20
Price/earnings multiple, 2031E		**10%**	**20%**	**25%**	**30%**	**40%**	**50%**
Implied share price[1]	**10**	$7.02	$4.95	$4.21	$3.60	$2.39	$2.03
	20	$14.04	$9.90	**$6.63**	$7.20	$4.78	$4.06
	30	$21.06	$14.85	$12.63	$10.80	$7.17	$6.09
EV/EBITDA multiple, 2031E		**5x**	**10x**	**12.5x**	**15x**	**17.5x**	**20x**
Implied share price[1,2]		$2.88	$5.86	**$7.35**	$8.84	$10.33	$11.82
One-year Cardiol target price (C$) [1]				**$6.70**			

[1] *Based on F2031 fully-taxed EPS of $0.95; EBITDA of $158.0M, discounted at 25%, FD S/O of 135.7M*

[2] *Includes FQ226 cash of $26.1M, no LT debt*

Source: Cardiol Therapeutics financial filings, Leede Financial

- **Summary & valuation.** We are maintaining our Speculative Buy rating & one-year PT of C$7.00 on CRDL, with our valuation still based on NPV (25% discount rate) & multiples of our F2031 EBITDA & fd EPS forecasts of C$158.0M & $0.95/shr, respectively. As shown in Exhibit 17, our calculated PT after incorporating new balance sheet data into our EV determination is slightly below our PT but not sufficiently different in our view to merit PT revision. Our model assumes

that CardiolRx could be FDA-approved during FH228 as indicated above & launched during F2029, generating C$32.6M in royalty revenue from future partners (likely with an existing interleukin-targeted biologics program, of which there are several well-capitalized global pharma firms & we would add Kiniksa itself to that list), increasing to $82.0M in F2030 & $107.2M in F2031, the reference year in our valuation.

- Though Cardiol itself dampened enthusiasm for acute myocarditis as a target indication when reporting data from its Phase II ARCHER trial, we believe that a well-designed Phase III pivotal study that does not linger on cardiac MR-confirmed impact on longitudinal strain or measures of left ventricular volume as endpoints for what is at its core an inflammatory disease could generate clinically-meaningful impact on disease & we thus project FDA approval/launch for that indication by FH231, as shown in Exhibit 16. We project FDA approval/launch for CRD-38 in diastolic heart failure/HFpEF by FH231 as well, but that timeline could be aggressive & will depend on timely commencement of Phase I CRD-38 testing no later than FH227.

- But recurrent pericarditis is the focus for our valuation & for CRDL share price momentum, especially when considering just how robust rilonacept/Arcalyst's sales trajectory became in recent quarters. The disease really had no established approved standard-of-care until Kiniksa came along with rilonacept/Arcalyst, other than treatment with general anti-inflammatory drugs like colchicine for which no proprietary branding is relevant & for which gastrointestinal side effect profile is dose-limiting. Cannabidiol's side effect profile, at least when dosed in the complete absence of other cannabinoids & especially the absence of psychoactive analogs like tetrahydrocannabinol (THC), is well known & fairly benign & the drug in an alternative form is already FDA-approved for treating forms of childhood epilepsy as developed by GW Pharmaceuticals (part of Jazz Pharmaceuticals [JAZZ-Q, NR] since May/21). Clearly epilepsy & pericarditis are distinct medical markets to which distinct economic fundamentals apply but as a point of interest, Jazz's cannabidiol sales in FQ226 (branded as Epidiolex) were US$292.1M, nicely showing us that there is no impediment to adoption of cannabinoids if shown to be effective as conventionally-developed small-molecule assets in well-designed clinical studies.

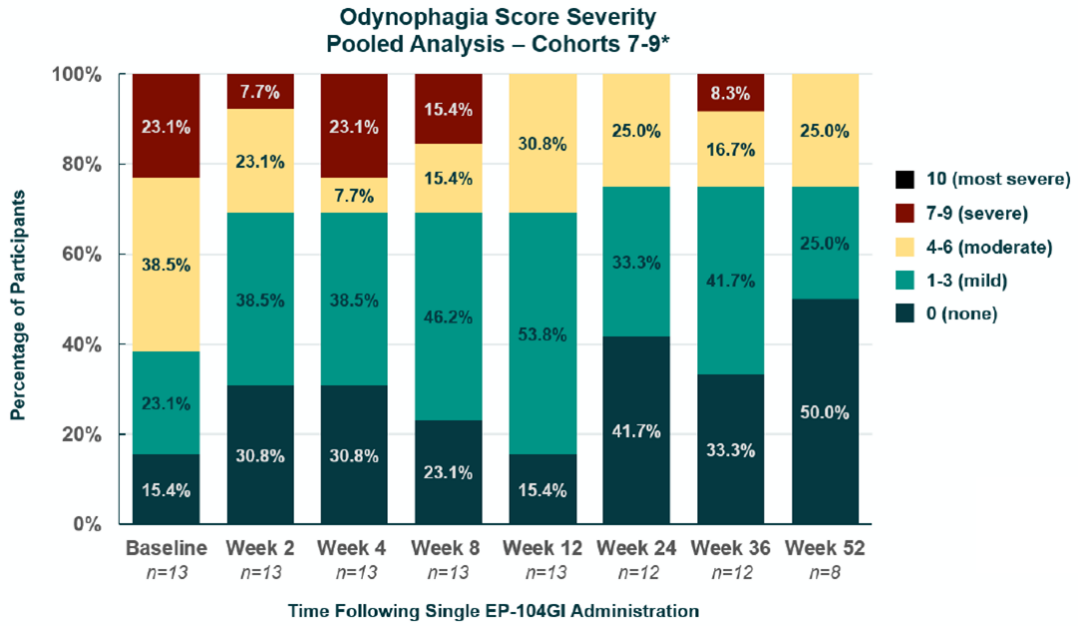
- **Eupraxia Pharmaceuticals (EPRX-Q, Buy, PT US$15.50) reports FQ226 results alongside encouraging new symptom severity data from the Phase I/II portion of its ongoing RESOLVE trial in eosinophilic esophagitis (EoE).** Yesterday, Eupraxia released a novel analysis elucidating symptom severity improvements in the higher dose cohorts (7-9) of the Phase I/II RESOLVE dose-escalation study, the first cohorts to receive 20 injections of EP-104GI at total doses ranging from 80 mg to 160 mg (consistent with the dosing being evaluated in the larger, placebo-controlled Phase IIb). In this open-label population (n=13 at baseline, declining to 8 by week 52), the proportion of patients with moderate-to-severe dysphagia (difficulty swallowing) decreased from 77% at baseline to 25% at weeks 24 & 52, with no patients reporting severe dysphagia at the latter timepoints.

- A parallel analysis of odynophagia (pain when swallowing) showed moderate-to-severe scores declining from 62% at baseline to 25% from weeks 24 through 52, with severe odynophagia eliminated entirely by week 24. The proportion of patients reporting no odynophagia increased from 15% at baseline to 50% at week 52. Improvements in both measures emerged as early as 2 weeks post-treatment. Eupraxia published a well visualized figure we can observe in Exhibit 18. The safety profile continues to remain clean across the broader trial: over 130 patients have been treated with EP-104GI or placebo across both RESOLVE phases (representing more than 2,000 individual injection sites) with no treatment-emergent or procedure-related serious adverse events reported.

  - **We recognize that the multiple patient-reported symptom instruments which have been in use across EoE trials can be confusing, & clarifying the distinctions between them is a valuable exercise**. The scientific mechanism at the core of the thesis remains the same & is broadly supported by the literature (covered in depth in our initiation report last year, which we can send to any interested investors [our PT has been upwardly revised since then, mostly on incorporating esophageal strictures as a new target market for EP-104GI). The clinical symptoms of EoE, principally dysphagia & food impaction, are driven by the progressive fibrostenotic remodeling (stricture formation, loss of esophageal compliance) that is downstream of the chronic eosinophilic inflammation. EP-104GI's mechanism, sustained local delivery of fluticasone propionate via Diffusphere microspheres, is designed to address both the upstream inflammatory process & the downstream tissue-level consequences, & the accumulating symptom data across multiple measures remain directionally consistent with that profile.

- The way in which clinicians & scientist measure these symptoms has evolved as the field has matured, something not uncommon in underserved rare disease: earlier trials used the Straumann Dysphagia Index (SDI), a weekly two-question measure of dysphagia frequency & severity (range 0-9) which demonstrated responsiveness in the Phase II dupilumab trial (Hirano, Gastroenterology, 2019) & has served as the primary symptom measure in RESOLVE's Phase Ib/2a, generating the 80% at 24 weeks & 66% at 52 weeks reaching clinical remission. The Dysphagia Symptom Questionnaire (DSQ) represents a slightly more sensitive & granular instrument, developed specifically for EoE per FDA guidance (Dellon, APT, 2013) & has been psychometrically validated (Hudgens, JPRO, 2017). The DSQ is a daily electronic diary scored over 14 days (range 0-84), capturing both dysphagia frequency (Q2) & the behavioral severity of episodes (Q3, scored on a 5-point scale from "got better on its own" through "sought medical attention"). The DSQ served as the co-primary symptom endpoint, alongside histologic remission, in both the dupilumab Phase III LIBERTY EoE TREET trial (Dellon, NEJM, 2022) & Takeda's pivotal Eohilia (budesonide oral suspension) studies, making it the only FDA-validated symptom PRO to have supported drug approvals in EoE. For reference the DSQ delta in in those trials were ~10-12 points placebo-adjusted at 24 weeks for Dupixent & ~4-9 points placebo-adjusted at 12 weeks across the two Eohilia pivotal studies.

Exhibit 18. EP-104GI Demonstrates Progressive Improvement In Dysphagia & Odynophagia Over One-Year Follow-Up



Source: Eupraxia Pharmaceuticals investor presentation (Aug/26)

- A newer version 4.0 of the DSQ added a fourth question on swallowing pain (odynophagia) (scored 0-4 daily, producing a separate 14-day score of 0-56), Q4 remains more exploratory & evaluated separately from the validated total score. A recent post-hoc analysis of the TREET data by Dellon & coworkers demonstrated that Q4 can be used to assess odynophagia days & resolution rates in a controlled setting: dupilumab showed significant improvement vs. placebo in days without odynophagia at week 24 (10.1 vs. 6.8, nominal $p<0.0001$), sustained through week 52, with 36.1% of dupilumab-treated patients achieving complete resolution of both dysphagia & odynophagia vs. 15.1% on placebo (Dellon & coworkers as published in the *Journal of Allergy & Clinical Immunology, 2026*).

- The data Eupraxia presented was not collected using the DSQ v4.0 but from a standalone 11-point numeric rating scale (0-10, 7-day recall) listed as separate outcome measures on the US NIH's clinical database. These differ from the DSQ slightly in construct (DSQ Q4 is conditional on dysphagia being reported in FQ226, meaning it captures pain only on days with swallowing difficulty; the standalone NRS captures general retrospective assessment of pain severity) & validation status. The Phase IIb portion of RESOLVE does specify DSQ v4.0 as one of their primary symptom endpoints alongside SDI, which would allow collection of Q4 pain data in a controlled setting comparable to the TREET post-hoc framework. Though Q1-3 would likely need to be calculated independently of Q4 from a regulatory consistency

perspective. Regardless, the odynophagia finding itself is very clinically relevant: recent data from the Swiss EoE Cohort Study found that nearly one-quarter of EoE patients report odynophagia & that its presence is associated with significantly greater overall symptom severity (Karpf & coworkers as published in *Digestive Disease Science, 2024*).

- The symptom data sits alongside an expected step-up in the company's operating cost base. R&D expenses reached $12.8M in Q2 FY2026, up from $5.2M in Q2 FY2025, driven primarily by clinical costs scaling with Phase IIb enrollment across up to 25 global sites, manufacturing & analytical investment including development of a new injection vehicle, & headcount growth including the appointments of a new CMO & two EVP-level hires. The quarter also included approximately $1.4M in one-time employment cessation costs tied to the company's geographic restructuring from Victoria, BC to a Vancouver/Seattle dual-hub model. G&A rose to $5.3M from $3.1M, reflecting expanded stock-based compensation under the Omnibus Incentive Plan & new lease obligations. Net loss for Q2 was $14.5M, up from $8.7M, partially offset by $3.6M in other income comprising a $2.3M FX gain on USD-denominated balances & $1.4M in interest income from a newly deployed $81.2M short-term investment portfolio.

- Total liquidity on June 30 was $133.7M ($52.4M cash plus $81.2M in short-term investments), reflecting proceeds from the February 2026 offering ($58.6M net) & warrant exercises ($16.8M) less operating consumption. Management guides runway into the second half of 2028. Of the $20M earmarked from the February 2026 offering for Phase III & a second GI indication study, none has been deployed, confirming those programs remain ahead of the spending curve. Completion of Phase III will likely require additional capital. The organizational reshaping during the quarter, including commercially experienced board additions, a new CMO, & the dual-hub transition, is consistent with a company jockeying for late-stage development & potential partnering discussions ahead of the Q4 2026 Phase IIb interim readout.

- **Satellos Bioscience (MSLE-Q, Spec Buy, PT US$16.00) reported FQ226 results reflecting the full cost ramp of its two active Phase II clinical programs**. R&D expense was US$9.6M in FQ226, up sequentially from US$7.3M in FQ126. The increase was driven primarily by clinical trial costs associated with BASECAMP & TRAILHEAD (US$4.7M vs. US$2.3M YoY) & CMC spending related to manufacture of regulatory starting materials for the ongoing studies (US$1.5M vs. US$207K YoY). Preclinical expenses also nearly doubled (US$1.3M vs. US$569K) on carcinogenicity & developmental/reproductive toxicology studies, which are NDA-enabling in nature. G&A rose modestly to US$2.5M, largely reflecting professional fees & operating costs tied to the Feb/26 US listing. Net loss was US$11.7M, or US$0.56/share.

