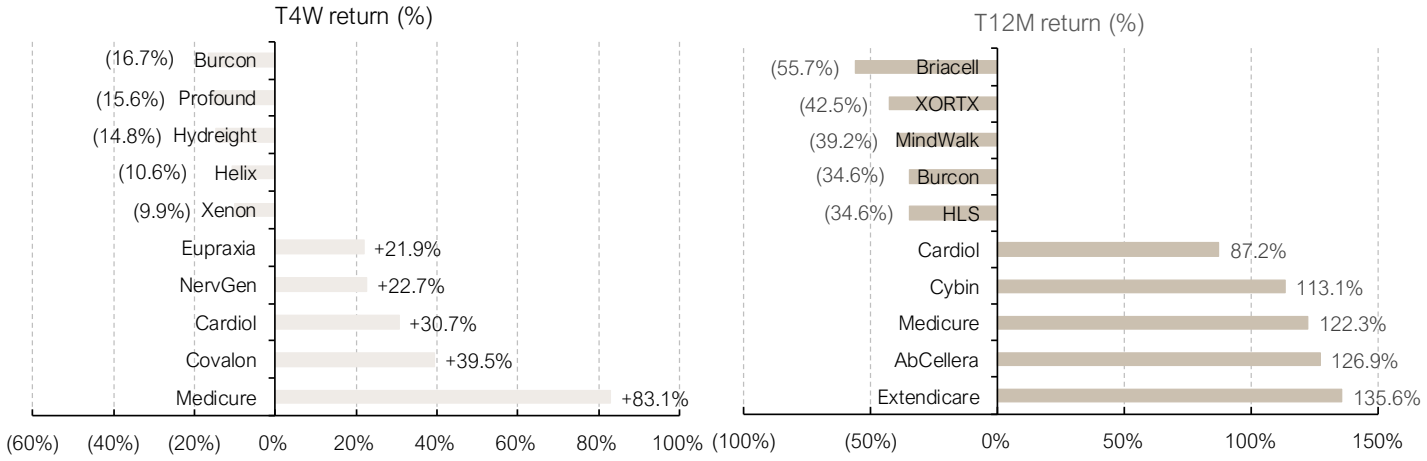
Core Highlights of the Week

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

- **Several positive clinical/regulatory events transpire in the oncology universe in recent days.** Several US-based biologics drug developers reported either favorable Phase III clinical data or formal FDA approval for antibody-based therapies, two of which were notable to us for our own interest & so we will summarize essential rudiments below:

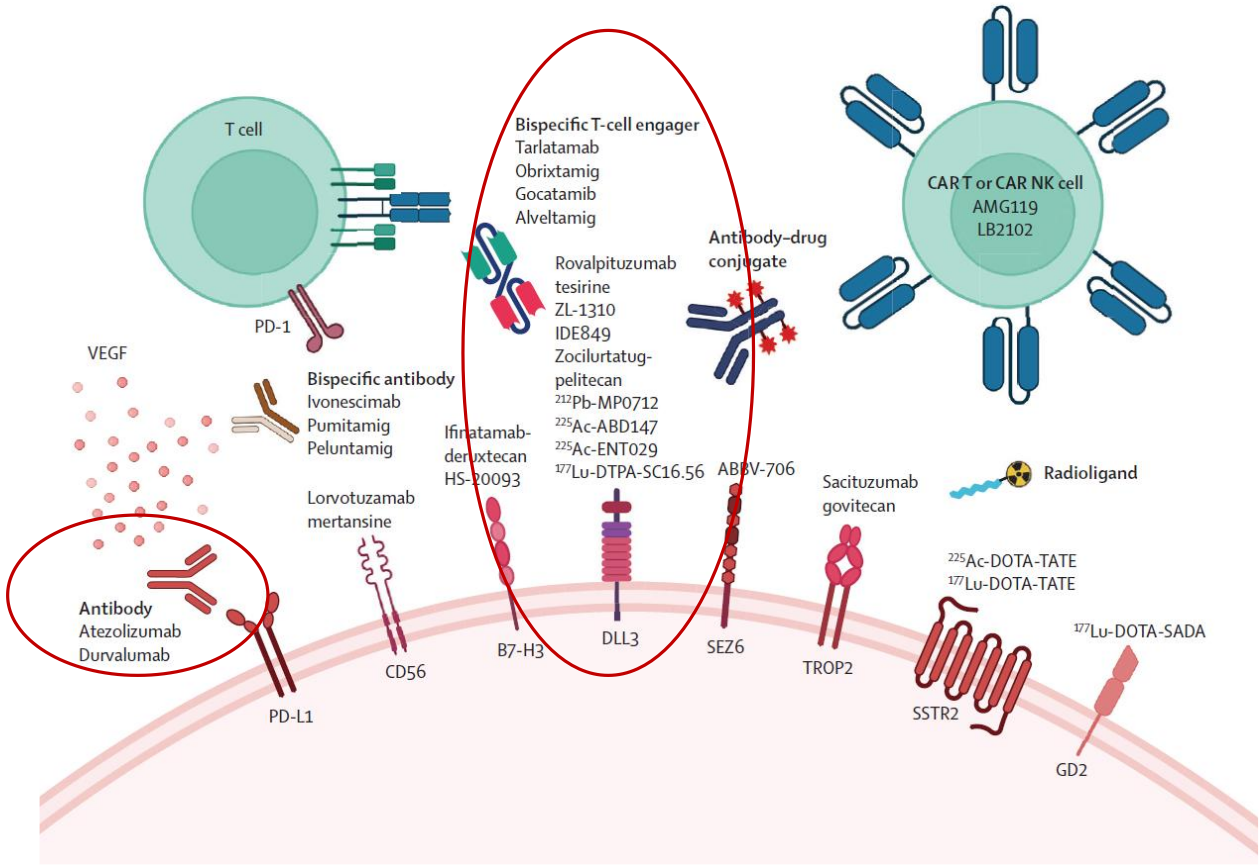
  - **Amgen's already-approved DLL3/CD3-targeted drug Imdelltra generates positive survival data in small-cell lung cancer**. CA-based drug development giant Amgen (AMGN-Q, NR) received yet another approved indication for its DLL3-targeted (short for delta-like protein-3, one of the proteins in the so-called Notch pathway that is integral to cell/tissue differentiation during embryo development) & CD3-targeted (short for cluster of differentiation-3, one of the many T-cell surface markers that associates with the T-cell receptor, a major protein that facilitates cell-mediated [as opposed to antibody-mediated] attack of foreign antigens by T-cells) bispecific T-cell-engaging mAb tarlatamab/Imdelltra, this time in first-line small-cell lung cancer (SCLC). Tarlatamab is already FDA-approved (though fairly recently, in May/24) for treating second-line SCLC, specifically for patients previously treated with & then become refractory to platinum-based chemotherapy. Imdelltra FQ226 sales were US$288M.

  - With regard to the pivotal Phase III data on which the expanded lung cancer approval was based, Amgen showed in the 563-patient DeLLphi-305 first line SCLC trial that tarlatamab/Imdelltra when combined with an anti-PD-L1 mAb (in this case, AstraZeneca's [AZN-LN, NR] durvalumab/Imfinzi [FQ226 sales US$1.85B, far higher than for Imdelltra but with many more FDA-approved oncology indications beyond SCLC], the combination of which was part of tarlatamab/Imdelltra's original FDA approval for platinum-refractory SCLC back in 2017) exhibited superior overall survival as compared to patients treated with durvalumab/Imfinzi alone. As is conventional for pharma firms reporting Phase III clinical data without actually presenting any actual data, we assume that Amgen is preserving formal DeLLphi-305 survival data for a pending clinical oncology conference, possibly the ASCO-sponsored North American Conference on Lung Cancer in Dec/26.

Douglas W. Loe, PhD MBA | Managing Director & Analyst | dloe@leede.ca | 416.365.9924

- The first-line small-cell lung cancer (SCLC) indication is experiencing quite a recent expansion in its pharmacopeia in recent years, with Jazz Pharmaceuticals (JAZZ-Q, NR) receiving FDA approval last year for a mechanistically-distinct alkylating drug lurbinectedin/Zepzelca in first-line SCLC, though interestingly it too was combined with an anti-PD-L1 mAb (in this case Roche's [ROG-SW, NR] atezolizumab/Tecentriq, with which Oncolytics Biotech's [ONCY-Q, Spec Buy, PT US$3.00] pelareorep is combined in the ongoing GOBLET/GI cancer trial & before that in the now-completed AWARE-1/breast cancer trial) in the treatment arm of the pivotal Phase III IMforte trial completed last year. For comparison, lurbinectedin/Zepzelca-atezolizumab/Tecentriq-treated first-line SCLC patients exhibited median survival of 13.2 months vs 10.6 months for atezolizumab/Tecentriq monotherapy-treated patients. We of course will be interested to see how Amgen's DeLLphi-305 data compare on this survival metric.

Exhibit 2. The Clinical Landscape For Small-Cell Lung Cancer Is No Longer Just Evolving, It Is Transforming With The Multiplicity Of Plausible Targets Being Actively Tested, Many Of Which Are Already FDA-Approved



Source: Adapted from *The Lancet (2026). Vol. 408, pp. 1041-1057.*

- Not all clinical-stage first-line SCLC therapies are targeting DLL3 but a few are, including Merck's (MRK-NY, NR) bispecific mAb MK-6070/gocatamig (acquired as part of the Harpoon Therapeutics US$680M acquisition in Jan/24) for which Phase III testing in two distinct Phase I/II lung cancer trials totalling 497 patients is ongoing. In both trials, MK-6070/gocatamig is combined with Daiichi-Sankyo's [4568-JP, NR] ifinatamab deruxtecan (a bispecific mAb targeting both the B7 & H3 cell surface cancer antigens & to which a small-molecule DNA topoisomerase I inhibitor is covalently linked). Survival data are expected in F2029/F2030.