  - Cash, cash equivalents, & short-term investments were US$61.8M at quarter-end, up from US$27.7M at year-end F2025 from the US$51.9M equity offering that the firm concluded in Feb/26, offset by cumulative net operating cash loss of US$17.6M incurred curing FH126. Management reiterated that existing resources are sufficient to fund operations through 2027. The quarterly R&D trajectory has followed a consistent staircase over the past four quarters (US$4.0M in Q3 2025, US$5.5M in Q4, US$7.3M in Q1 2026, US$9.6M in Q2) & is unlikely to plateau before BASECAMP enrollment completes & if a proposed FSHD (short for facioscapulohumeral muscular dystrophy, a related degenerative muscle disorder where SAT-3247 could notionally impact muscle regeneration just as effectively as in Duchenne muscular dystrophy) Phase II study commences. Satellos disclosed US$21.8M in outstanding contractual R&D commitments, of which US$17.0M is due within one year.

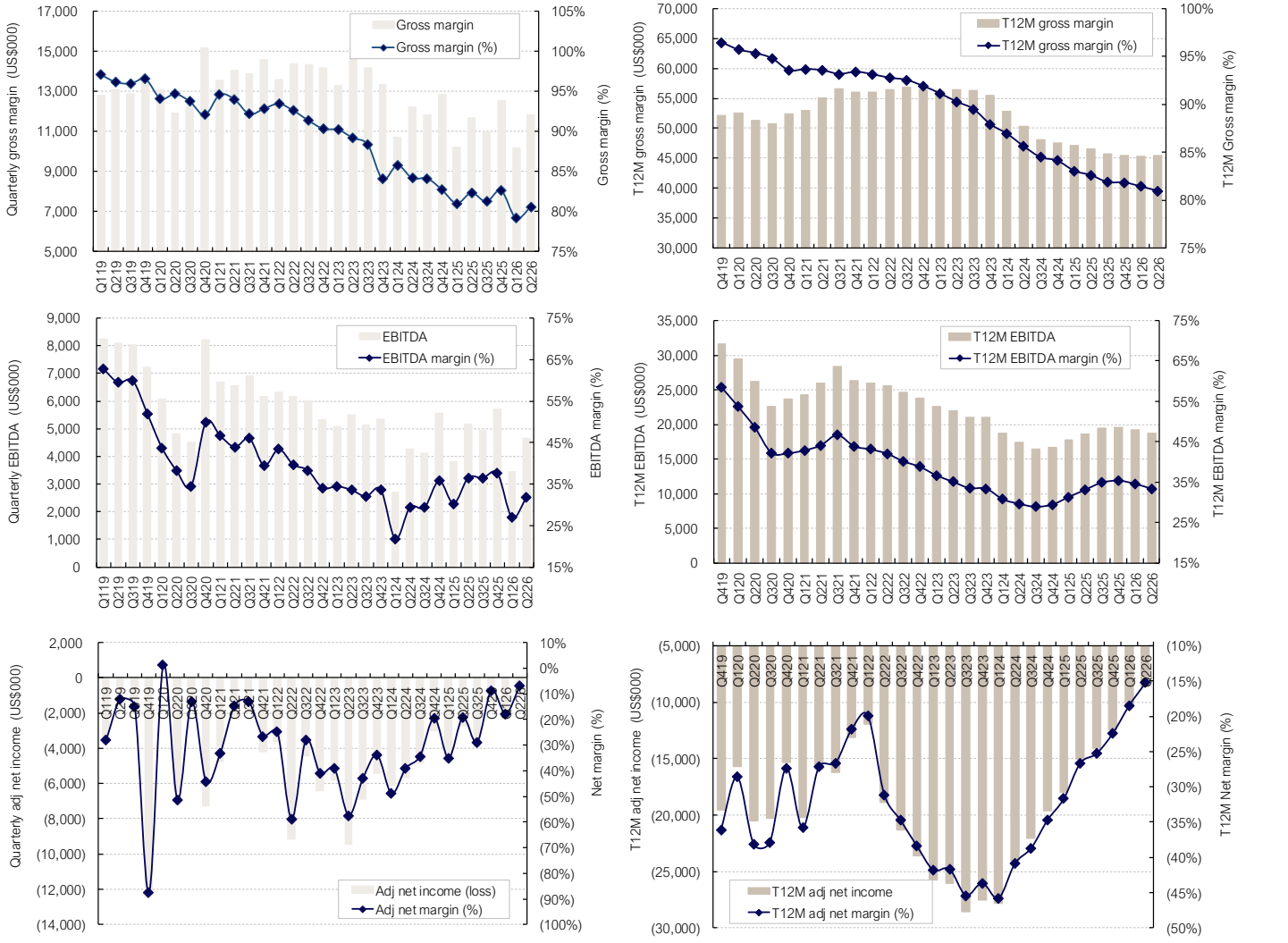
  - On the clinical side, the company reaffirmed its key near-term milestones. BASECAMP data is expected in Q4 2026; the company noted that activated & planned sites have identified a pool of potential participants exceeding the number required for enrollment, though no patient count was disclosed. TRAILHEAD, the open-label adult study, submitted its protocol to the FDA early in Q2 & began engaging US sites for the second cohort (ages 16-25); an update is also planned for FQ426. The FSHD IND remains on track for H2 2026, with US$18.7M of the February offering proceeds specifically earmarked for the second-indication Phase II. We have not modelled this indication in our price target, pending a deep dive into FSHD pathophysiology/mechanistic overlap with stem cell polarity. As we have previously covered, DMD Fast Track designation was granted in Jun/26, adding to existing Orphan Drug & Rare Pediatric Disease designations.

Significant Developments With Relevance To Our Coverage Universe

- **HLS Therapeutics reports FQ226 financial results.** ON-based specialty pharmaceutical firm HLS therapeutics (HLS-T, NR) reported FQ226 financial data for the June-end quarter that blended seamlessly with average revenue/EBITDA that the firm generated during trailing quarters – FQ226 revenue/EBITDA/margin were US$14.7M/US$4.7M/31.8% & thus up sequentially from FQ126 data of US$12.9M/US$3.5M/26.9M while comparing less favorably to stronger FQ225 data of US$14.2M/US$5.2M/36.5%. That said, we calculate average quarterly revenue/EBITDA/margin since FQ120 of US$14.6M/US$5.4M/36.6%, so FQ226 data are closely approximated by trailing average data, if slightly below average EBITDA/margin as calculated.

  - Income statement data during F2019 were unusual, in that gross margin & EBITDA margin were unusually strong [see Exhibit 19 below] even by specialty pharmaceutical standards, & we exclude that period from our analysis above for that reason. Interestingly though, HLS' margin data during F2019 were quite similar to Cipher's recent margin data. Coincidentally, both firms then as now marketed a small number of Rx therapies while receiving royalty revenue on US Absorica sales. But comparisons to Cipher are not relevant to either firm's current capital markets profile in our view, even before considering the unique medical markets that each target with core commercial drugs & we will not dwell on the comparison any further.

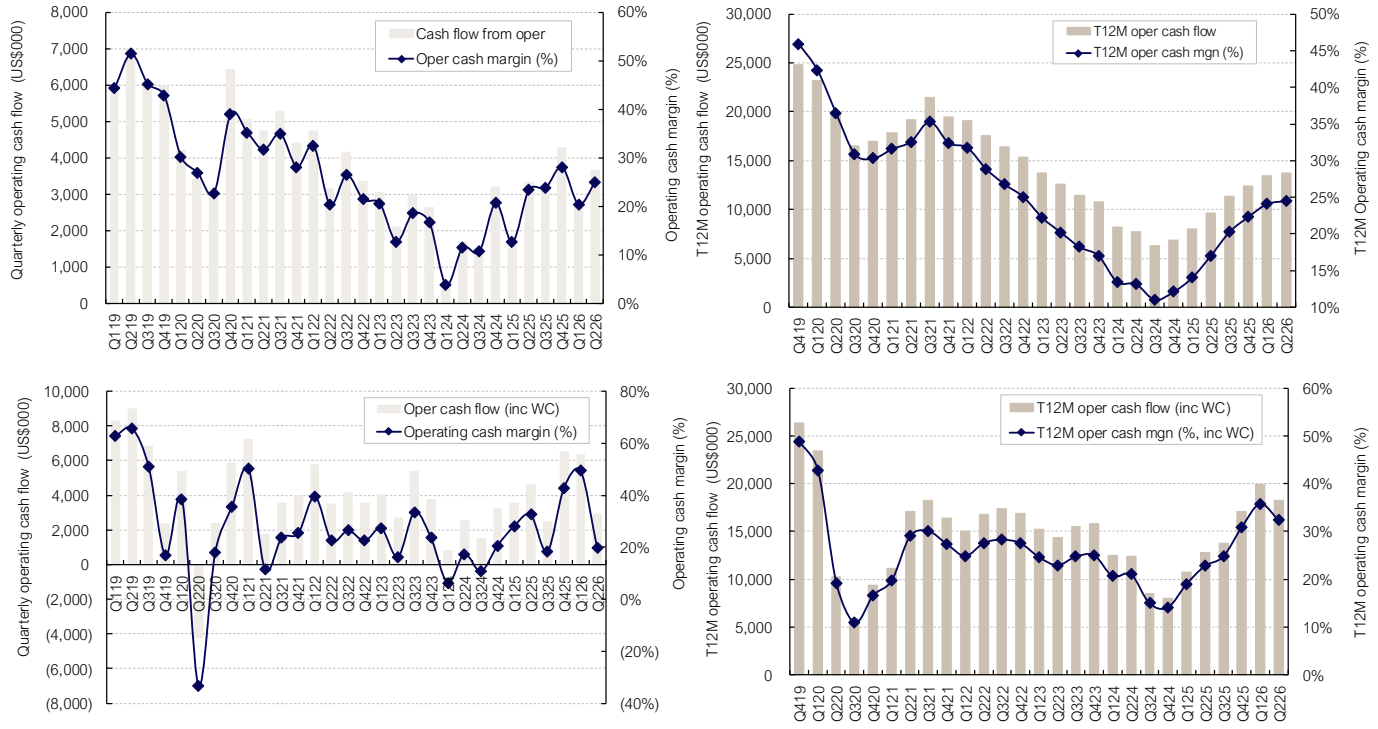
Exhibit 19. Quarterly & T12M Gross Margin-EBITDA-Net Income Data for HLS Therapeutics, FQ119-to-FQ226



Source: HLS Therapeutics financial filings, Leede Financial

- HLS generated FQ226 pure operating cash flow of US$3.7M, or US$0.12/shr & this was up sequentially from US$2.6M (US$0.08/shr) in FQ126 & modestly above FQ225 cash flow of US$3.3M (US$0.10/shr). As for EBITDA, HLS' FQ226 operating cash flow was comparable to average quarterly operating cash flow generated since FQ120, which was US$3.4M over the twenty-six trailing quarter period. HLS' consolidated FQ226 operating cash flow including working capital impact was lower at US$2.9M, with a modest (US$0.8M) working capital deficit compressing operating cash flow in the period, unlike FQ126 when a sizable provisions-driven surplus of US$3.7M contributed to operating cash flow strength at US$6.4M in that period (FQ225 consolidated operating cash flow was also above FQ226 level at US$4.6M, benefiting from a US$1.3M working capital surplus in that period as well).
- But HLS has no prior history of incurring working capital imbalances – cumulative working capital impact since FQ120 is only modestly into surplus at US$4.7M. On balance sheet metrics, HLS exited FQ226 with US$13.7M in cash & total debt of US$47.1M, with debt-to-FQ226 EBITDA run-rate ratio of 2.5x & FQ226 EBITDA-to-interest coverage ratio of 7.2x both in safe territory in our view, particularly when considering EBITDA/cash flow stability described above.

Exhibit 20. Quarterly & T12M Operating Cash Flow Data for HLS Therapeutics, FQ119-to-FQ226



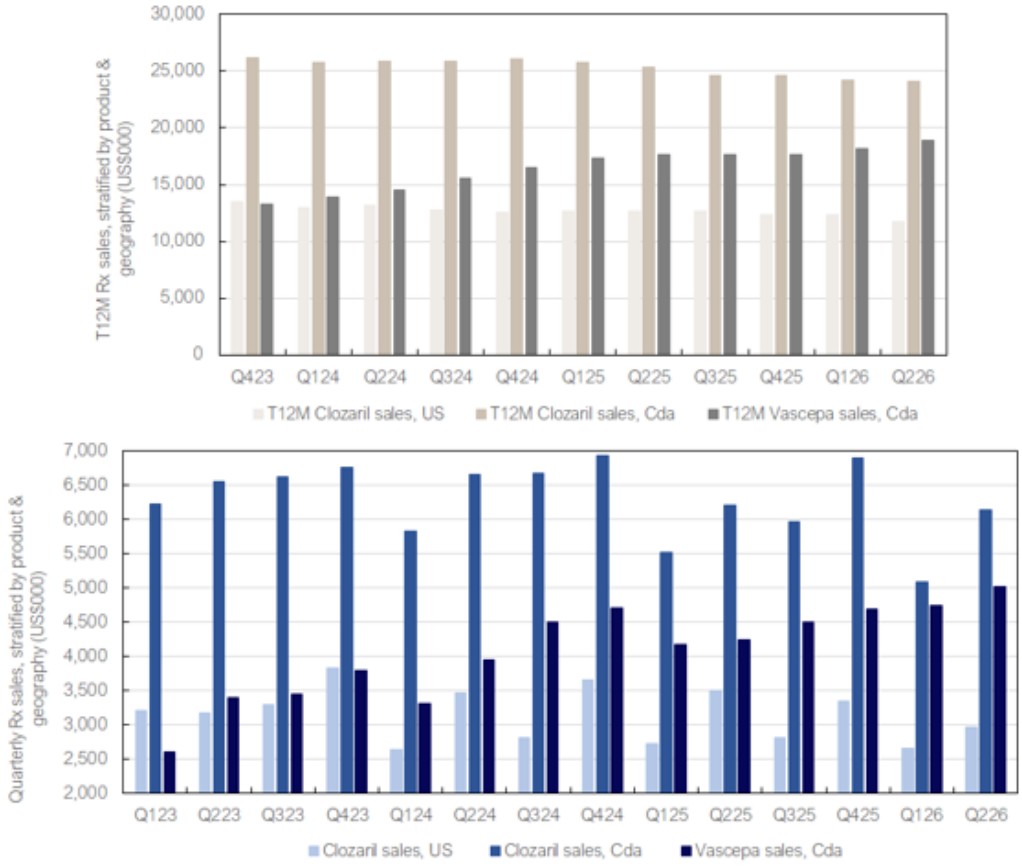
Source: HLS Therapeutics financial filings, Leede Financial

- Shifting to specific product sales, which themselves were as historically stable as are the profitability metrics that they create, HLS' sales of schizophrenia-targeted atypical anti-psychotic small-molecule drug clozapine/Clozaril were US$9.1M, with US$3.0M sold in US Rx markets & US$6.1M/US$8.5M sold in Canada. The drug also targets psychosis associated with Parkinson's disease & is approved for the indication in some EU nations though not in the US despite performing well in comparison to another small molecule that is (the widely-genericized anti-cholinergic drug benztropine, originally sold by Merck [MRK-NY, NR] as Cogentin) in a 1997 US-based nineteen-patient study published in the journal *Neurology*. We provide graphical representation of historic quarterly & T12M Clozaril US/Cda sales in Exhibit 21. Clozaril was originally described in the medical literature as far back as the 1950s & was originally FDA-approved in 1989 so there is a clear orthodoxy around how it is prescribed in the North American schizophrenia medical market & thus explaining its quarterly sales stability.
- Multiple generic formulations are available but we were interested to see that in Feb/25 (described in a Jul/25 article published in *Movement Disorders*), the US FDA lifted the requirement for weekly blood monitoring for clozapine/Clozaril-treated patients & as recently as Apr/26, the US FDA removed its risk evaluation & mitigation strategy (REMS) program

on clozapine, with the FDA stating that clozapine/Clozaril's risk of severe neutropenia (reduction in white blood cell count) is now sufficiently well-known (& known to be greatest during the first few months of clozapine/Clozaril administration) to mitigate the need for ongoing vigilance on this theme.

- Average quarterly US Clozaril sales since FQ123 were US$3.1M while average Canadian Clozaril sales were US$6.3M over the same fourteen-quarter time period, thus showing us again that FQ226 financial data including Clozaril sales data, were well within the bounds of expectations based on HLS' historic performance. Cumulative Clozaril sales in both US & Canada since FQ123 were US$132.2M.

Exhibit 21. Quarterly & T12M Product Sales For HLS Therapeutics, Stratified By Product & Geography, FQ123-to-FQ226



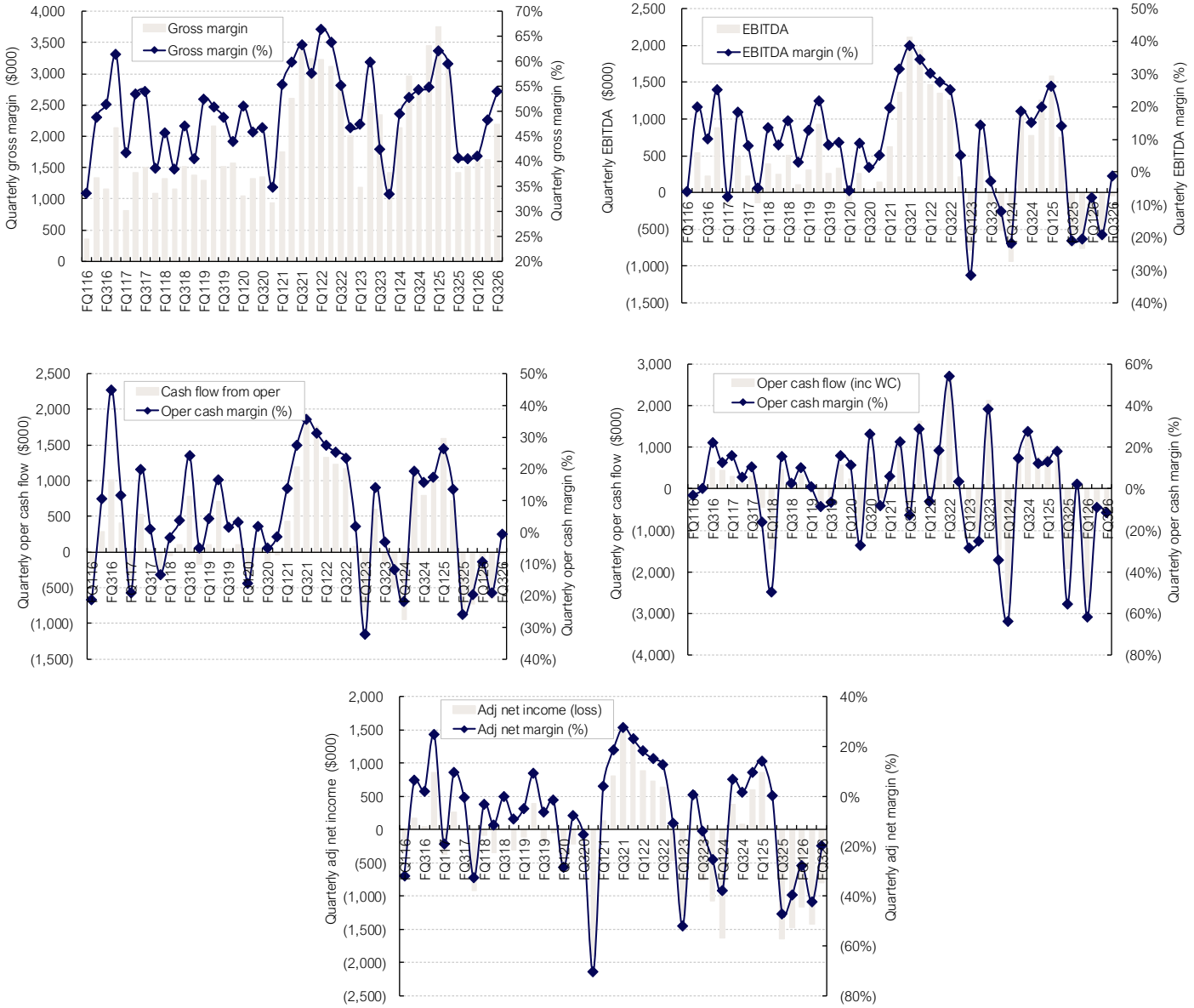
Source: HLS Therapeutics, Leede Financial

- Shifting to the firm's Amarin-licensed (AMRN-Q, NR) serum triglyceride-lowering omega-3 fatty acid eisocapentaenoic acid (EPA) ethyl ester derivative icosapent ethyl/Vascepa, Canadian sales were slightly up at US$5.0M in FQ226 as compared to the drug's fourteen-quarter trailing quarterly average of US$4.1M & in comparison to FQ126 Vascepa domestic sales of US$4.7M & FQ225 Vascepa sales of US$4.3M (we convert Vascepa sales into US dollars just for ease of comparison to other financial data that HLS reports in US dollars, which by the way, Cipher also does when reporting Canadian Epuris/CIP-isotretinoin sales). Cumulative Vascepa sales since FQ123 were US$57.1M.

- Vascepa certainly reduces serum triglyceride levels in patients presenting with hypertriglyceridemia symptoms at enrollment & this was well-documented in the pivotal Phase III MARINE & ANCHOR trials, both published back in 2011/2012 in the *American Journal of Cardiology* & summarized in many review articles since. But it is interesting to us that in Vascepa's prescribing information, the clinical studies section of that document does not overtly feature MARINE or ANCHOR data but rather features five-year cardiovascular event rate data from the published 8,179-patient REDUCE-IT trial (published in 2013 in the *New England Journal of Medicine*) for which adverse event rate certainly favored Vascepa-treated patients in comparison to placebo patients, but with the term 'placebo' in this context long recognized to be under the most charitable interpretation to be misleading.

- Mineral oil was the agent administered to 'placebo' patients in that trial & mineral oil (a mixture of aliphatic hydrocarbons) is hardly inert to cardiovascular health. This observation did not originate with us & is in fact published in multiple review articles in the medical literature, including a commentary article authored by New York University & Vanderbilt University-based researchers in Aug/21 in the journal *Circulation* & a separate biomarker study published by UCLA researchers in Nov/22 in the same journal. But that said, we have reviewed the omega-3 literature before & reached the conclusion then that elevated serum triglycerides are a cardiovascular risk factor, which omega-3 fatty acids in various forms have been able to reduce over a twelve-week time horizon in formal clinical studies. The broader cardiovascular medicine community clearly has acknowledged that activity even if REDUCE-IT data has attracted criticism in recent years. European marketing rights for Vascepa were sold to Italy-based specialty pharmaceutical firm Recordati (REC-MI, NR) back in Jun/25, with Recordati reporting FH126 EU Vazkepa (the EU brand) sales of €14.0M, actually quite similar to HLS' Canadian Vascepa FQ226 sales on a run-rate basis. Multiple generic formulations of the drug are now sold in the US.

Exhibit 22. Quarterly Gross Margin-EBITDA-Cash Flow-Net Income Data for Microbix Biosystems, FQ116-to-FQ326

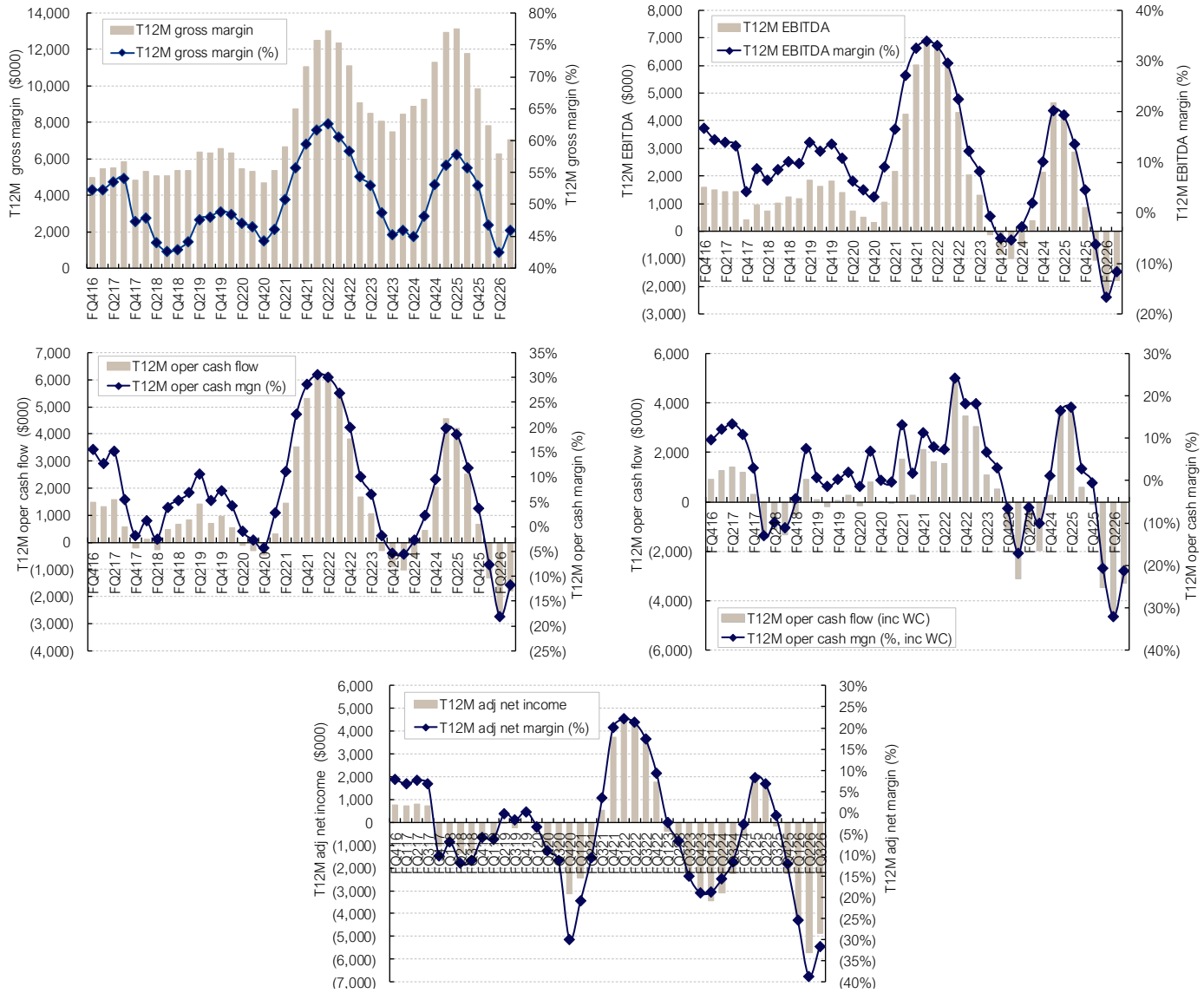


Source: Microbix Biosystems, Leede Financial

- **Microbix Biosystems reports FQ326 financial results.** ON-based molecular diagnostics-focused microbial antigen manufacturer Microbix Biosystems (MBX-T, NR) reported FQ326 financial data for the June-end quarter that exhibited sequential & y/y improvement on both revenue & EBITDA but to acknowledge that fact is to overlook that the firm is still generating negative EBITDA & cash flow & thus will need to ramp quarterly antigen & quality assurance product (QAP) revenue in forthcoming quarters to drive EBITDA/cash margins back into positive territory, as they were in multiple prior quarters & most recently in FQ225.

  - In brief, Microbix's consolidated FQ326 revenue/gross margin/EBITDA were $4.1M/$2.2M/($0.05M), certainly an improvement on all three metrics when compared to FQ226 data of $3.4M/$1.6M/($0.65M) & to FQ325 data of $3.5M/$1.4M/($0.72M), though candidly all three periods underperformed in comparison to the FQ224-to-FQ225 periods during which quarterly EBITDA was $0.8M or higher (cumulatively was $5.4M during that five-quarter period) or when compared to the even more profitable FQ121-to-FQ322 period during which cumulative EBITDA was $10.1M during that seven-quarter period that benefited from sizable revenue contribution from viral transport media (DxTM; $9.5M cumulative revenue) to the ON government during the pandemic era that unsurprisingly was close to the EBITDA value generated during that period.