- The other DLL3-targeted SCLC-relevant biologics development programs that caught our eye this week are Roche's (ROG-SW, NR) IBI3009/RG6810 to which it gained global rights in its US$1B alliance with China-based Innovent Biologics (1801-HK, NR) announced in Jan/25. That molecule, for which few structural details are in the published medical literature other than that it is a DLL3-targeted mAb to which a DNA topoisomerase I inhibitor is covalently-linked, is undergoing Phase II testing in a 190-patient SCLC trial for which three-year response rate/survival data are expected in FH227.

- Another ongoing clinical program that is relevant to DLL3 as a lung cancer target is Boehringer Ingelheim's (private) BI 764532/obrixtamig, a bispecific DLL3- & CD3-targeted T-cell engager mAb for which two SCLC-relevant clinical trials are ongoing, a relatively small Phase I trial for which foundational PK data are expected by end-of-FQ426 & the 204-patient Phase II DAREON-5 trial for which SCLC-specific response rate/survival data are expected by mid-F2028.

- Another high-profile DLL3-targeted small-cell lung cancer drug is actually an autologous chimeric antigen receptor T-cell (CAR-T) platform called LB2102 that is being developed by Swiss pharma giant Novartis (NVS-NY, NR) through an alliance with NJ-based Legend Biotech (LEGN-Q, NR). As described in Legend's FQ226 financial update, this DLL3-targeted CAR-T construct just generated first-in-human data in refractory SCLC, showing an overall response rate of 28.6% & disease-control rate (so all complete/partial responses plus patients presenting with stable disease) of 78.6% at interim analysis. The 41-patient Phase II trial is still ongoing, with final data expected by end-of-FQ427.

- **Bayer Healthcare receives FDA approval for kinase inhibitor drug sevabertinib/Hyrnuo in non-small cell lung cancer, a distinct lung cancer subtype for which subtype-specific therapies are indicated.** Germany-based drug development giant Bayer Healthcare (BAYN-DE, NR) received FDA approval this week for its small-molecule tyrosine kinase inhibitor drug sevabertinib/Hynruo, in this case for targeting treatment-naïve patients presenting with a subtype of non-small cell lung cancer (NSCLC) that harbors mutations in the HER2 cell surface market, the epidermal growth factor receptor-2 type that mAb drugs like Roche/Genentech's (ROG-SW, NR) trastuzumab/Herceptin target for breast cancer.

  - The approval was based on clinical data from a relatively small Phase I/II study (the SOHO-1 trial) in which the overall response rate for the sixty-nine evaluable patients was 75%, of which 6% of patients were complete responders & the rest were partial responders (so no patients presented just with stable disease, a low efficacy bar that nonetheless is still frequently regarded as a response in studies for which response rate is a primary endpoint). Most responsive patients (73%, or thirty-eight of the sixty-nine assessed patients) experience duration of response of at least six months. The drug in fact was granted accelerated approval back in Nov/25 when these data were published in the *New England Journal of Medicine* in Oct/25.

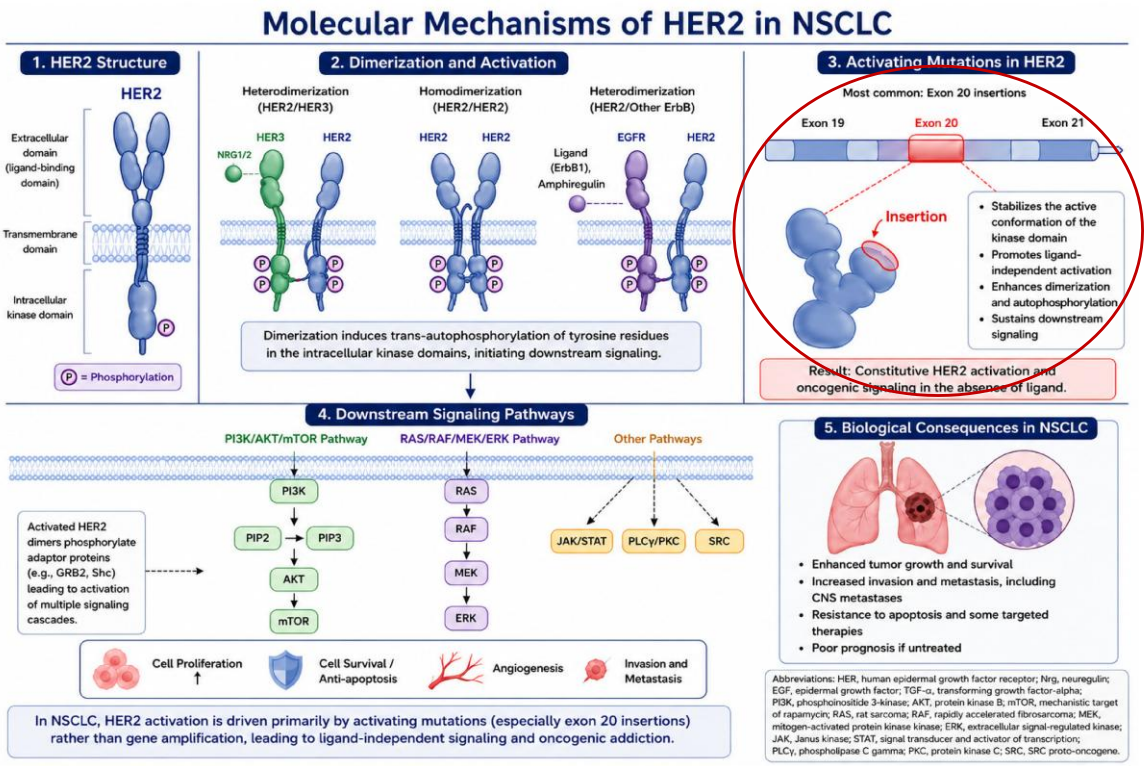
  - The drug seems to confer responses in non-small cell lung cancer patients regardless of whether *HER2* protein harbors exon insertions or point mutations or both, a broad-based anti-cancer profile that expands the drug's addressable market, even though non-small cell lung cancer is the most common lung cancer form (about 85% of new lung cancer diagnoses are for non-small cell disease). But to be clear, only about 2%-to-4% of new non-small cell lung cancer cases present with HER2 mutations for which sevabertinib/Hyrnuo would be indicated, as described in the aforementioned *NEJM* paper. The trial was open-label & thus response rate data were interpreted based on comparison to published data for alternative therapies & not on comparison to placebo or an alternative therapy administered to a distinct randomized arm of the trial. Trials that are designed like this of course incur limitations in data interpretation but are occasionally tolerated when targeting oncology markets where the existing pharmacopeia is lacking & where patient mortality/morbidity is poor based on the efficacy of existing options. As shown in Exhibit 3, lung cancer mortality is high in major industrialized nations.

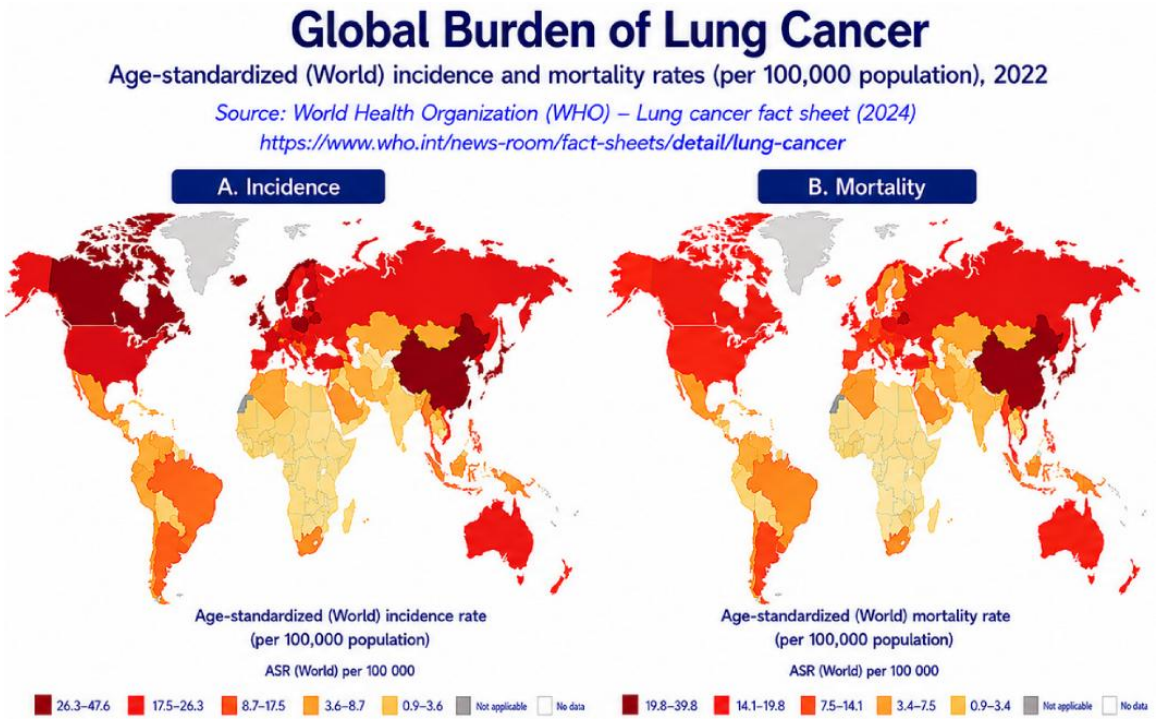
  - For some historic context, Merck's (MRK-NY, NR) pembrolizumab/Keytruda did show survival benefit at five-year follow-up in the published 616-patient KEYNOTE-189 trial (*Journal of Clinical Oncology, 2023*), with 19.4% of patients surviving for at least five years when treated with a combination of pembrolizumab plus a platinum-containing drug (either carboplatin or cis-platin at physician discretion) & the folate analog pemetrexed (Eli Lilly's [LLY-NY, NR] Alimta, an already-approved non-small cell lung cancer drug). Only 11.3% of control patients treated with platinum-pemetrexed survived that long. Importantly though, KEYNOTE-189 did not specifically enroll patients harboring HER2 mutations, which the Bayer sevabertinib/Hyrnuo study did. KEYNOTE-189 data were originally published in 2018 in the *New England Journal of Medicine*, showing at an earlier timepoint that projected one-year survival rate for pembrolizumab-treated patients was 69.2% vs 49.4% for control patients.