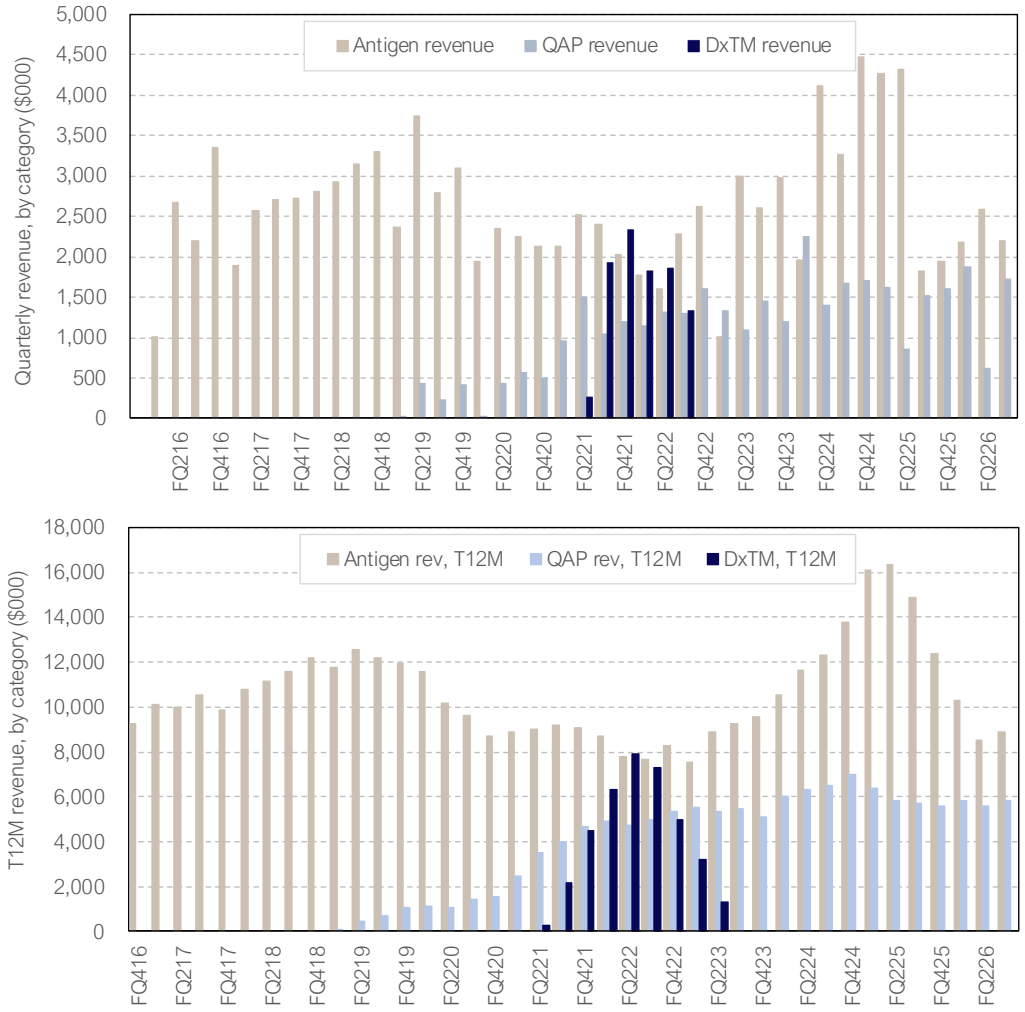
Exhibit 23. T12M Gross Margin-EBITDA-Cash Flow-Net Income Data for Microbix Biosystems, FQ416-to-FQ326



Source: Microbix Biosystems, Leede Financial

- Microbix indicated that its largest antigen clients have Microbix already embedded into approved infectious disease assays & these clients are likely stable antigen purchasers during the medium-term. QAP revenue is more volatile just because they tend to be identified on a two-year cycle & not on a quasi-permanent basis as antigen clients are. Management provided candid feedback on revenue softness as it has in prior quarters when revenue softness originated, with declines in diagnostic testing for bacterial pneumonia in Asia-Pacific markets post-SaRS CoV2 outbreak contributing partly to revenue declines that started in FQ325 & the other impact arises from one major client discontinuing test development for which Microbix was providing viral antigens (neither the test nor the antigen were identified, at least not in public documents). China alone was generating about $3.0M in antigen revenue for the firm, at least until FQ325, according to management commentary shared during Microbix's FQ326 conference call yesterday.

Exhibit 24. Quarterly & T12M Antigen Revenue for Microbix Biosystems, Stratified By Category, FQ216-to-FQ326



Source: Microbix Biosystems, Leede Financial

- Microbix commented in its MD&A that it believes itself & partner Sequel Pharma remain on pace to submit a supplemental biological licensing application (sBLA) during FH227 & if favorably reviewed, to launch Kinlytic in partnership with Sequel during F2028. We reflect favorably on the fact that at least three distinct clinical studies are ongoing in international medical markets that are testing urokinase (the active enzyme that Microbix & legacy developer Abbott Labs [ABT-NY, NR] branded as Abbokinase & then as Kinlytic) as a therapeutic for mitigating aneurysmal subarachnoid hemorrhage or acute ischemic stroke, as other urokinase enzyme analogs (tissue plasminogen activators such as Roche/Genentech's [ROG-SW, NR] alteplase/Activase or tenecteplase/TNKase, to name two).

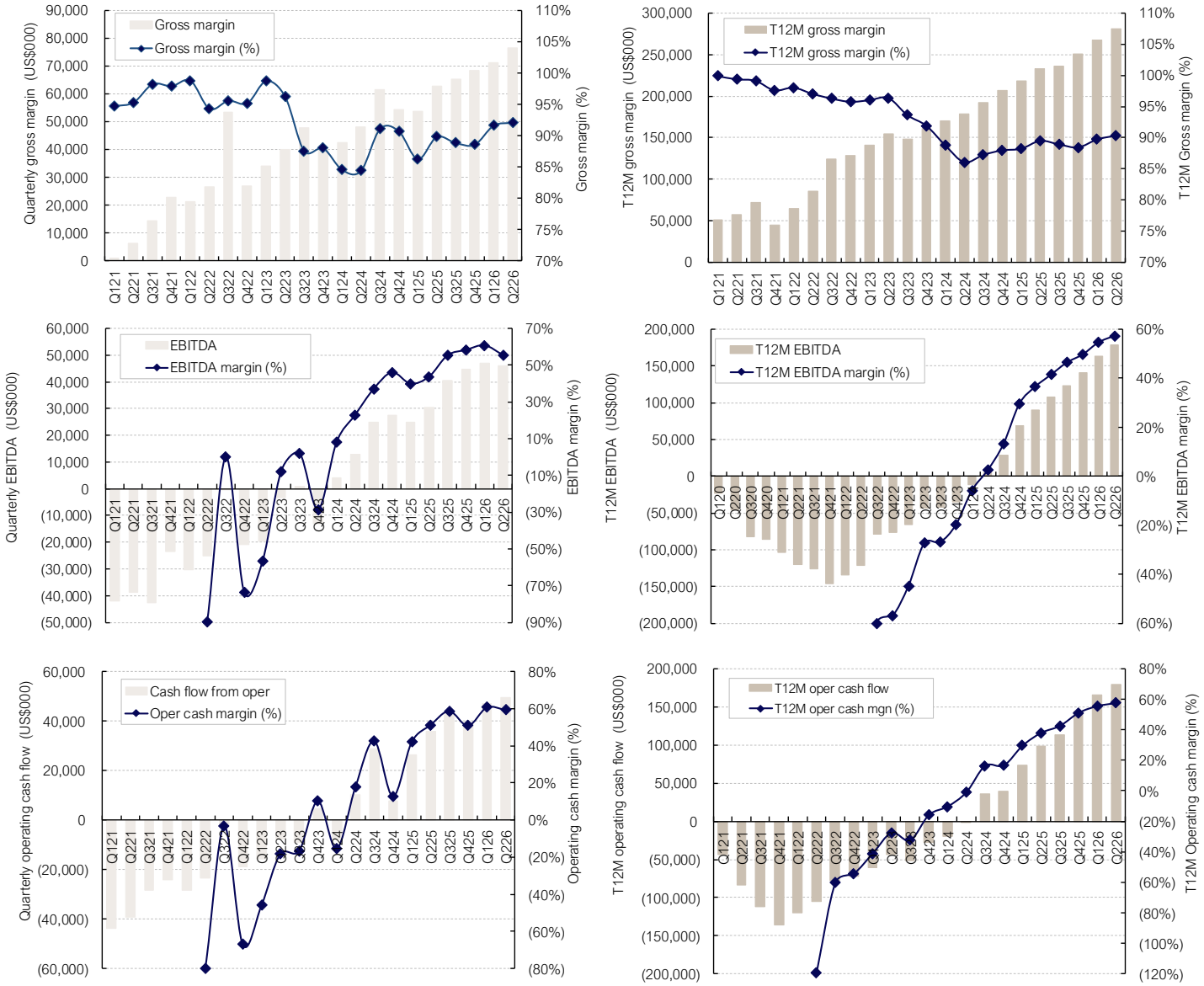
- The investment thesis on Microbix is now as always focused on driving top-line antigen/QAP revenue that invariably flows through to positive EBITDA/cash flow when gross margin exceeds 50% in parallel with consolidated revenue

exceeding $4.0M; the firm's fixed costs below the gross margin line are usually at/near $2.0M-to-$2.2M (at the top end of that range in FQ326). Operational stability & the cost predictability that this engenders is Microbix's best friend, but antigen/QAP revenue softness is the firm's worst enemy & needs to be a focus in future periods.

Retrospective Financial Summaries Of Other EBITDA-Positive Healthcare Equities In our Universe

We did not provide any financial analysis last week of four other EBITDA-positive healthcare firms for which we have provided commentary before, even though they are not strictly-speaking in our official coverage universe. What follows is graphical analysis of trailing financial data & brief FQ226 commentary on the following firms: AB-based autoimmune disease-targeted Aurinia Pharmaceuticals (AUPH-Q), LA-based respiratory medical equipment distributor (& peer firm for KY-based Quipt Home Medical that we covered until it was taken private in Mar/26) Viemed Healthcare (VMD-Q, NR), NS-based home healthcare services operator Nova Leap Health (NLH-V, NR) & QC-based specialty pharmaceutical giant Bausch Health (BHC-NY, NR):

Exhibit 25. Quarterly & T12M Gross Margin-EBITDA Data for Aurinia Pharmaceuticals, FQ121-to-FQ226

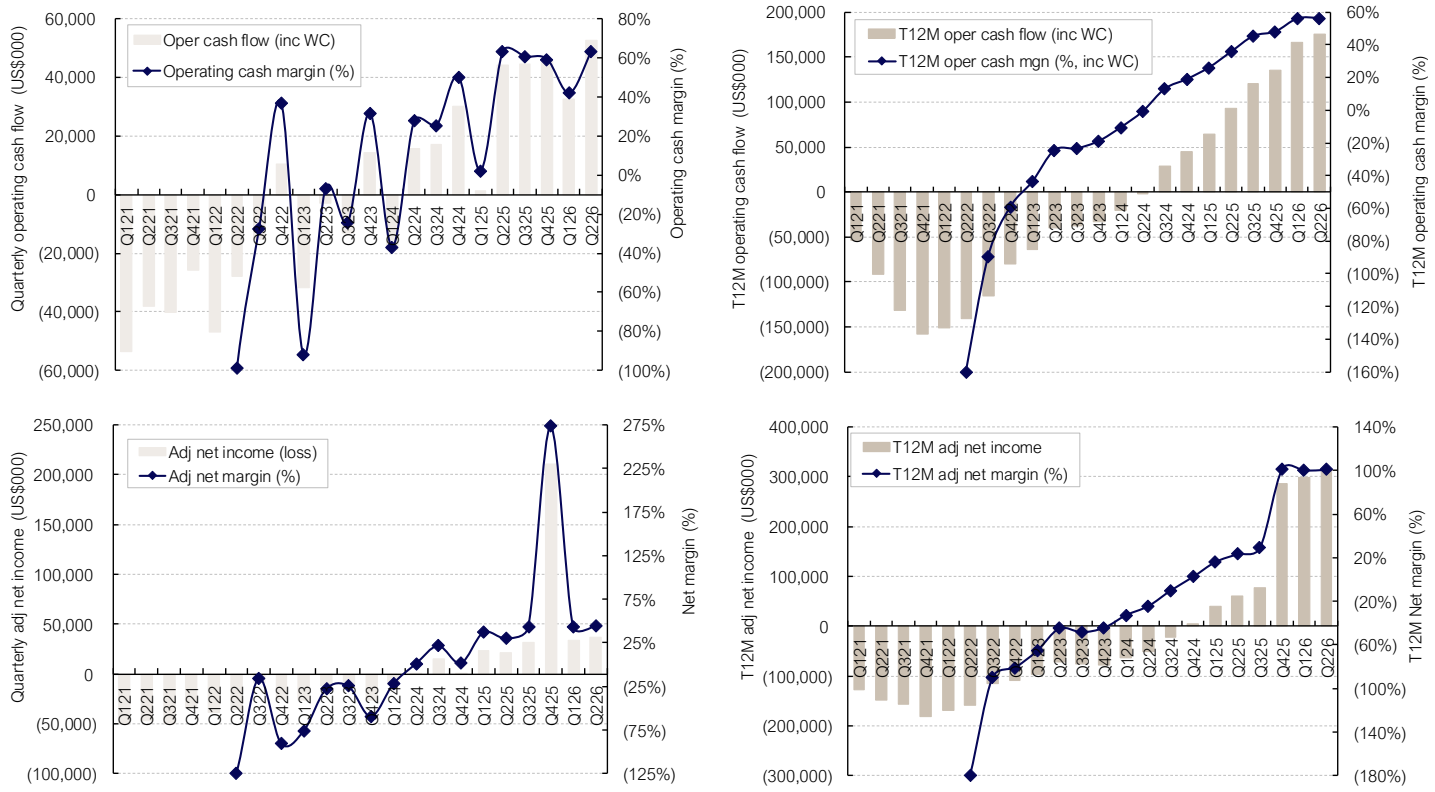


Source: Aurinia Pharmaceuticals financial filings, Leede Financial

- **Aurinia Pharmaceuticals reports FQ226 financial results.** AB-based autoimmune disease-targeted therapy developer Aurinia Pharmaceuticals (AUPH-Q, NR) reported FQ226 financial data for the June-end quarter that continued to exhibit gross margin stability while holding EBITDA margin >50% & thus at a Cipher-like industry-leading level in comparison to Aurinia's specialty pharmaceutical peers. Aurinia is a legacy coverage stock, back when it was Isotechnika (ticker was ISA-T).

  - FQ226 sales for the firm's FDA-approved lupus nephritis-targeted voclosporin analog Lupkynis experienced solid sequential growth to US$79.4M as compared to US$73.6M in FQ126 & US$66.6M in FQ225. Quarterly growth for the drug has been steady & impressive, growing from US$0.9M in its initial launch quarter in FQ121 up to US$21.4M in FQ122, to US$34.3M in FQ123, to US$48.1M in FQ124, to US$60.0M in FQ125, at which point we were seeing some softening of sequential growth that clearly was an illusion & not a reality because quarterly sales then climbed 32.3% during the FQ125-to-FQ226 period. Aurinia maintained its full-year F2026 revenue guidance of US$315M-to-US$325M, which includes licensing & contract revenue (presumably mostly royalties on EU-Japan sales Japan-based partner Otsuka [4578-JP, NR]) that on a FH126 run-rate basis is probably contributing about US$16M of that total. If that assumption is correct, Aurinia is guiding investors to expect Lupkynis US sales of US$300M-to-US$310M, a level that on a FQ226 run-rate basis it is likely to meet or exceed.

Exhibit 26. Quarterly & T12M Cash Flow & Net Income Data for Aurinia Pharmaceuticals, FQ121-to-FQ226



Source: Aurinia Pharmaceuticals financial filings, Leede Financial

- Aurinia is well-capitalized with US$443.1M in balance sheet cash (about US$3.33/shr in cash value) with no LT debt. FQ226 gross margin was strong & industry-leading at US$76.7M/92.1% as compared to FQ126 data of US$71.2M/91.6%, to US$68.3M/88.6% in FQ425 & to US$62.9M/89.8% in FQ225. Gross margin was thus a seminal EBITDA/margin driver in the quarter as in most prior periods, with FQ226 EBITDA/margin of US$46.0M/55.3% comparing favorably to FQ126 data of US$47.1M/60.6% if obviously experiencing some recalibration in the trailing quarter while comparing equally favorably to FQ225 data of US$30.5M/43.6%. Aurinia is clearly achieving manufacturing synergies from scaling voclosporin production up to current demand & we will be interested to see if Lupkynis pricing can be sustained to a degree that allows gross margin & EBITDA to be sustained at/above present levels.

- The most notable competitive lupus nephritis drugs in active clinical testing include Novartis' (NVS-NY, NR) BAFF-targeted ianalumab/VAY736 for which testing in the 348-patient Phase III SIRIUS-LN trial is ongoing (data in mid-F2035) & its Phase II-stage CD19-directed CAR-T cell therapy rapcabtagene autoleucel/YTB323 undergoing testing in a 179-patient lupus nephritis trial (the AUTOGRAPH SLE trial; data in early F2032). Roche (ROG-SW, NR) is separately undertaking early Phase II testing of its already-approved bispecific CD20 & CD3 T-cell engager mAb mosunetuzumab/Lunsumio in a 30-patient exploratory lupus nephritis trial (the SOLUNA trial) from which data are expected in FH228 & another Phase II lupus nephritis program testing also-already-FDA-approved CD20-targeted obinutuzumab/Gazyva in a 40-patient trial (the POSTERITY trial; data expected by mid-F2030). Gazyva is already approved for lupus nephritis though, based on legacy data from the published REGENCY & NOBILITY trials. The lupus nephritis clinical landscape was nicely described in a review article published last month in the journal *Immunotherapy* that we gleaned for this analysis.

- In our FQ126 commentary on Aurinia, we described the pharmacology of the firm's pipeline autoimmune disease-targeted dual BAFF (B-cell activating factor)/APRIL (A proliferation-inducing ligand; part of the tumor necrosis factor superfamily) inhibitor mAb aritinercept/AUR200, observing in that commentary that the dual action of this hybrid biologic drug could be relevant to modulating B-cell survival & maturation & thus be relevant to B-cell-based pathologies. It is a recombinant fusion protein that covalently links the constant region (Fc) from the antibody subtype IgG4 to a modified B-cell maturation antigen (BCMA) extracellular domain protein component.

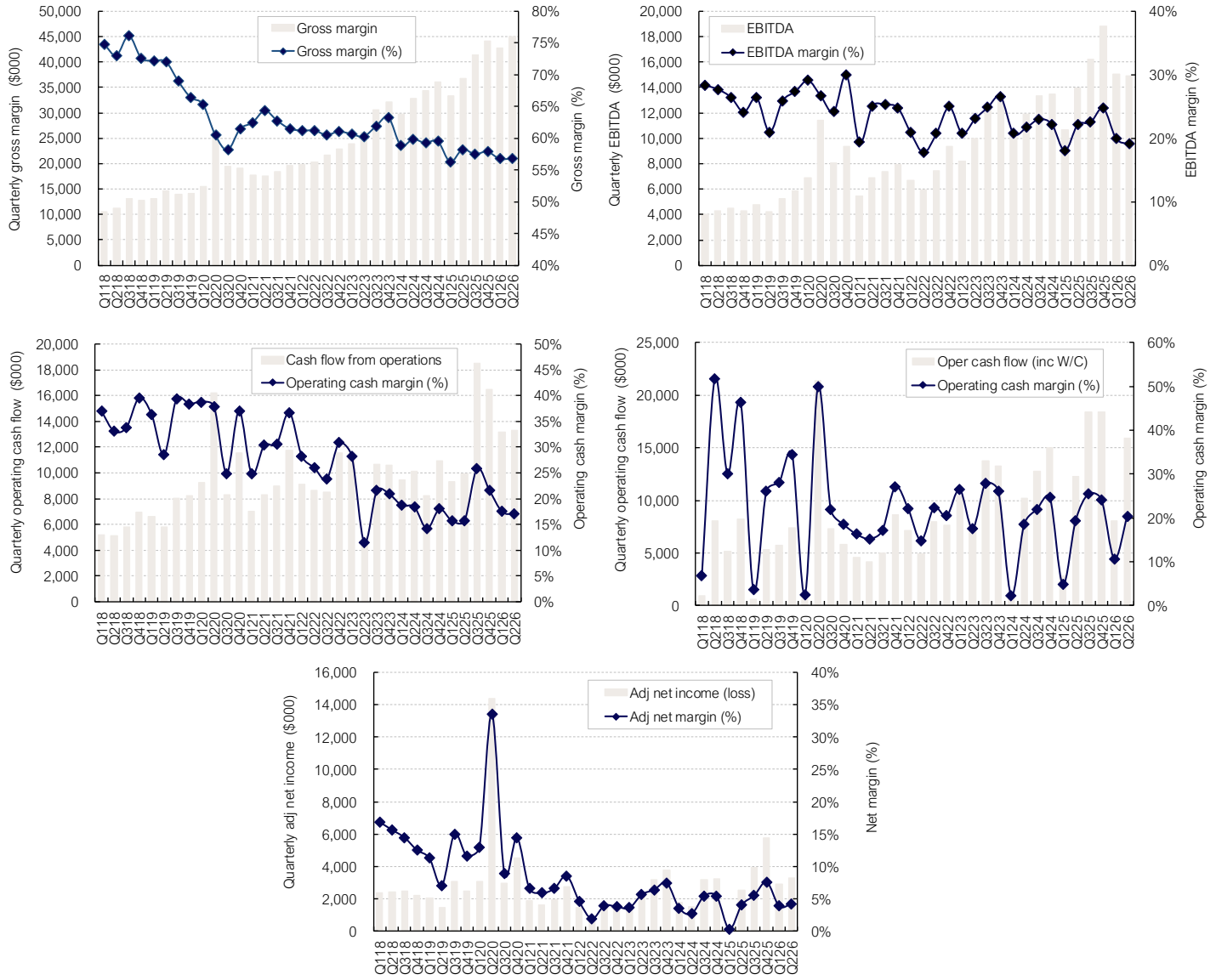
- In surface plasmon resonance-based binding data that Aurinia published in recent conference abstracts & in its Aug/26 investor presentation, aritinercept outperformed two other analogous BAFF/APRIL-inhibiting drugs in atacicept (ZymoGenetics/Bristol Myers Squibb [BMY-NY, NR] was the innovator, but Vera Therapeutics [VERA-Q, NR] now has development rights) & telitacicept (Yantai Rongchang Pharmaceutical/RemeGen [09995-HK, NR], an already-approved lupus drug in China) on binding affinity to both BAFF & APRIL protein ligands. Aurinia is currently conducting an 81-patient Phase II aritinercept trial targeting the autoimmune degenerative muscle/nerve connectivity disorder myasthenia gravis, with data expected in early FH129.

- **Viemed Healthcare reported FQ226 financial results.** LA-based respiratory medical equipment distributor Viemed Healthcare (VMD-Q, NR) reported FQ226 financial data for the June-end quarter. The firm generated headline FQ226 revenue/EBITDA/margin by our calculation of US$78.1M/US$14.9M/19.1% as compared to FQ126 data of US$75.4M/US$15.1M/20.0%, to FQ425 data of US$76.2M/US$18.9M/24.8% (a typically seasonally strong quarter for the firm) & to FQ225 data of US$63.1M/US$14.0M/22.2%. For context, our EBITDA calculations for Viemed tend to differ from those reported by Viemed, possibly because the firm is incorporating transaction costs into its own calculation that we conventionally exclude; regardless, the differences in our experience tend to be trivial. Though EBITDA margin dipped below 20% in FQ226, as it occasionally does but infrequently (most recently in FQ125), we still consider Viemed's EBITDA margin performance to be in line with our expectations, based on our experience with margins typically generated by now-private Quipt Home Medical that we formally covered until it was acquired by private investors in Mar/26.

  - Viemed exited FQ226 with US$10.7M in cash & total debt of US$7.1M, making its debt-based financial ratios so far into safe territory that they hardly merit commentary, but for the record, FQ226 EBITDA-to-interest coverage ratio was >60x while LT debt-to-FQ226 EBITDA run-rate ratio was 0.1x. Viemed's FQ226 pure operating cash flow of US$13.3M, or US$0.30/shr, that was close to its EBITDA value (the firm incurs minimal interest or tax expense). This compares to FQ126 pure operating cash flow of US$13.2M (also US$0.30/shr) & to FQ225 cash flow of US$9.9M (US$0.22/shr).

  - As we described in prior Viemed commentary, the firm's revenue-gross margin-EBITDA scaled upward since FQ325 due to its acquisition of IL-based Lehan's Medical Equipment back in Jul/25, which on a trailing basis was projected to generate annual revenue/EBITDA of US$25.7M/US$7.4M, a data set that appears to be replicated if not exceeded under Viemed's stewardship.

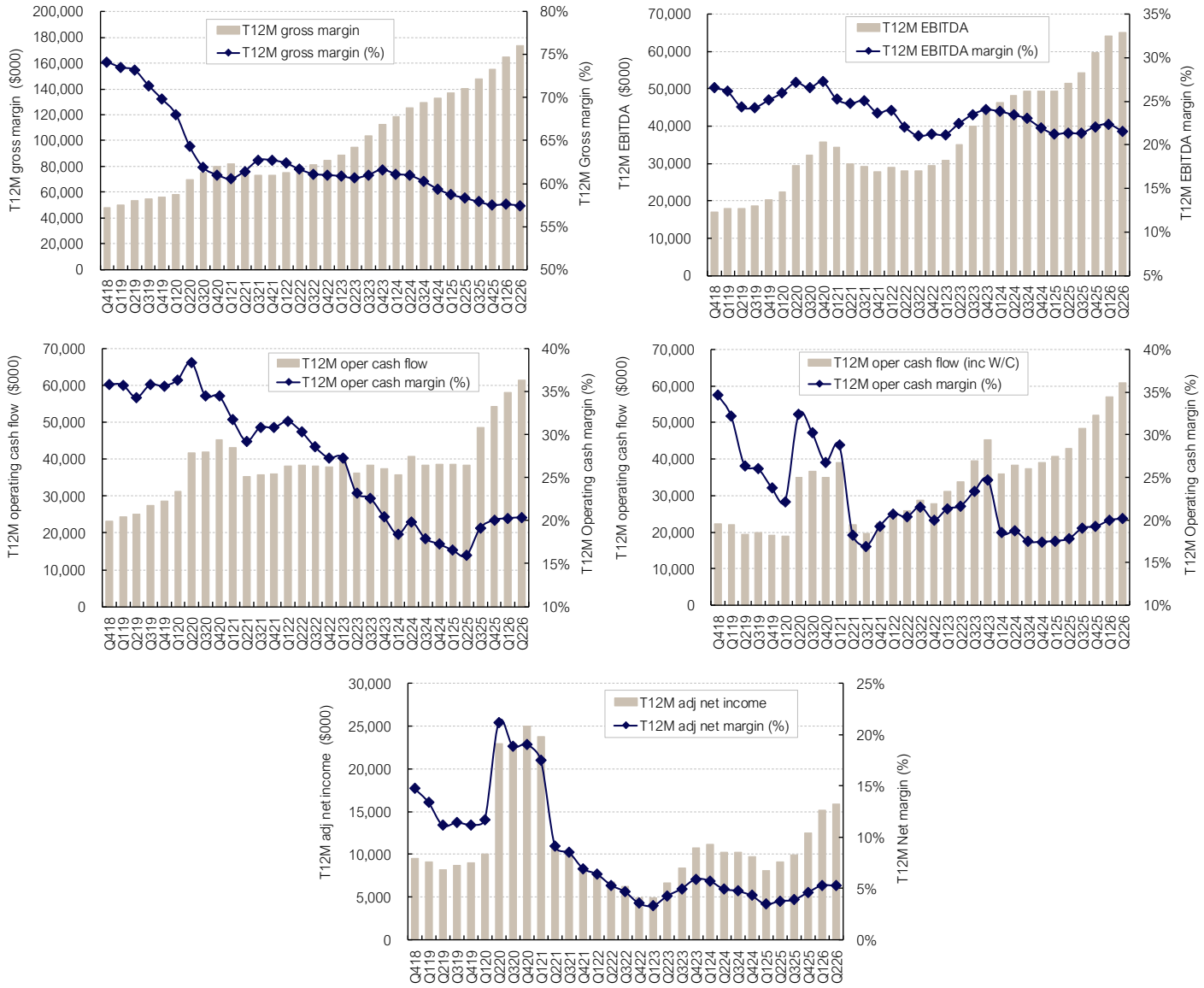
Exhibit 27. Historic Quarterly & T12M Revenue for Viemed, Stratified By Product Category, FQ118-FQ226