  - Other approved HER2-targeted non-small cell lung cancer therapies include antibody-drug conjugated forms of trastuzumab/Herceptin such as Daiichi Sankyo/AstraZeneca's (4568-JP, NR, AZN-LN, NR) trastuzumab-deruxtecan/Enhertu (approval was based on now-published data from the DESTINY-Lung01 & DESTINY-Lung02 trials; *Lancet Oncology, 2024*) for which its suite of approved indications is not limited to lung cancer, & Boehringer

Ingelheim's alternative tyrosine kinase inhibitor drug zongertinib/Hernexeos for which HER2-mutated non-small cell lung cancer data were just published in Apr/26 in the *New England Journal of Medicine*, showing in that 74-patient Phase II trial (the Beamion LUNG-1 trial) that treated patients presented with an objective response rate of 76%, median duration of response of 15.2 months & median progression-free survival of 14.4 months.

Exhibit 3. Molecular Details & Epidemiological Statistics That Are Relevant To HER2 Mutations As Markers For Disease Progression & As Targets For Novel Therapies In Non-Small Cell Lung Cancer

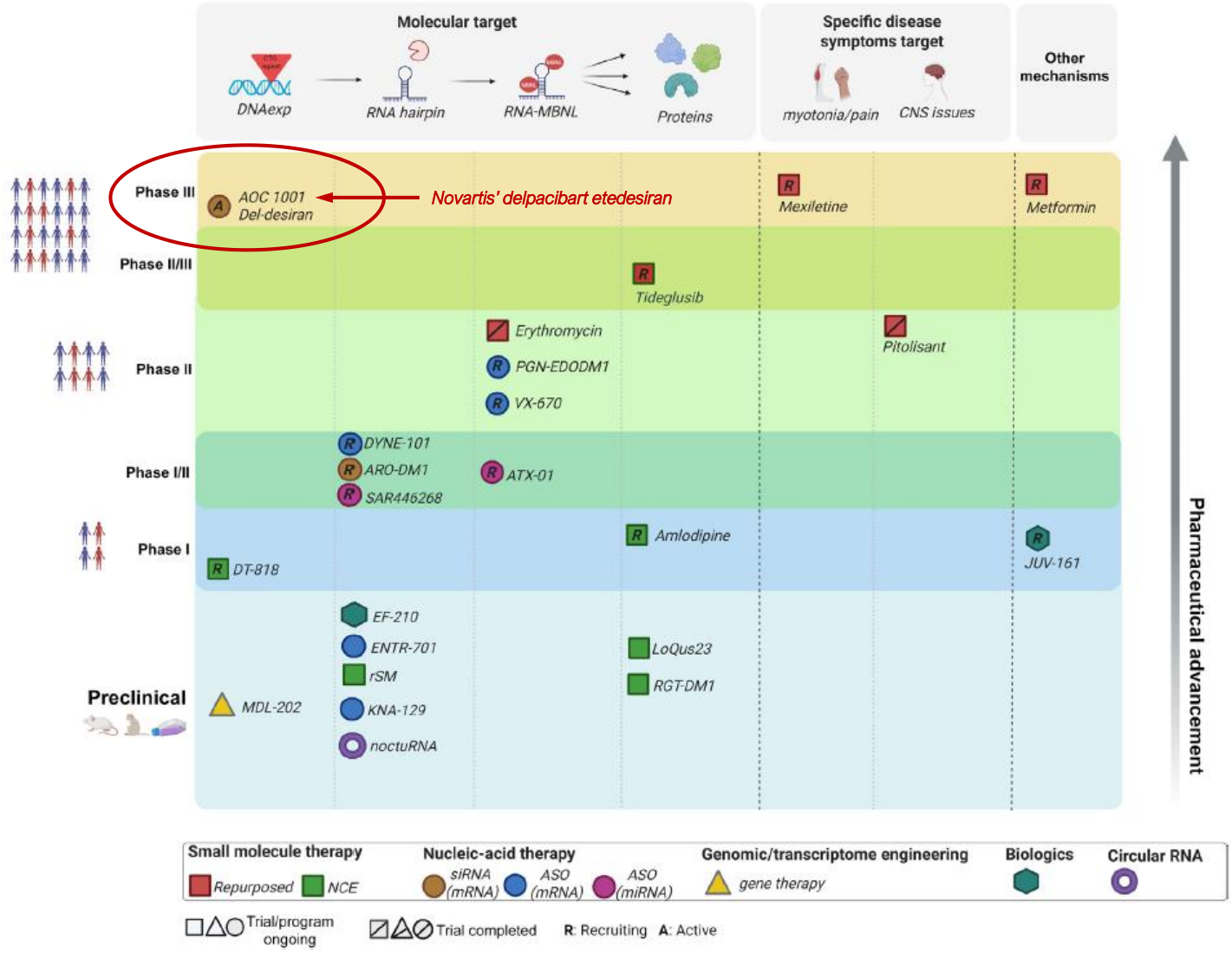




Source: Adapted from *International Journal of Molecular Science (2026). Vol. 27, pp. 4910-4925.*

- **Novartis is providing us with abundant clinical updates in recent weeks, not just in oncology as described above but also in rare neuromuscular disease with its HARBOR trial update.** We previously mentioned Novartis within the context of its activities in lung cancer drug development but the firm also reported a disappointing Phase III update this week for one of its rare disease-targeted pipeline drugs in delpacibart etedesiran (del-desiran), a transferrin receptor (TfR1)-binding mAb covalently linked to a small interfering RNA (siRNA) construct designed to impede transcription of the mutated DM1 protein kinase gene (*DMPK*).
  - The complex mAb-RNA hybrid drug was targeting a neuromuscular degenerative disease called myotonic dystrophy, for which a series of repeat sequences of the trinucleotide CTG (so, three nucleotide bases linked together to which the pyrimidines cytosine & thymine & the purine guanine are attached, repeated many times in a dysfunctional form of DMPK) within mutated DM1 protein kinase disrupt its normal function. Accordingly, even though the disease has the word 'dystrophy' in its description, it is both mechanistically & pathologically distinct from muscular dystrophy (for which absence of the muscle protein dystrophin is germane to Duchenne muscular dystrophy & dysfunctional dystrophin is germane to its less severe form Becker's muscular dystrophy, as we routinely describe in our Satellos Biosciences commentary [MSLE-Q, Spec Buy, PT US$16.00]) even if there is some symptomatic overlap between the two dystrophic indications.

Exhibit 4. Clinical Pipeline Of Myotonic Dystrophy Therapies, A Pipeline That Presumably No Longer Includes Del-Desiran



Source: Adapted from *Drug Discovery Today (2026). Vol. 31, pp. 104706-104723*

- According to a recent 2026 review of the current clinical pipeline for myotonic dystrophy published in *Drug Discovery Today* & from which we source essential details in Exhibit 4, consequences of myotonic dystrophy include progressive muscle weakness, myotonia (inability of muscle fibers to relax after contraction), & its neurological impact manifests itself as gradual loss of cognitive function. An epidemiology paper published in 2022 in the journal *Neuroepidemiology* calculated that myotonic dystrophy prevalence was quite low at one in 10,000 population but a distinct earlier 2021 study published in the journal *Neurology* estimated based on screening for the aforementioned CTG repeats in the DMPK gene that prevalence could be up to 5x higher (almost, at 4.8 cases per 10,000 population).

- For the purposes of our analysis here, the lower estimate implies that myotonic dystrophy is a rare disease with about 33,000-to-35,000 afflicted patients in the US alone, thus to which rare disease regulatory review & rare disease economics/reimbursement would apply to any successfully-developed therapy. The higher estimate implies disease prevalence that is closer to the threshold of 200,000 afflicted patients (160,000-to-165,000 to be more precise) but the indication would still qualify as an orphan indication to which the aforementioned regulatory/economic attributes could still be relevant.

- Back to Novartis, the firm reported that its 150-patient Phase III HARBOR trial did not meet its primary efficacy endpoint at 54-week follow-up, with efficacy defined by the ability of patients to improve on the so-called vHOT measure of disease symptoms (short for video hand opening time) or on improvement in hand grip strength or quantitative muscle testing. Recall that hand grip strength is one of the muscle physiology measures that Satellos incorporated into its ongoing Phase II Duchenne muscular dystrophy trials (the TRAILHEAD & BASECAMP trials) testing its flagship AAK1-inhibiting small-molecule drug SAT-3247. Data analysis is still ongoing & a final decision on del-desiran's clinical prospects is thus still pending.