Source: Leede Financial, Historical Data – Company Information (Viemed)

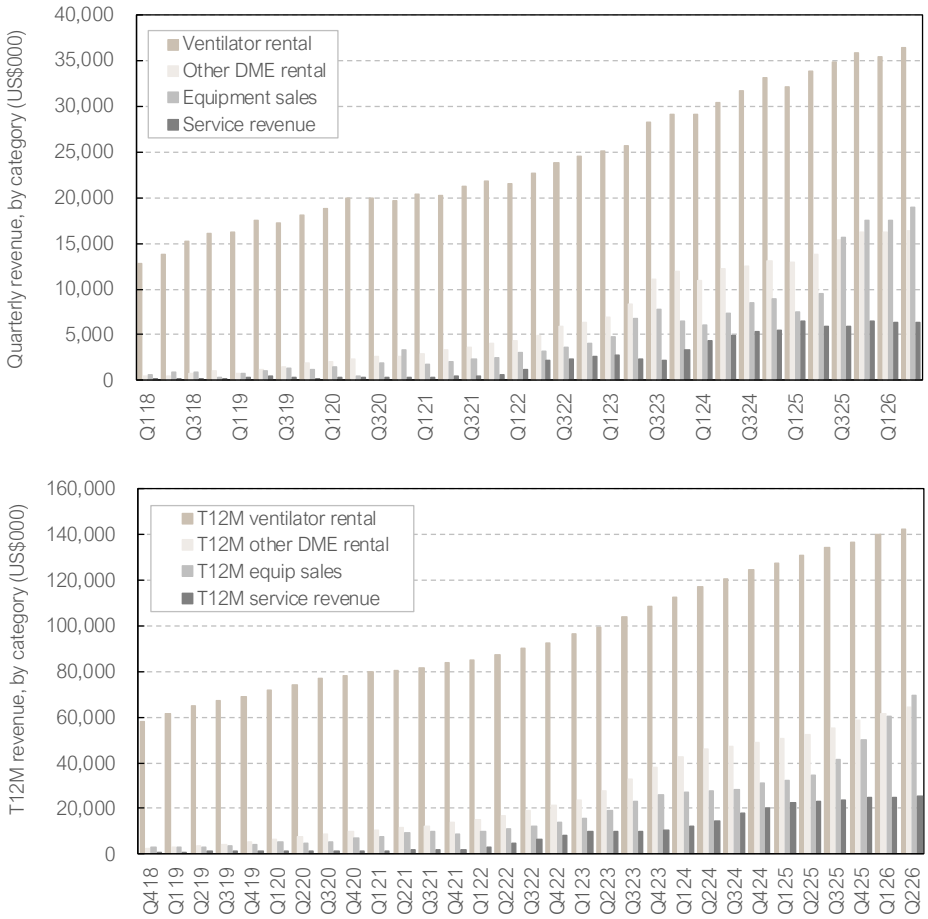
- As was also relevant to Quipt, Viemed's balance sheet cash rarely if ever rises in proportion to its operating cash flow generation because of two factors. First of all, the firm does incur working capital deficits in most though not all financial periods, with cumulative working capital deficit of (US$40.1M) incurred since FQ119 by our calculation. This is not excessive at least not in comparison to Quipt but it does absorb operating cash flow. But more importantly, the firm does deploy measurable cash to tangible assets, probably respiratory equipment that it rents to patients, in most financial periods. Cumulative cash used to purchase tangible assets since FQ119 is US$150.5M. Neither of these factors reflects on Viemed's operating metrics in our view but working capital & spending on tangible assets certainly impact free cash flow as an independent driver of share value.

Exhibit 28. Historic Quarterly Gross Margin-EBITDA-Net Income-Cash Flow Data for Viemed, FQ118-FQ226



Source: Leede Financial, Historical Data – Company Information (Viemed)

Exhibit 29. Historic T12M Gross Margin-EBITDA-Net Income-Cash Flow Data for Viemed, FQ118-FQ226



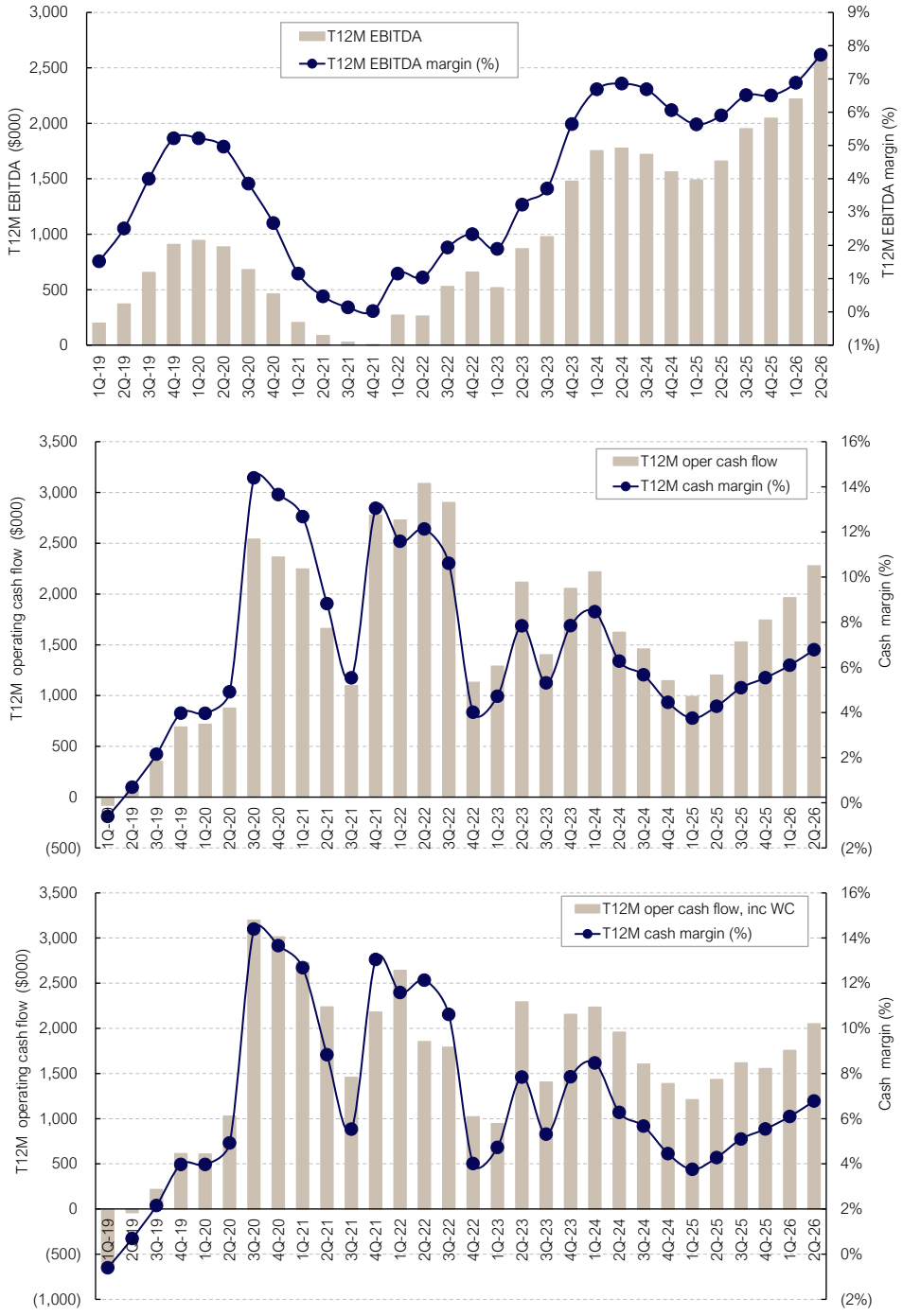
Source: Leede Financial, Historical Data – Company Information (Viemed)

- **Nova Leap Health reported FQ226 financial results.** NS-based home healthcare operator/consolidator Nova Leap Health (NLH-V, NR) reported its FQ226 financial data recently for the June-end quarter that exhibited sustained revenue/EBITDA strength if admittedly from a modest base, with FQ226 revenue/EBITDA/margin of $9.4M/$0.96M/10.2% comparing favorably to FQ126 data of $7.9M/$0.46M/5.9% & to FQ225 data of $8.0M/$0.58M/7.2%. The key revenue driver was undoubtedly the firm's acquisition of NS-based Parkwood Home Care for which annualized revenue/EBITDA at the time of the transaction was $3.8M/$0.79M, a level that seems to approximate the magnitude of FQ226 vs FQ126 revenue/EBITDA growth assuming two months of Parkwood contribution to FQ226 data.

  - The transaction predictably also impacted Nova Leap's capital structure, bringing its cash down sequentially to $1.44M (from $1.61M) while bringing LT debt up to $3.44M (from $1.90M), a manageable level when considering that the firm's debt-based financial ratios were still well into safe territory at 9.8x for FQ226 EBITDA-to-interest coverage ratio & 0.9x for LT debt-to-FQ226 EBITDA run-rate. EBITDA margin for the firm's home healthcare-based operations of 10.2% if sustainable would be approximated by if slightly below the operating margins of 12%-to-14% that ON-based Extendicare (EXE-T, Buy, PT $39.00) generates for its ON-AB-BC-based home healthcare operations in most recent quarters.

  - But division-specific operating margin of course differs from EBITDA margin by excluding corporate costs & depreciation expense that could bring Extendicare's home healthcare EBITDA margin (should the firm ever be inclined to report that value, or if it was even calculable) a bit closer to Nova Leap's standard. As Exhibit 30 shows, Nova Leap's T12M EBITDA/margin & operating cash flow/margin have been linearly increasing Q/Q since FQ125 & its share price performance has tracked that improvement in lockstep. One-year return for NLH-V is 57.4% & just in the last month alone, the stock is up 26.3%.

Exhibit 30. Historic T12M EBITDA & Cash Flow Data for Nova Leap, FQ119-FQ226



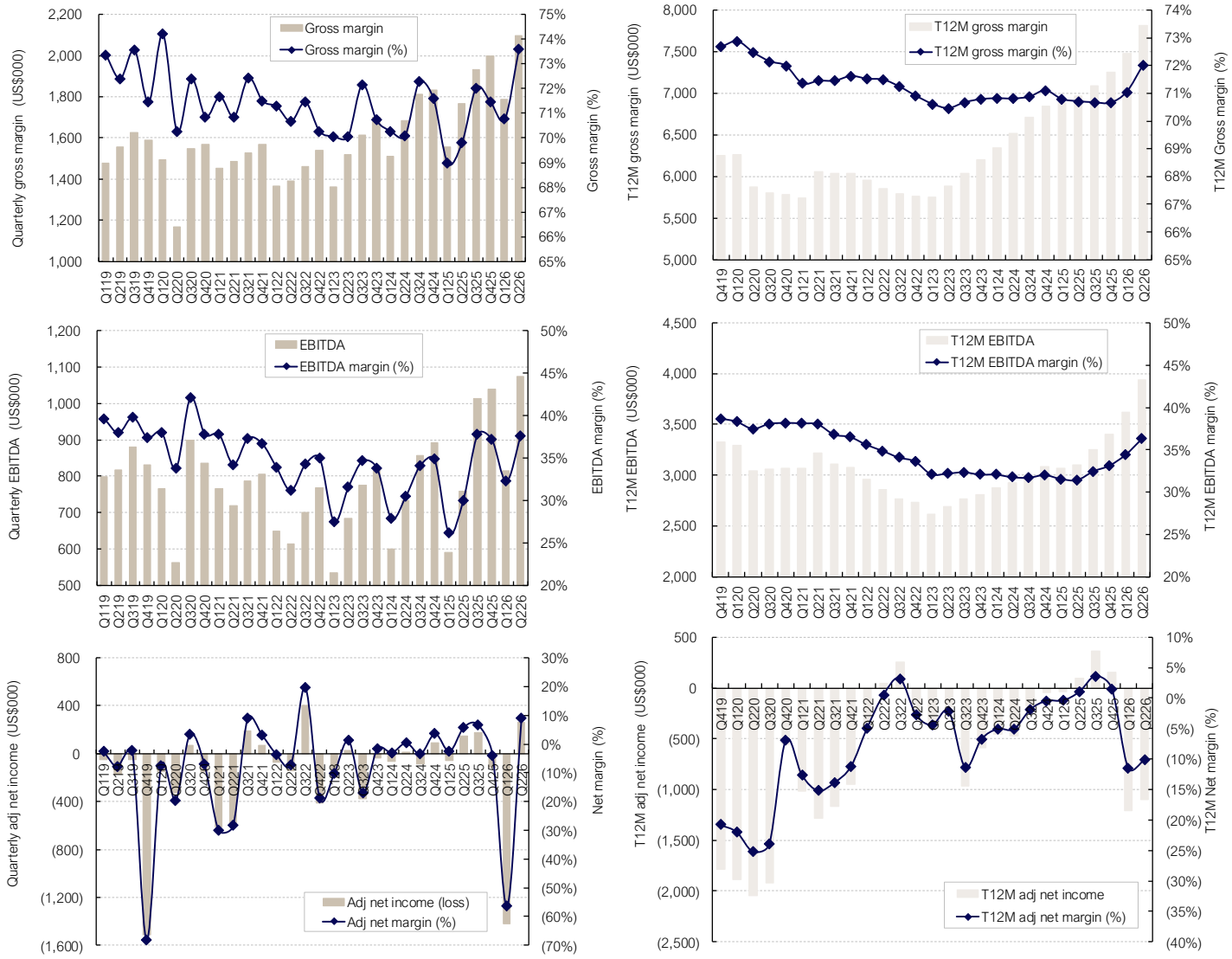
Source: Leede Financial, Historical Data – Company Information (Nova Leap Health)

- **Bausch Health reported FQ226 financial results.** QC-based diversified specialty pharmaceutical giant Bausch Health (BHC-NY, NR) reported FQ226 financial data for the June-end period that were comparable to most recent quarters while exhibiting notable superiority on EBITDA/margin when compared to FQ126 & to FQ225 data. In summary on that theme, FQ226 revenue/EBITDA/margin were US$2.85B/US$1.07B/37.6% as compared to FQ126 data of US$2.52B/US$0.81B/32.3% & to FQ225 data of US$2.53B/US$0.76B/30.0%. Bausch has long been able to hold its EBITDA margin at a level higher than many of its smaller peers, including Medexus Pharmaceuticals (commentary above) & Knight Therapeutics (GUD-T, NR, on which we provided FQ226 commentary last week), but with comparable relative EBITDA margin to HLS Therapeutics (also commentary above) & to its new publicly-traded peer Apotex (APTX-Q, NR, for which FQ127 June-end

quarterly revenue/EBITDA/margin were C$848.0M/C$259.3M/30.6%), but lower than Cipher on which we provided FQ226 commentary above & for which scale of operations is far lower & regional.

- Bausch Health's FQ226 pure operating cash flow of US$0.65B was predictably lower than EBITDA just based on the measurable interest & tax expense that the firm incurs that obviously does not impact EBITDA but does impact cash flow, but it was still strong sequentially as compared to FQ126 cash flow of US$0.27B & to FQ225 cash flow of US$0.20B. The firm exited FQ226 with balance sheet cash of US$1.8B & total debt of US$20.7B so its debt-based financial ratios are not quite as strong as the magnitude of its EBITDA would imply – debt-to-FQ226 EBITDA run-rate ratio was 4.8x while FQ226 EBITDA-to-interest coverage ratio was 2.7x.

Exhibit 31. Quarterly & T12M Gross Margin-EBITDA-Net Income Financial Data For Bausch Health, FQ119-to-FQ226



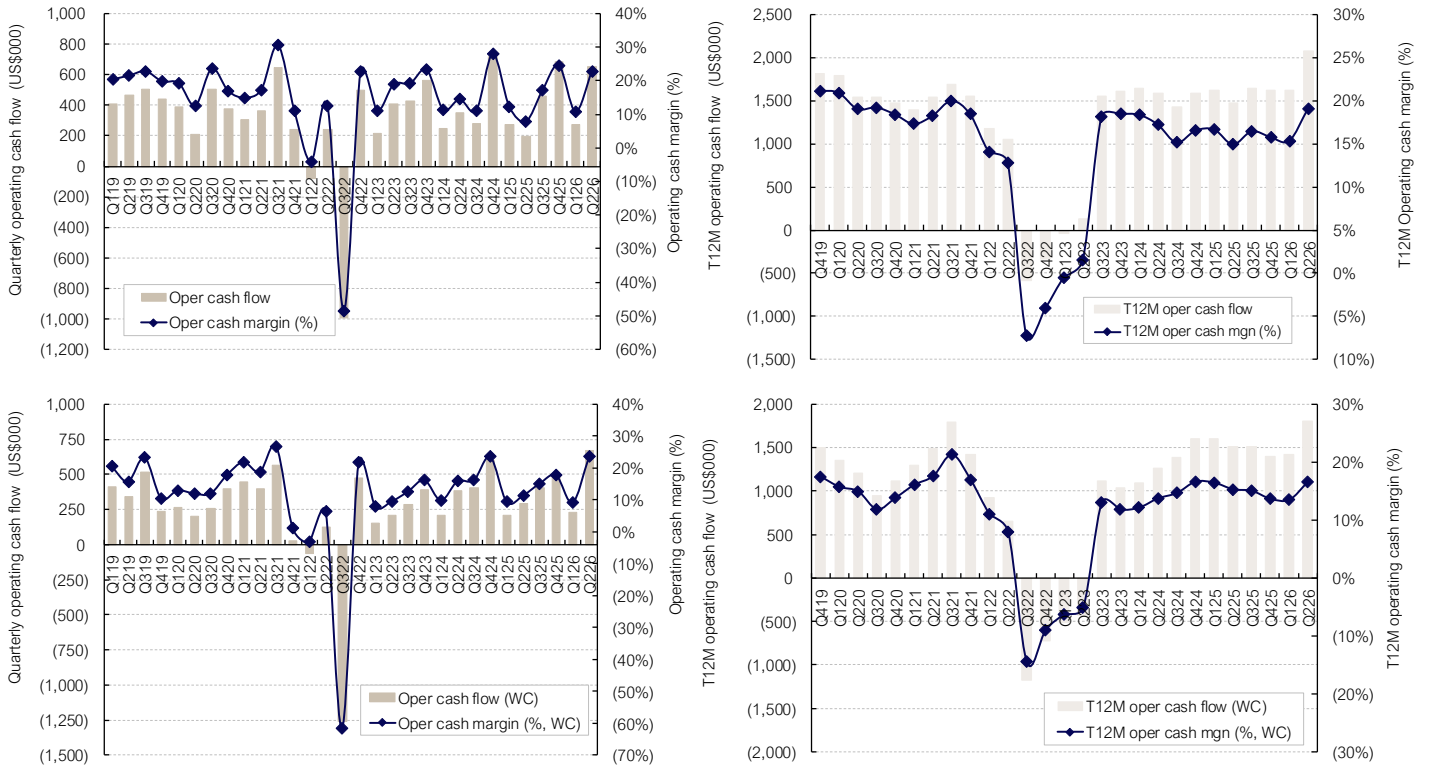
Source: Bausch Health financial filings, Leede Financial

- As we observed in our FQ126 commentary for Bausch Health, the firm generates substantial quarterly sales for the irritable bowel syndrome-diarrhea (IBS-D) small-molecule drug rifaximin/Xifaxan, which constitutes 85% of its Salix division's total sales in the period (so about US$644M) & this drug is undergoing all of the legal initiatives that Bausch Health can marshal to extend timelines to launch of generic rifaximin formulations, mainly by NJ-based Norwich Pharmaceuticals/Alvogen (private) but also from NJ-based Amneal Pharmaceuticals (AMRX-Q, NR) & NY-based ScieGen Pharmaceuticals (private), none of which we have encountered before in our Canadian healthcare sector coverage history but which were the first-to-

file Paragraph IV certifications & ANDA filings for the drug. Israel-based drug development & generic drug marketer Teva Pharmaceuticals (TEVA-Q, NR) has since submitted its own ANDA for the drug. The first of these ANDAs was submitted in Feb/20 & legal proceedings have periodically transpired since, during which rifaximin/Xifaxan sales have performed well & contributed substantially to Bausch Health's revenue/EBITDA. US legal proceedings continue. The main Xifaxan patent that Bausch Health originally listed in the US FDA's Orange Book expired in Feb/26 but two new patents are now listed that expire in Sept/27 & Jul/29, respectively. The drug was originally FDA-approved back in May/04.

- GI disease-focused Salix (which created rifaximin/Xifaxan) is by far Bausch Health's greatest relative contributor to profitability, generating operating margin of 79.8% in FQ226, followed by the firm's Diversified Products division at 64.8% operating margin & by its Solta Medical division for which operating margin in the quarter was 51.7%.

Exhibit 32. Quarterly & T12M Cash Flow Data For Bausch Health, FQ119-to-FQ226



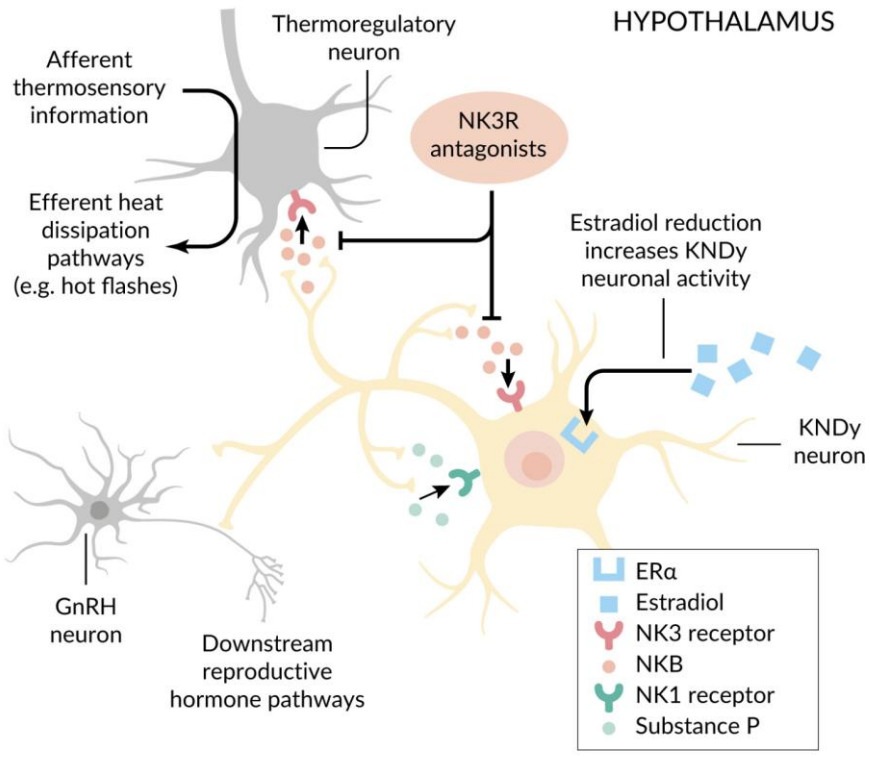
** Excluding $1.2B accrued legal settlement payment in FQ322, pure operating cash flow would have been US$0.22M & working capital-adjusted consolidated cash flow would have been US$0.05M*

Source: Bausch Health financial filings, Leede Financial

- **Vancouver-based AbCellera Biologics (ABCL-Q, NR) reported positive Phase II data for ABCL635 in moderate-to-severe vasomotor symptoms (VMS), subsequently engaging in US$200M raise.** The Phase II portion of a Phase I/II trial (NCT07118891) enrolled 92 postmenopausal women averaging approximately 10 moderate-to-severe hot flashes per day & randomized them 1:1 to a single subcutaneous 600 mg dose of ABCL635 or placebo. At week 4, ABCL635 reduced VMS frequency by 83% versus 33% for placebo (50-percentage-point placebo-adjusted difference, p<0.001), & severity scores by 1.4 points versus 0.3 (1.1-point placebo-adjusted difference, p<0.001). In absolute terms, treatment reduced moderate-to-severe events by 8.8 per day from baseline versus 3.5 for placebo, a placebo-adjusted difference of 5.3 events per day. ABCL635 was well tolerated with no serious or severe adverse events & no treatment discontinuations; all 92 enrollees completed the full trial.
  - ABCL635 is a monoclonal antibody antagonist of the neurokinin 3 receptor (NK3R), expressed on KNDy (kisspeptin/neurokinin B/dynorphin) neurons in the hypothalamus, a key hormonal locus in the brain. During estrogen

withdrawal in menopause, these neurons become hyperactivated (estrogen usually dampens these neurons) & release excessive neurokinin B, inappropriately triggering heat dissipation responses that manifest as hot flashes (Mittelman-Smith et al., PNAS, 2012; Rance et al., Frontiers in Neuroendocrinology, 2013). NK3R antagonism blocks this signaling without replacing estrogen. This is relevant as some women do not respond to estrogen replacement therapy or have breast cancers histories such that estrogen replacement therapies are contraindicated. The antibody format is the key differentiator versus existing small-molecule NK3R antagonists, enabling once-monthly subcutaneous dosing rather than daily oral administration.

Exhibit 33. Mechanistic Rationale Of Neurokinin Receptor Antagonists In The Treatment Of Vasomotor Symptoms



Source: *Gnant M & coworkers. Neurokinin 1/3 Receptor Antagonists for Vasomotor Symptoms in Women with Breast Cancer.* Published in *healthbook TIMES Oncology & Hematology (2025). Vol. 26, pp. 44-49*

- These data compare favorably on initial inspection to two other marketed agents. Fezolinetant (Veozah, marketed by Astellas Pharma [4503-JP, NR] & FDA-approved in May/23) produced a placebo-adjusted VMS frequency reduction of 2.55 events per day at week 4 in Phase III SKYLIGHT 2 (*Johnson & coworkers, Journal of Clinical Endocrinology & Metabolism, 2023*), with a percentage reduction from baseline of approximately 55% at week 4. Another approved drug, elinzanetant (Lynkuet, marketed by Bayer AG [BAYN-DE, NR] & FDA-approved in Oct/25) demonstrated approximately 73% frequency reduction at week 12 versus 47% for placebo in OASIS-3. Standard cross-trial caveats apply: ABCL635 has 92 patients & four weeks of follow-up versus registration-scale datasets with 12- & 52-week durability data, & whether the effect magnitude holds in a larger, longer trial is the central open question.