- As an aside, we know that Novartis placed a sizable bet on muscle physiology disorders when it acquired Avidity Biosciences (ticker was RNA-Q, NR) in Feb/26 for US$12B, ostensibly for Avidity's pipeline of RNA-mAb-conjugated drugs of which del-desiran was one. Indeed, myotonic dystrophy was one of the lead indications described in the press release announcing Avidity's acquisition. We assume that Novartis is undertaking a recalibration of Avidity's clinical pipeline as of this writing, though interestingly it emphasized that it will continue to advance its exon-44-skipping mAb-RNA hybrid therapy zotadirsen (del-sota) which actually could become part of the muscular dystrophy pharmacopeia & thus compete with SAT-3247 down the road, if indirectly because of its distinctive mechanism-of-action. Additionally, Novartis indicated that its fasioscapulohumeral muscular dystrophy drug braxlosiran (del-brax) is still believed to be attractive based on already-generated Phase II biomarker data & consultation with the FDA on next-steps is ongoing.

- In conclusion, we believe that read-through to Satellos' own muscular dystrophy/SAT-3247 clinical programs is measurable but minimal in that negative HARBOR data is not dissuading Novartis from continuing its muscular dystrophy-relevant clinical programs with zotadirsen but any mechanistic overlap with SAT-3247 (for which mode of action is through impacting dystrophin's role in asymmetric stem cell division & thus in muscle fiber regeneration, not in dystrophin synthesis as such). Our PT/valuation on Satellos is unchanged.

- **Sernova merges with Seraxis to create a hybrid stem cell innovation-implantable cell reservoir technology developer.** ON-based regenerative medicine technology developer Sernova Biotherapeutics (SVA-T, NR) just announced a merger with diabetes-focused stem cell developer MD-based Seraxis (private) in a merger of equals that is expected to close by mid-FQ426 & for which US$10M in new convertible debt capital from existing shareholders/insiders will accompany the transaction. No life sciences-focused strategic investors with which we are familiar as major stewards of the drug development/medtech universe were identified in the transaction.

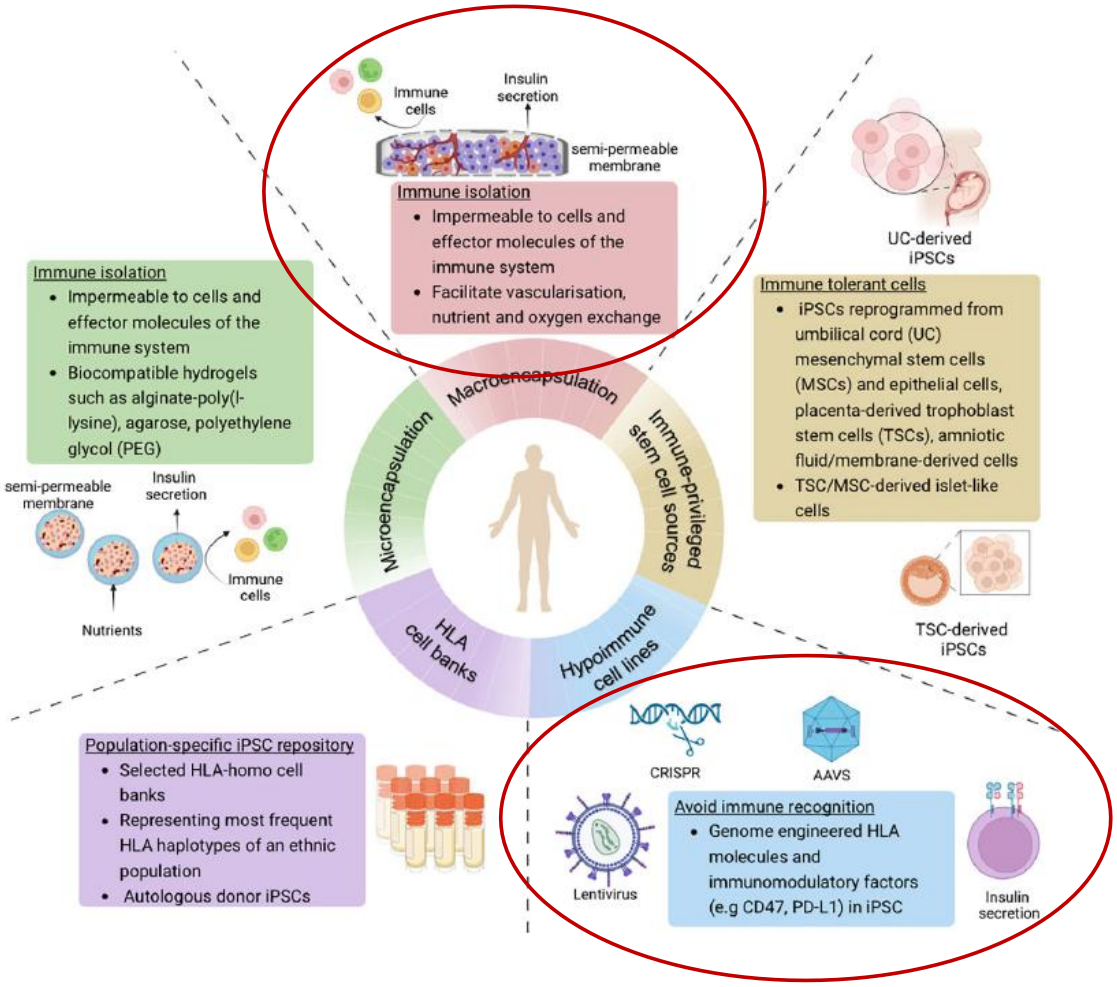
  - In an effort to rebrand both firms, an initiative of the transaction that we endorse, the merged now-exclusively-US-based firm will be called BetaNova, an homage to the reality that the firm is likely to be diabetes-focused going forward based on the islet beta cell therapy platform that Seraxis brings to the merger. Sernova has captured our attention for many years through our parallel interests in diabetes/endocrinology innovation & our views on its flagship cell reservoir technology Cell Pouch remain positive & evidence-based, so we thought we would take some time in this edition of our Healthcare Weekly to dive into the merger & its rationale. Our views are optimistic but mixed – read on to find out why.

  - Two details itemized near the bottom of the press release bear some attention. One is that Sernova/BetaNova will be terminating its legacy alliance with EU-based regenerative medicine innovator Evotec SE (EVTH-DE, NR) despite the

fact that Evotec's own stem cell-based pancreatic islet platform iBeta actually performed well in a preclinical study that Evotec-Sernova reported in Apr/23, not that long after the alliance was announced in May/22. Count us among those enduring maximum frustration over the delays to incorporate Cell Pouch & iBeta into a formal Phase I/II islet transplantation trial, delays that continue as of this writing through some combination of Evotec's well-documented corporate volatility & ongoing manufacturing diligence to create protocols for which iBeta could be produced to clinical scale are likely at the root of disengagement from Evotec.

- This despite the fact that in an Apr/23 press release from Sernova/Evotec, the partners explicitly stated that scalable GMP-based iBeta manufacturing was established, that iBeta could be cryo-preserved without compromising function (a key attribute that does not necessitate that Evotec establish iBeta production facilities proximal to every medical facility where islet transplantation procedures are conducted) & that iBeta could be deployed into Cell Pouch previously implanted into mouse models of disease (a NOD [short for new-onset-diabetes] mouse model for which diabetes is chemically-induced by the small-molecule drug streptozotocin [an antibiotic that paradoxically damages pancreatic islet cells]) & preserve their glucose-responsive C-peptide-releasing activity for at least six-weeks thereafter.

Exhibit 5. The Sernova-Seraxis Merger Confers Three Distinct Pillars Of Regenerative Medicine (A Function-Preserving Cell Reservoir, A Platform For Generating Stem-Cell-Derived Islets & Immune-Evading Biochemistry) In A Single Corporate Entity



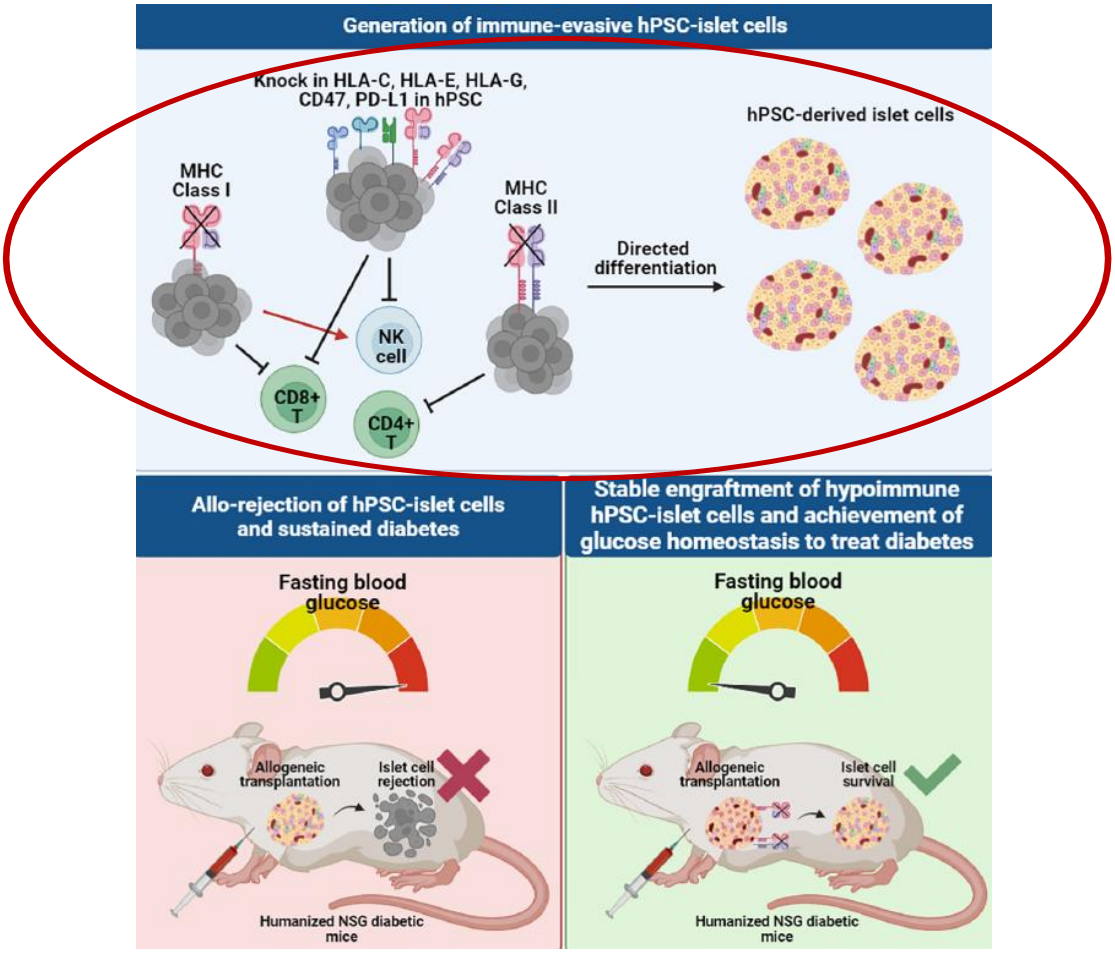
Source: Adapted from *Frontiers In Immunology (2024). Vol. 15, pp. 1375177-1375199*