Capital Markets Summary

Exhibit 34. EBITDA Or EPS-Positive Canadian Healthcare Stocks

Company	Filing Curr.	Sym.	Shrs Out. (M)	Share Price 13-Aug	Mkt Cap (M)	Mkt Cap (C$M)	Ent. Value (M)	Ent. Value (C$M)	EV/EBITDA (T12M)	EV/EBITDA FY1	EV/EBITDA FY2	Price/Earnings (T12M)	Price/Earnings FY1	Price/Earnings FY2
Profitable Canadian healthcare firms - specialty services [2,4]														
DRI Healthcare Trust	CAD	DHT.UN	55.0	$18.42	1,013	1,013	1,548	1,548	6.3x	6.5x	7.3x	NA	7.2x	7.9x
Jamieson Wellness	CAD	JWEL	41.5	$45.55	1,890	1,890	2,383	2,383	14.4x	13.3x	11.9x	24.2x	21.2x	18.4x
K-Bro Linen	CAD	KBL	13.0	$45.20	588	588	885	885	7.6x	8.0x	7.7x	26.8x	22.1x	18.0x
Medical Facilities [1]	CAD	DR	16.2	$14.78	240	334	303	423	5.3x	5.1x	12.3x	21.1x	8.0x	19.4x
Microbix Biosystems	CAD	MBX	137.2	$0.32	44	44	43	43	NA	NA	NA	NA	NA	NA
Savaria	CAD	SIS	72.1	$29.94	2,159	2,159	2,329	2,329	12.0x	11.4x	10.3x	24.4x	21.6x	19.0x
Profitable Canadian healthcare firms - specialty pharmaceuticals development/sales [2]														
Apotex	CAD	APTX	228.5	$35.71	8,160	8,160	11,940	11,940	NA	NA	11.8x	NA	NA	16.7x
Aurinia Pharma	USD	AUPH	133.1	$15.45	2,056	2,866	2,297	3,202	9.5x	NA	NA	6.5x	16.0x	12.8x
Bausch Health	USD	BHC	374.0	$6.21	2,322	3,238	31,187	43,471	5.6x	5.6x	6.0x	NA	1.4x	1.5x
BioSyent	CAD	RX	11.5	$14.80	170	170	172	172	13.3x	10.8x	9.2x	18.5x	16.6x	13.7x
Cipher Pharma [1]	CAD	CPH	25.4	$10.12	257	359	420	585	NA	14.2x	12.1x	9.4x	12.6x	10.5x
HLS Therapeutics [1]	CAD	HLS	30.9	$2.85	88	123	173	241	NA	8.8x	7.3x	NA	NA	NA
Knight Therapeutics	CAD	GUD	98.2	$9.29	913	913	836	836	8.5x	10.0x	9.5x	NA	55.7x	37.8x
Medexus Pharma [1]	CAD	MDP	32.0	$3.85	123	172	181	252	10.5x	11.4x	7.9x	51.2x	NA	14.1x
Profitable Canadian healthcare firms - eldercare services or infrastructure developers														
CareRx	CAD	CRRX	63.5	$3.31	210	210	277	277	9.0x	8.0x	7.0x	7.7x	33.9x	13.8x
Chartwell Retirement	CAD	CSH.UN	328.3	$21.17	6,950	6,950	10,162	10,162	22.3x	19.9x	17.9x	NA	NA	51.6x
Extendicare	CAD	EXE	95.0	$32.08	3,049	3,049	3,601	3,601	16.2x	14.2x	12.5x	24.2x	23.5x	21.2x
Vital Infrastructure	CAD	VITL.UN	250.0	$5.33	1,333	1,333	2,692	2,692	11.8x	12.9x	12.9x	NA	NA	NA
Nova Leap Health	CAD	NLH	87.3	$0.48	42	42	44	44	NA	NA	NA	NA	NA	NA
Sienna Senior Living	CAD	SIA	110.8	$21.98	2,435	2,435	3,637	3,637	21.8x	17.9x	15.7x	41.8x	40.7x	34.9x
Profitable Canadian healthcare firms - medical equipment distribution/sales [3]														
Covalon Technologies	CAD	COV	27.6	$2.05	57	57	51	51	54.6x	13.2x	10.4x	34.4x	22.8x	17.1x
Viemed Healthcare	USD	VMD	38.1	$11.88	452	452	489	682	6.3x	5.3x	4.6x	31.4x	28.0x	20.0x
Profitable Canadian healthcare firms - healthcare IT or digital IT services firms [5]														
Healwell AI	CAD	AIDX	303.5	$0.72	219	219	263	263	NA	35.5x	18.2x	NA	NA	NA
Hydreight	CAD	NURS	53.7	$3.85	207	207	191	191	38.9x	8.4x	5.3x	45.6x	12.8x	7.6x
Kneat.com [5]	CAD	#N/A	96.7	$6.50	628	876	#N/A	#N/A	NA	NA	NA	NA	NA	NA
Vitalhub	CAD	VHI	63.4	$7.48	474	661	341	341	11.6x	10.0x	8.3x	NA	39.8x	22.0x
Well Health	CAD	WELL	255.5	$4.19	1,070	1,070	1,940	1,940	9.3x	10.4x	9.5x	NA	17.4x	12.9x
Average									**14.7x**	**11.9x**	**10.2x**	**26.2x**	**22.3x**	**18.6x**
Recently-acquired Canadian healthcare firms														
Andlauer	***CAD***	***AND***	***39.2***	***$54.97***	***2,152***	***2,152***	***2,165***	***2,165***	***13.4x***	***NA***	***NA***	***32.0x***	***NA***	***NA***
Dentalcorp Holdings	***CAD***	***DNTL***	***192.0***	***$11.00***	***2,112***	***2,112***	***3,112***	***3,112***	***10.9x***	***NA***	***NA***	***NA***	***NA***	***NA***
Quipt Home Medical	***USD***	***QIPT***	***44.5***	***$3.65***	***162***	***223***	***235***	***323***	***5.4x***	***NA***	***NA***	***2.1x***	***NA***	***NA***
Theratechnologies	***CAD***	***TH***	***46.0***	***$4.47***	***206***	***206***	***238***	***238***	***12.3x***	***NA***	***NA***	***NA***	***NA***	***NA***

[1] Share price converted to USD for stocks reporting financial data in USD but for which share value is reported in CAD

[2] Theratechnologies (TH-T) acquired in Sept/25 by CB Biotechnology/Future Pak for US$4.20/shr; Andlauer's acquisition by UPS (UPS-NY, NR) closed in Nov/25

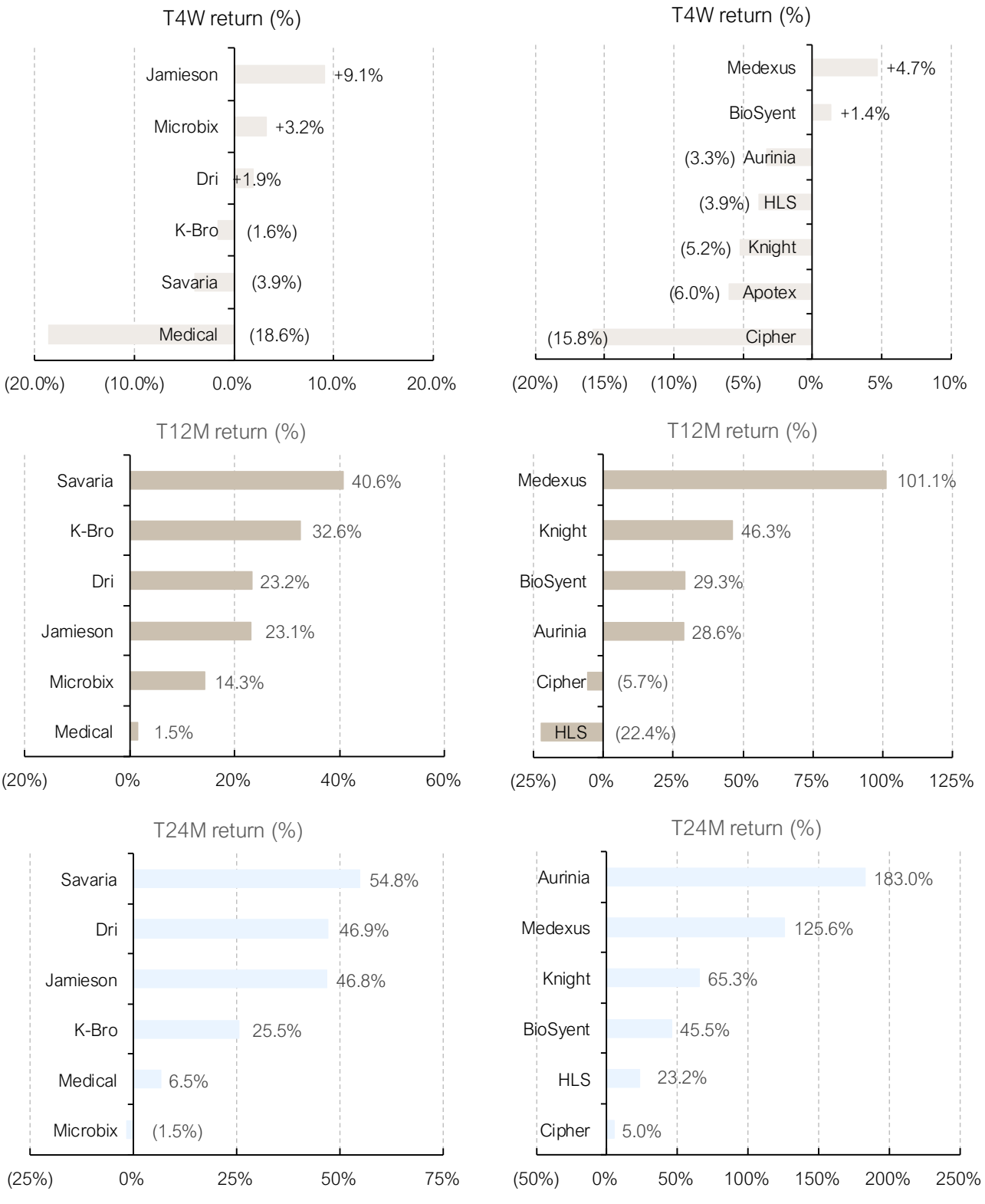
[3] Quipt Home Medical was acquired by Kingswood Capital & Forager Capital for US$3.65/shr in Dec/25, transaction closed in Mar/26

[4] Dentalcorp Holdings was acquired by US private equity firm GRCR LLC in Sept/25 for an EV of C$3.3B (market value C$2.1B); transaction closed in Jan/26

[5] Kneat.com was bid to be acquired in Jun/26 by Thoma Bravo LP for C$650M; transaction close expected during FQ326

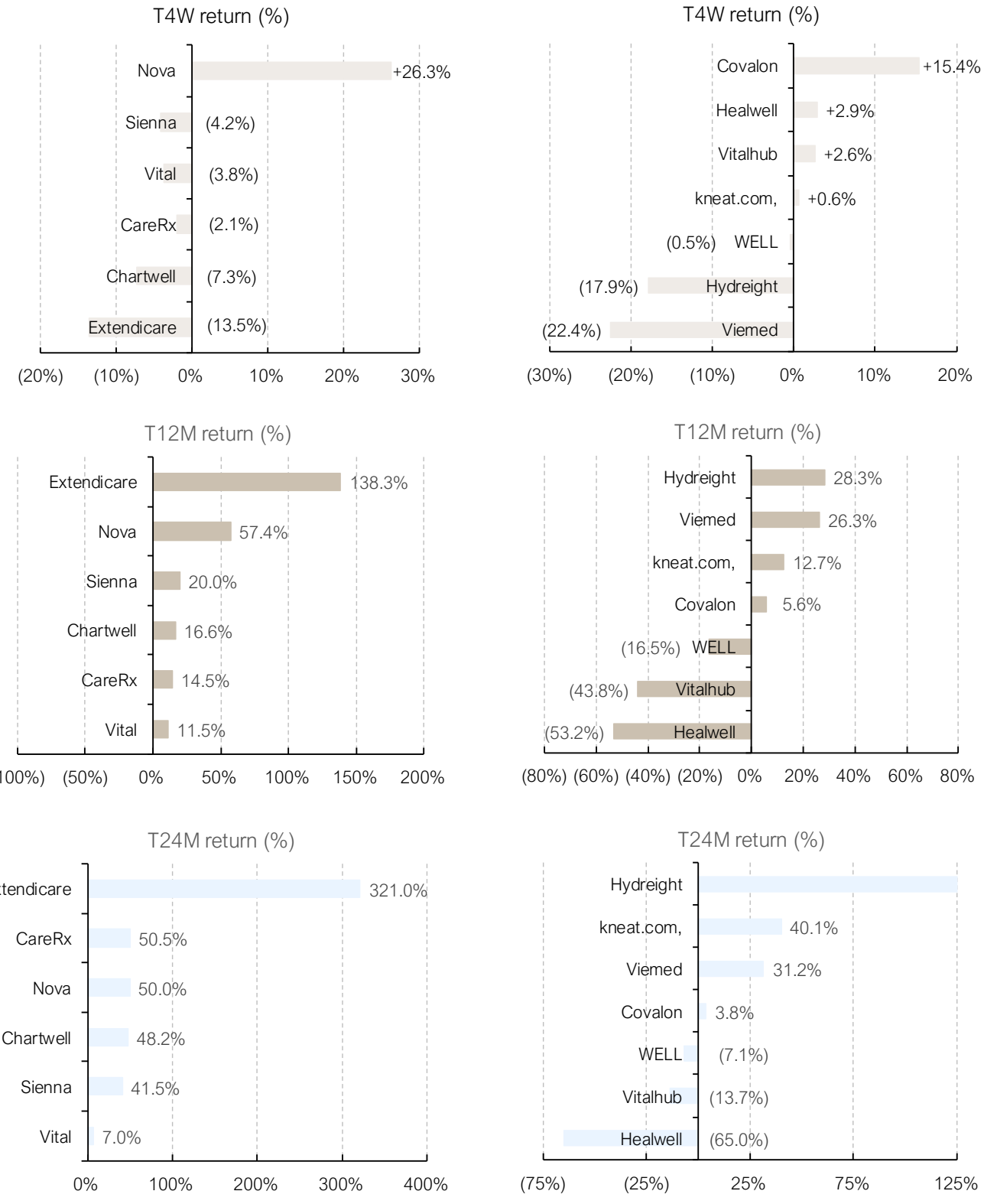
Source: Refinitiv, company reports, Leede Financial

Exhibit 35. Trailing Four-Week, One-Year & Two-Year Relative Share Price Performance For EBITDA/EPS-Positive Canadian Healthcare Equities – Specialty Services & Specialty Pharmaceutical Firms



Source: Refinitiv, company reports, Leede Financial

Exhibit 36. Trailing Four-Week, One-Year & Two-Year Relative Share Price Performance For EBITDA/EPS-Positive Canadian Healthcare Equities – Eldercare Services & Medical Technology Distribution/Healthcare IT Services



Source: Refinitiv, company reports, Leede Financial *(Hydreight [NURS-V, NR] T24M return 1,251%)*

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Hold	The security represents fair value and no material appreciation is expected over the next 12-month time horizon.
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RECOMMENDATION	NO. OF COMPANIES	%
Buy	9	60%
Speculative Buy	4	26%
Hold	1	7%
Sell	-	-
Tender	-	-
Under Review	1	7%

Historical Target Price

Appili Therapeutics | APLI-TSXV	None
Cardiol Therapeutics | CRDL-TSX, NASDAQ	None
CareRx | CRRX-TSX	None
Cipher Pharmaceuticals | CPH-TSX	None
Eupraxia Pharmaceuticals | EPRX-TSX, NASDAQ	None
Extendicare | EXE-TSX	None
K-Bro Linen | KBL-TSX	None
Medexus Pharmaceuticals | MDP-TSX	None
Medical Facilities | DR-TSX	None
Nanalysis Scientific | NSCI-TSXV	None
Oncolytics Biotech | ONCY-NASDAQ	None
Perimeter Medical Imaging | PINK-TSXV	None
Profound Medical | PRN-TSX, PROF-NASDAQ	None
ProMIS Neurosciences | PMN-NASDAQ	2
Satellos Biosciences | MSCL-TSX	2