- **Sernova was stuck in a balance sheet-constrained holding pattern without some sort of strategic shift, but a merger that ties Cell Pouch to a single cell therapy platform confers restraints on Cell Pouch development that limits clinical options rather than expanding them.** Our frustrations aside on protracted timelines from announcing the Evotec alliance to commencing still-pending & alliance-relevant Phase I/II testing, we ourselves would not be so quick to kick iBeta to

the curb. That said, the curb-kicking may already have transpired anyway, as we see no mention of Sernova in any Evotec investor presentations posted to its website since Jan/26, counter to prior years when Sernova was mentioned explicitly as a major share holding & major development partner for the firm.

- We see no evidence to conclude that Sernova's Cell Pouch is not in any way married to any one islet cell technology & we would have been exploring licensing deals with multiple regenerative technology innovators (including but not limited to Semma acquirer & VX-880 developer Vertex Pharmaceuticals [VRTX-Q, NR]) as part of a more broad-based Cell Pouch development strategy. Interestingly, these iBeta/Cell Pouch preclinical data are not yet published in peer-reviewed form (at least not yet). If eventually published, data would not be germane to Sernova/Seraxis anyway, with focus shifting to Seraxis' SR-02/SR-03 stem-cell-derived islets. That said, a merger with a dedicated stem cell innovator for which a lead regenerative pancreatic islet platform is at the core of its value to the merger probably justifies prioritizing that platform at least until SR-02/SR-03 clinical utility can be properly validated.
- The other point of interest for us is that key executives at both Sernova & Seraxis will remain as key executives of BetaNova (Sernova CEO Jonathan Rigby, Sernova CFO James Parsons, Seraxis CEO Will Rust) even though a corporate reboot such as that which the Sernova-Seraxis merger generates provides an opportunity to bring alternative (& ideally, synergistic) executive/governance perspectives into the merged firm. But it is not unusual for a merger of technologies exemplified by the Sernova-Seraxis transaction to preserve continuity by retaining executives from both merged entities so for now, we are just identifying executive configuration of the transaction as a notable detail, without either praise or criticism attached to that observation.

Exhibit 6. Self-Identifying Antigens That Any Immune-Evading Cell Therapy Would Need To Circumvent Have Largely Been Identified & Are Likely The Focus Of Seraxis' Gene-Editing Techniques To Create SR-03



Source: Adapted from *Frontiers In Immunology (2024). Vol. 15, pp. 1375177-1375199*

- **Business strategy aside, we still hold Cell Pouch in high regard based on personal observation & published preclinical data in at least three regenerative medicine markets.** As we described multiple times in our Sernova commentary, the firm brings Cell Pouch to the merger, a subcutaneously-implantable, well-vascularized, minimally-fibrosed cell reservoir platform for which multiple preclinical studies have been published documenting its utility for sustaining physiology of the cells/tissues deployed within it *in vivo*. Data on its utility for sustaining blood glucose-responsive C-peptide release from pancreatic islets (C-peptide is the form of insulin that pancreatic beta cells actually produce – it undergoes post-translational modification thereafter to create insulin's two amino acid chains that are linked together by disulfide bonds) are already in the public domain in peer-reviewed form (specifically in a preclinical paper published in 2015 in the journal *Transplantation*) & separate data showing Cell Pouch utility in preserving the ability of genetically-transformed blood outgrowth endothelial cells (BOECs) to release Factor VIII in a mouse model of hemophilia A were published in Dec/21 in the journal *Molecular Therapy*.

  - Two separate studies showing that Cell Pouch could be relevant for cell/tissue preservation in thyroid disease were published in recent years, one in collaboration with University of British Columbia researchers published in 2022 in the journal *PLoS ONE* & the other published independently last year by Sernova in the journal *Frontiers of Endocrinology*. In both of those thyroid disease-focused preclinical studies, functional thyroid tissue harvested from animals undergoing partial thyroidectomy, once deployed into subcutaneously-implanted Cell Pouch, was able to preserve the ability of implanted tissue to produce thyroglobulin (the precursor to the iodinated tyrosine-based hormones thyroxine or tri-iodothyronine) in a thyroid-stimulating hormone (TSH)-dependent fashion.

  - We thought it would be useful to provide that context for just what Sernova brings to this merger, in our view a well-validated regenerative medicine device platform for which abundant function-validating data are available/published & which we have long believed to be a valuable if not indispensable component of any successful stem cell-derived regenerative clinical program undertaken in coming years.

- **We assume that relationships with the University of Chicago & with Eledon will remain stable & form the basis for pending Cell Pouch/SR-02 clinical testing.** Sernova & now BetaNova continues to fund an ongoing Phase I/II islet transplantation trial at the University of Chicago in collaboration with leading surgeon Piotr Witkowski; that trial garnered favorable periodic commentary both from Sernova & its clinical collaborators over the last few years, with several type I diabetes patients experiencing insulin-independence while supported by Cell Pouch & the cadaver-derived islets deployed within it (stem cell-derived islets were not originally part of this trial, nor could they have been unless Evotec was prepared to provide iBeta at sufficient scale or if MA-based peer firm Vertex Pharmaceuticals [VRTX-Q, NR] was willing to provide its own VX-880 platform for this purpose).

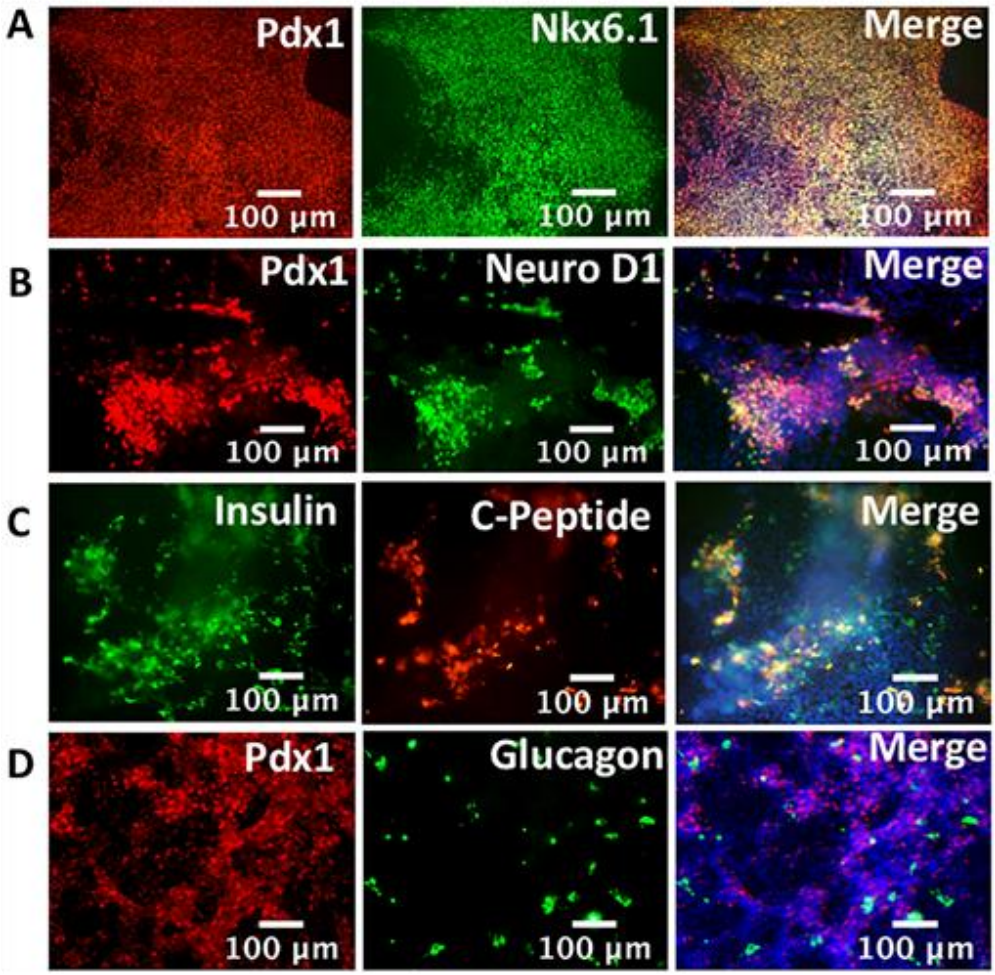
  - Apropos of our comment about how Sernova/Evotec have not yet as of this writing published the preclinical Cell Pouch/iBeta data reported in Apr/23, neither has the University of Chicago published in formal peer-reviewed form any of the insulin independence data from the ongoing Phase I/II trial (many conference proceedings have published abstracts on this trial though). We believe that publication of these data, for which some patients have been insulin-independent while on Cell Pouch support for well over four years, is long overdue & we hope imminent. We believe that Sernova/Seraxis will continue to test CA-based Eledon Pharmaceuticals' (ELDN-Q, NR) anti-CD40L mAb tegoprubart/AT-1501 as an immunosuppressive alternative to cyclosporin A or tacrolimus or methylphenidate in the ongoing Phase I/II Cell Pouch trial, along with eventually incorporating SR-02 into a new study arm next year.

  - This trial & its Cell Pouch-specific data are historically only germane to Sernova/Cell Pouch but as per Sernova/Seraxis commentary in its merger press release, we expect the merged firm to incorporate Seraxis' stem cell-based pancreatic islet platform called SR-02 (a stem cell-derived pancreatic islet platform, with a genetically-modified variant called SR-03 on the horizon) to be incorporated into the ongoing University of Chicago trial, probably by mid-FH127. An IND filing for SR-03 is projected for FH227, presumably with preclinical animal testing still pending that will determine if the gene-edited allogeneic SR-03 islet cells are able to sustain C-peptide release without the need for simultaneous immune-suppression.

- **Seraxis' islet cell therapy platform has some published validating preclinical data in support of its prospects, but without any recent updates & without any overt financial support from legacy investors.** Shifting to Seraxis, we were certainly aware that the firm was part of the regenerative medicine landscape, with representatives of the firm starting to show up in the medical literature in 2018, initially in a diabetes- & stem cell-focused paper in the journal *PLoS ONE* for which

Seraxis CEO WL Rust is the corresponding author. In that paper, Seraxis characterizes a pluripotent stem cell-derived islet form called SR1423, describing therein the process by which SR1423 was generated (primary pancreatic tissue was modified with various vectors to generate precursor endoderm cells, which were then subjected to other differentiation triggers to produce what turned out to be functioning islets). SR1423 was clearly shown to produce C-peptide/insulin in a glucose-responsive manner (partial evidence for this assertion is as depicted in Exhibit 7). A meta-analysis of the regenerative islet transplantation market was published by Seraxis a year later in the journal *Stem Cells Translational Medicine*, & though SR1423 was not explicitly described in that paper, the authors emphasized that duration of islet cell survival & transplant-associated side effects were lingering limitations at the time (issues that Cell Pouch can partially resolve) as was the need for chronic immunosuppression that while not unique to islet transplantation as such is still an unresolved element impeding more widespread adoption for curing type I insulin-dependent disease.

Exhibit 7. Early Cellular Characterization Of First-Generation Seraxis Islets [SR1423] Showed Favorable Indications Of Biomarker Detection That Was Consistent With Pancreatic Function



Pdx1, a marker for overall pancreatic beta cell function; Nkx6.1, a transcription factor that is a regulator of pancreatic beta cell development; Neuro D1, another function-preserving transcription factor of pancreatic beta cells; Insulin/C-peptide, the blood glucose-modulating fat-storage hormone & its precursor; Glucagon, a peptide hormone produced by pancreatic alpha-cells that releases glucose from glycogen stores in the liver

Source: Adapted from *PLoS ONE (2018). Vol. 13, pp. e0203126-e0203147*

- Before Seraxis' creation, founder WL Rust published a few stem cell-focused papers in collaboration with Singapore-based private firm ES Cell International that described methods for growing embryonic stem cells on gel-based matrices or on microcarriers but without any unique bias toward developing these techniques for islet cell

production, at least not in these manuscripts published during 2006-to-2008. One of the risk factors we see in the Sernova-Seraxis merger from the Seraxis side is that its stem cell-based pancreatic islet cell technology that makes SR-02/SR-03 possible is just not that well-characterized in the medical literature (two company-specific papers in 2018/2019) & while Cell Pouch's visibility in the medical literature is still at minimalist levels, its utility in regenerative medicine has been described in several preclinical studies & in at least three indications, not just type I diabetes/islet transplantation.

- Secondly, Seraxis did in its early days attract considerable capital from strategic diabetes/endocrinology-focused pharmaceutical firms, specifically in a US$40M private equity offering consummated in Feb/21 in which IN-based Eli Lilly (LLY-NY, NR), MA-based private life sciences investor Polaris Ventures (for which MIT biomechanical engineering super-hero Robert Langer is a scientific advisor) & the Juvenile Diabetes Research Foundation T1D Fund participated. None of these entities appears to be willing to provide supplemental capital, making the Sernova merger a plausible strategy if not a necessary one. Since then, Eli Lilly specifically placed an alternative bet on another regenerative medicine firm in SIG-002 developer Sigilon Therapeutics (for US$310M in Aug/23; ticker was SGTX-Q, NR), a firm that at the time was interestingly not as focused on diabetes/islet cell development but rather on hemophilia A-focused Factor VIII production (a small Phase I hemophilia A trial was actually terminated before the Eli Lilly acquisition).

- We have not seen any peer-reviewed papers describing either SR-02 or SR-03 but we assume that the immune function-modifying gene editing that is germane to SR-03 overlaps conceptually if not actually to techniques published by CA-based Sana Biotechnology (SANA-Q, NR; itself a plausible partner for Sernova to have pursued). That firm has published details on regeneratively producing its own stem cell-derived islets in SC451, an islet manifestation into which genetic modification of self-recognition cell surface antigens mitigates the ability of type I diabetic hosts to recognize SC451 as foreign.

- The technology that Sana published in a few papers in recent years, including a 2023 manuscript in the journal *Stem Cells Translational Medicine*, knocks out expression of self-antigens HLA class I & II & CD47 to make the islets hypoimmune (indeed, the process by which this genetic modification transpires is abbreviated HIP, short for hypoimmune pseudoislets). Like Seraxis' SR-02/SR-03, Sana's SC451 (also called UP421) is not yet in formal clinical testing but IND-enabling toxicology testing is ongoing, according to Sana's FQ226 corporate update.

- Our legacy diligence on Cell Pouch as a high-functioning cell reservoir for regenerative medicine cell therapies is unchanged & sustainably positive even after considering this transaction, while our views on Seraxis & its SR-02/SR-03 islet cell platform are more mixed just because we have limited information on how it performed in preclinical studies that presumably have transpired since F2018/2019 & because its legacy blue-chip investors have clearly moved on to other investment opportunities after deploying US$40M into the firm four years ago.

- As an additional risk factor, we invite interested Sernova followers to review the firm's FQ326 financial filings posted on Sedar yesterday, with our own attention attracted to working capital & the firm's legacy payables of C$9.54M, C$3.46M of which are owed to 'key management personnel', according to Note 8 of the Interim Financial Statements document now in the public domain. Accordingly, we are cautious on Sernova-Seraxis financial risk even after raising US$10M in new convertible debt capital, a sizable proportion of which may be destined for non-R&D activities.

- **Vertex is still the most focused corporate entity on islet cell technologies & type I diabetes, with its own cell reservoir development program ongoing in the background even while Cell Pouch's capabilities are documented in the medical literature.** The other risk factor for the merged firm, as it was for Sernova itself, is Vertex. The firm continues to identify its Semma-acquired allogeneic stem cell-based pancreatic islet platform VX-880/Zimislecel as a flagship cell therapy within its R&D pipeline & a 57-patient Phase III study testing VX-880 in combination with a separate cell therapy called VX-017 that is blood-type independent (VX-880 recipients are required to be either blood type A or AB, reflecting the antigen personality of the stem cell lineage from which VX-880 islets are derived) is ongoing; five-year insulin-independence & hypoglycemia event rate data are expected by end-of-FQ431.

- In this trial, VX-880 & VX-017 are administered into the hepatic portal vein as per the long-ago-published Edmonton Protocol, despite which Vertex identifies efforts in its R&D pipeline to develop a 'device with cell therapy' while undoubtedly being aware that Cell Pouch is well-described in the medical literature & is in active Phase I/II testing with a University of Chicago islet transplantation team with which it separately collaborates.
- Vertex is unambiguously the leader in regenerative medicine in the islet transplantation realm, well ahead based on clinical data alone of diabetes giants Eli Lilly (LLY-NY, NR) & Danish diabetes/endocrinology-focused Novo Nordisk (NVO-NY, NR), both of which we know have identified regenerative islet programs in prior quarters but without active project explicitly described in recent financial filings or investor presentations. And yet despite its indirect acknowledgement through its own R&D efforts of the need for some cell reservoir alternative to the portal vein for islet deployment in transplantation surgery, no publicly-announced relationship with Vertex (or with Eli Lilly or Novo Nordisk or any other global pharma firm with some diabetes/endocrinology commercial footprint) has yet transpired.
- Sernova-Seraxis & Sana are the highest-profile regenerative islet technology developer pure-plays listed on public equity markets; Vertex's value is undoubtedly based more substantively on its commercial Rx portfolio, for which FQ226 sales were collectively US$3.3B, independent of any supplemental revenue that recently-acquired Crinetics Pharmaceuticals (CNRX-Q, NR) brings to financial data with agromegaly drug paltusotine/Palsonify & Cushing's disease drug atumelnant.

Capital Markets Summary

Exhibit xx. EBITDA Or EPS-Positive Canadian Healthcare Stocks

Company	Filing Curr.	Sym.	Shrs Out. (M)	Share Price 11-Sep	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	$16.94	931	931	1,465	1,465	5.9x	6.1x	6.7x	NA	6.7x	7.3x
Jamieson Wellness	CAD	JWEL	41.5	$45.46	1,886	1,886	2,384	2,384	14.4x	13.3x	11.9x	24.1x	21.1x	18.2x
K-Bro Linen	CAD	KBL	13.0	$42.03	547	547	844	844	7.3x	7.6x	7.3x	24.9x	20.6x	16.7x
Medical Facilities [1]	CAD	DR	16.2	$10.92	177	244	308	426	5.3x	5.1x	12.4x	15.6x	5.9x	14.4x
Microbix Biosystems	CAD	MBX	137.0	$0.29	40	40	39	39	NA	NA	NA	NA	NA	NA
Savaria	CAD	SIS	72.2	$28.07	2,027	2,027	2,196	2,196	11.3x	10.7x	9.7x	22.9x	20.3x	17.8x
Profitable Canadian healthcare firms - specialty pharmaceuticals development/sales [2]														
Apotex	CAD	APTX	228.5	$33.35	7,620	7,620	11,940	11,940	NA	NA	11.7x	NA	NA	15.2x
Aurinia Pharma	USD	AUPH	133.1	$16.11	2,143	2,965	2,297	3,176	9.5x	8.3x	6.6x	6.8x	17.1x	13.7x
Bausch Health	USD	BHC	374.1	$6.07	2,271	3,142	31,187	43,131	5.6x	5.6x	6.0x	NA	1.3x	1.5x
BioSyent	CAD	RX	11.5	$15.65	180	180	172	172	11.2x	10.8x	9.2x	17.9x	17.6x	14.5x
Cipher Pharma [1]	CAD	CPH	25.4	$10.26	261	361	420	581	15.2x	14.2x	12.6x	9.0x	12.8x	11.7x
HLS Therapeutics [1]	CAD	HLS	30.4	$2.70	82	114	173	239	10.3x	9.1x	7.6x	NA	NA	NA
Knight Therapeutics	CAD	GUD	98.2	$9.73	956	956	836	836	8.5x	9.9x	9.5x	NA	NA	36.6x
Medexus Pharma [1]	CAD	MDP	32.0	$3.62	116	160	181	250	10.5x	11.3x	8.1x	48.1x	NA	23.0x
Profitable Canadian healthcare firms - eldercare services or infrastructure developers														
CareRx	CAD	CRRX	63.4	$3.18	202	202	269	269	8.7x	7.8x	6.8x	7.4x	36.3x	15.6x
Chartwell Retirement	CAD	CSH.UN	328.3	$20.32	6,671	6,671	9,882	9,882	21.7x	19.4x	17.4x	NA	NA	NA
Extendicare	CAD	EXE	95.0	$31.01	2,947	2,947	3,506	3,506	15.8x	13.9x	12.2x	23.4x	22.7x	20.3x
Vital Infrastructure	CAD	VITL.UN	250.0	$5.15	1,288	1,288	2,490	2,490	12.4x	12.0x	11.6x	NA	NA	NA
Nova Leap Health	CAD	NLH	87.3	$0.49	43	43	47	47	13.4x	NA	NA	31.8x	NA	NA
Sienna Senior Living	CAD	SIA	110.9	$19.90	2,206	2,206	3,413	3,413	20.4x	16.8x	14.8x	37.9x	36.9x	31.6x
Profitable Canadian healthcare firms - medical equipment distribution/sales [3]														
Covalon Technologies	CAD	COV	27.6	$2.05	57	57	74	74	14.9x	12.0x	10.5x	12.9x	12.1x	10.3x
Viemed Healthcare	USD	VMD	38.1	$11.88	452	452	459	634	5.9x	5.1x	4.5x	31.4x	28.7x	21.9x
Profitable Canadian healthcare firms - healthcare IT or digital IT services firms [5]														
Healwell AI	CAD	AIDX	304.8	$0.75	229	229	273	273	NA	36.8x	19.0x	NA	NA	NA
Hydreight	CAD	NURS	53.7	$3.28	176	176	165	165	21.5x	8.4x	4.8x	24.1x	10.9x	6.9x
Vitalhub	CAD	VHI	63.4	$7.52	477	660	344	344	11.7x	10.1x	8.3x	NA	40.6x	24.4x
Well Health	CAD	WELL	255.5	$4.03	1,029	1,029	1,901	1,901	9.1x	10.1x	9.3x	NA	15.9x	11.3x
Average									**11.8x**	**11.5x**	**9.9x**	**22.6x**	**19.3x**	**16.6x**
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*
Kneat.com	*CAD*	*KSI*	*96.7*	*$6.50*	*628*	*868*	*604*	*604*	*NA*	*34.1x*	*22.4x*	*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

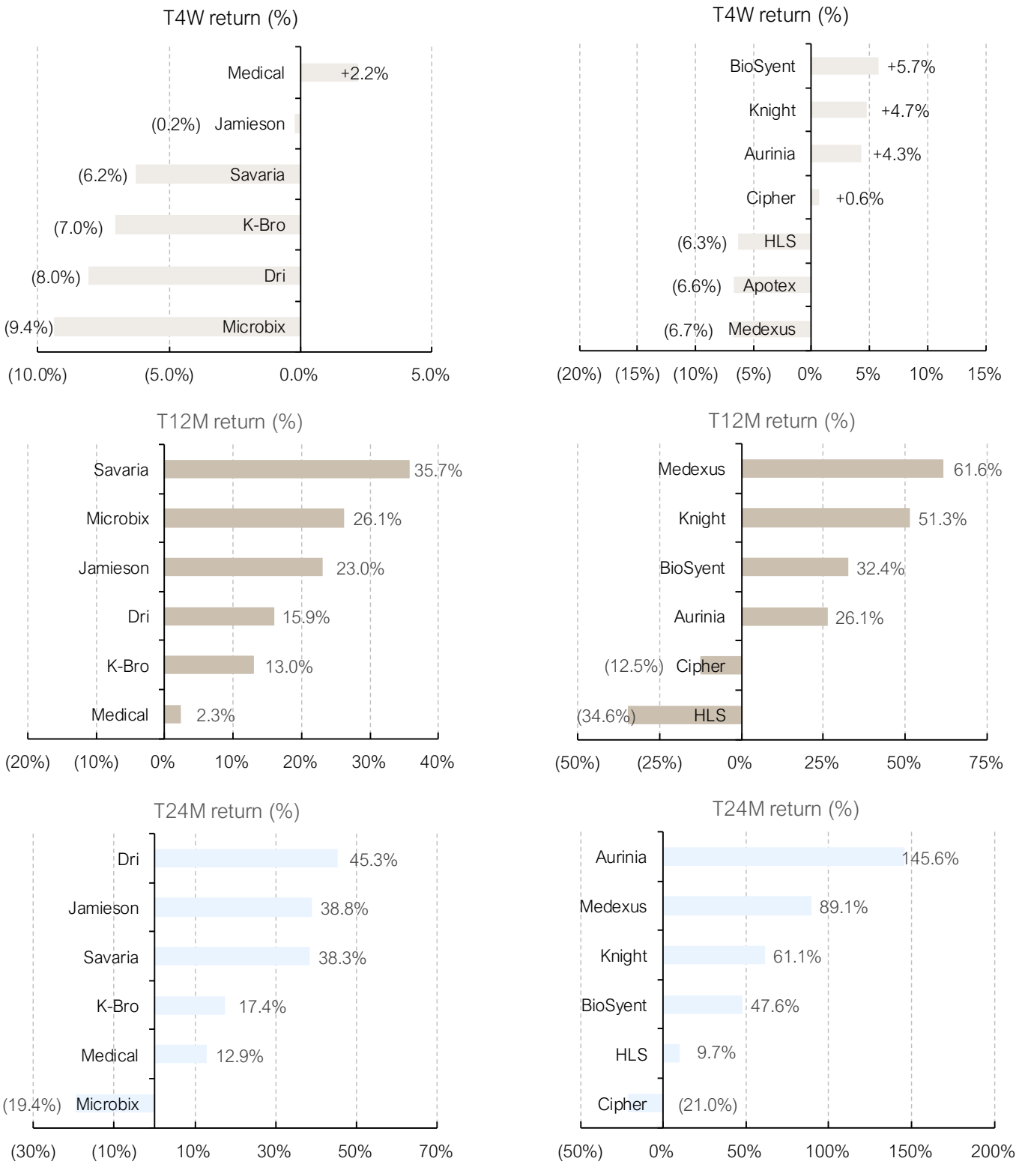
[3] Quipt Home Medical was acquired by Kingswood Capital & Forager Capital for US$3.65/shr in Dec/25, transaction closed in Mar/26

[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 closed in Aug/26

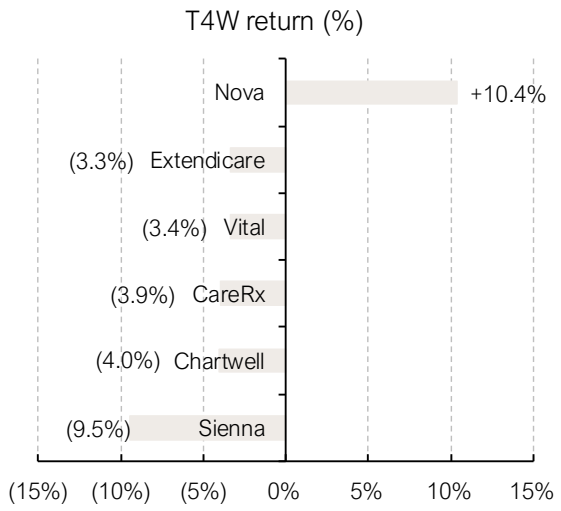
Source: Refinitiv, company reports, Leede Financial

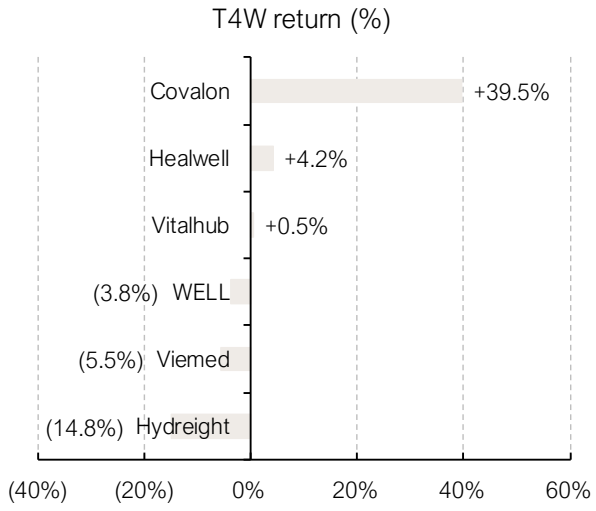
Exhibit xx. Trailing Four-Week, One-Year & Two-Year Relative Share Price Performance For EBITDA/EPS-Positive Canadian Healthcare Equities – Specialty Services & Specialty Pharmaceutical Firms

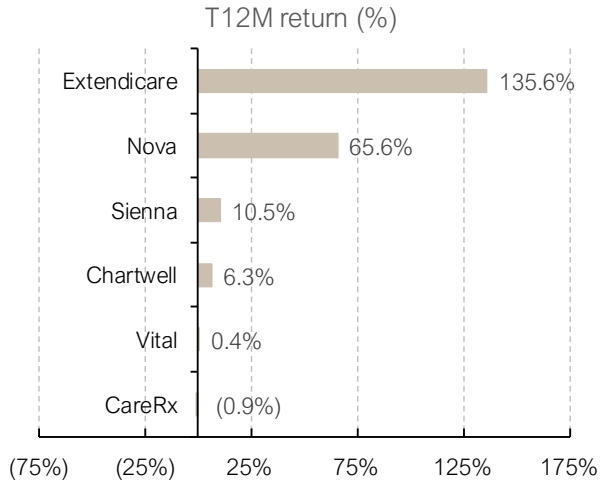


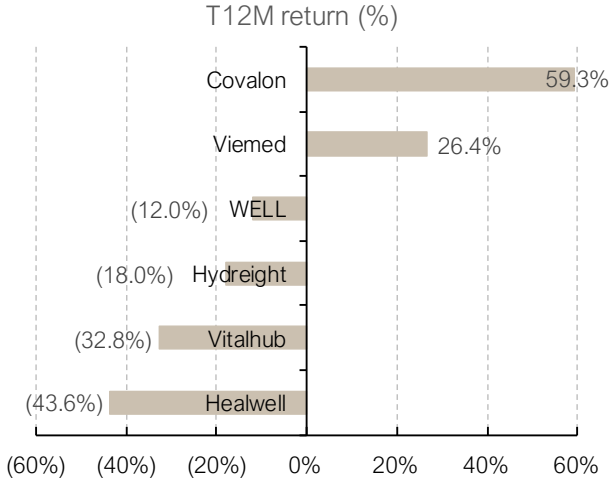
Source: Refinitiv, company reports, Leede Financial

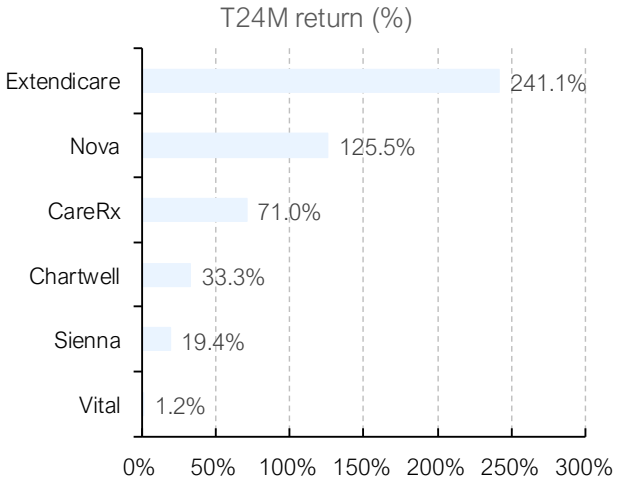
Exhibit xx. Trailing Four-Week, One-Year & Two-Year Relative Share Price Performance For EBITDA/EPS-Positive Canadian Healthcare Equities – Eldercare Services & Medical Technology Distribution/Healthcare IT Services

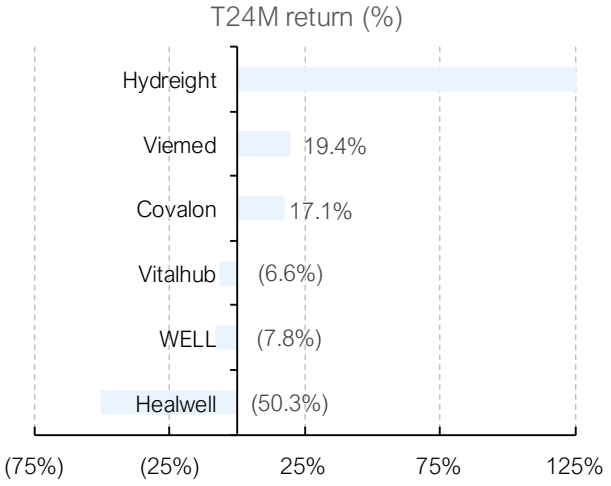












Source: Refinitiv, company reports, Leede Financial

Important Information and Legal Disclaimers

Leede Financial Inc. (Leede) is a member of the Canadian Investment Regulatory Organization (CIRO) and a member of the Canadian Investor Protection Fund (CIPF). This document is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular investing strategy. Data from various sources were used in the preparation of these documents; the information is believed but in no way warranted to be reliable, accurate and appropriate. All information is as of the date of publication and is subject to change without notice. Any opinions or recommendations expressed herein do not necessarily reflect those of Leede. Leede cannot accept any trading instructions via e-mail as the timely receipt of e-mail messages, or their integrity over the Internet, cannot be guaranteed. Dividend yields change as stock prices change, and companies may change or cancel dividend payments in the future. All securities involve varying amounts of risk, and their values will fluctuate, and the fluctuation of foreign currency exchange rates will also impact your investment returns if measured in Canadian Dollars. Past performance does not guarantee future returns, investments may increase or decrease in value, and you may lose money. Leede employees may buy and sell shares of the companies that are recommended for their own accounts and for the accounts of other clients. Disclosure codes are used in accordance with Policy 3600 of CIRO.

Description of Disclosure Codes

1. Leede and its affiliates collectively beneficially own 1% or more of any class of equity securities of the company as of the end of the preceding month or the month prior to the preceding month if the report was issued prior to the 10th.
2. The analyst or any associate of the analyst responsible for the report or public comment hold shares or is short any of the company's securities directly or through derivatives.
3. Leede or a director or officer of Leede or any analyst provided services to the company for remuneration other than normal investment advisory or trade execution services within the preceding 12 months.
4. Leede provided investment banking services for the company during the 12 months preceding the publication of the research report.
5. Leede expects to receive or intends to seek compensation for investment banking services in the next three months.
6. The analyst preparing the report received compensation based upon Leede investment banking revenues for this issuer within the preceding 12 months.
7. The director, officer, employee, or research analyst is an officer, director or employee of the company, or serves in an advisory capacity to the company.
8. Leede acts as a market maker of the company.
9. The analyst has conducted a site visit and has viewed a major facility or operation of the issuer.
10. The company has paid for all, or a material portion, of the travel costs associated with the site visit by the analyst.

Dissemination

All final research reports are disseminated to existing and potential institutional clients of Leede Financial Inc. (Leede) in electronic form to intended recipients thorough e-mail and third-party aggregators. Research reports are posted to the Leede website and are accessible to customers who are entitled to the firm's research. Reproduction of this report in whole or in part without permission is prohibited.

Research Analyst Certification

The Research Analyst(s) who prepare this report certify that their respective report accurately reflects his/her personal opinion and that no part of his/her compensation was, is, or will be directly or indirectly related to the specific recommendations or views as to the securities or companies. Leede Financial Inc. (Leede) compensates its research analysts from a variety of sources and research analysts may or may not receive compensation based upon Leede investment banking revenue.

Canadian Disclosures

This research has been approved by Leede Financial Inc. (Leede), which accepts sole responsibility for this research and its dissemination in Canada. Leede is registered and regulated by the Canadian Investment Regulatory Organization (CIRO) and is a member of the Canadian Investor Protection Fund (CIPF). Canadian clients wishing to effect transactions in any designated investment discussed should do so through a Leede Registered Representative.

U.S. Disclosures

This research report was prepared by Leede Financial Inc. (Leede). Leede is registered and regulated by the Canadian Investment Regulatory Organization (CIRO) and is a member of the Canadian Investor Protection Fund (CIPF). This report does not constitute an offer to sell or the solicitation of an offer to buy any of the securities discussed herein. Leede is not registered as a broker-dealer in the United States and is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. Any resulting transactions should be affected through a U.S. broker-dealer.

Rating Definitions

Buy	The security represents attractive relative value and is expected to appreciate significantly from the current price over the next 12-month time horizon.
Speculative Buy	The security is considered a BUY but carries an above-average level of risk.
Hold	The security represents fair value and no material appreciation is expected over the next 12-month time horizon.
Sell	The security represents poor value and is expected to depreciate over the next 12-month time horizon.
Under Review	The rating is temporarily placed under review until further information is disclosed.
Tender	Leede Financial Inc. recommends that investors tender to an existing public offer for the securities in the absence of a superior competing offer.
Not Rated	Leede Financial Inc. does not provide research coverage of the relevant issuer.

Rating Distribution

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