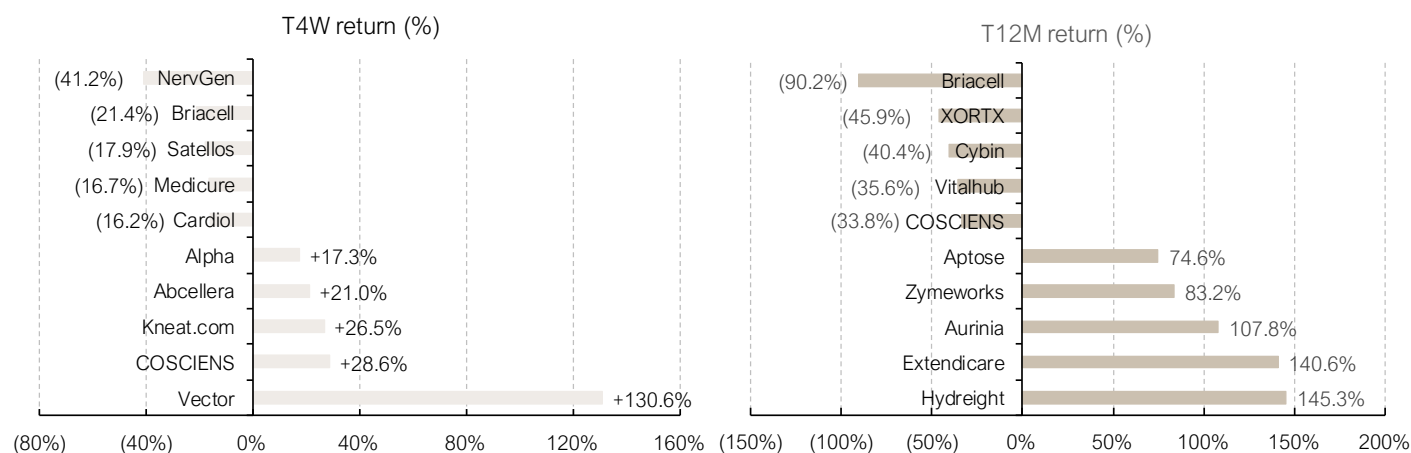


Core Highlights of the Week

Top Movers

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



Source: Leede Financial, Refinitiv

Other Significant Clinical Trial Updates With Relevance To Our Coverage Universe

- Momentum in AI-enabled drug discovery alliances continues with Merck's new partnership with Protillion.** NJ-based pharma giant Merck (MRK-NY, NR) entered into a new milestone-laden alliance with private AI technology developer CA-based Protillion Biosciences in a transaction that could generate up to US\$510M in deal economics for Protillion, presumably based on the success of its Prot-MaP protein design platform to identify new targets &/or new drugs for Merck to pursue.
 - Protillion's co-founder is Stanford University researcher WJ Greenleaf who in partnership with post-doctoral collaborator C Layton has published extensively on the use of deep learning models & single cell genomic analysis to identify novel protein structures & pathways that Protillion is likely leveraging in its corporate drug development activities & alliances. His academic publications since 2020 focused on single cell analysis of chromatin structure & its relevance to cancer biology or to immune function, on cardiogenesis pathways that are germane to heart disease & on spatial mapping of single-cell protein distribution as it related to various neurological disorders. There is thus no clear indication from the foundational science on which Protillion rests as to what indications may be most relevant either to Protillion independently or to Merck through this alliance, though we do know from the characterization of the alliance as being 'multi-target' that the alliance at this stage is probably more exploratory than directed.
 - In its press release announcing its US\$18M venture financing in Dec/22, Protillion described its AI platform as being able to conduct quantitative analysis of protein libraries & then apply those insights to antibody-antigen discovery. Another co-founder of the firm is Harvard University-based pioneer of single-molecule detection methods D Walt, who interestingly was one of the founders of leading molecular diagnostics equipment developer Illumina (ILMN-Q, NR). The firm claimed at that time & presumably still does to be able to characterize the binding kinetics of about one million antibody variants over a two-day cycle of its AI platform.
 - The relevance of AI to drug discovery & to medical technology development infuses itself into our healthcare/biotechnology universe in a few early-stage firms, including B-Series/Claire developer Perimeter Medical Imaging (PINK-

Please see end of report for important disclosures.

V, Spec Buy, PT C\$2.75) for which AI capabilities are bolted on to the firm's optical coherence tomography-based real-time breast tumor margin-assessing platform & also BC-based small-molecule cancer drug developer Rakovina (RKV-V, NR) that is applying regional AI alliances to its discovery of drugs that impede DNA repair in tumor cells. We expect that list to grow as we believe it will even more apparent over time than it does already that AI capabilities will be useful in various discovery realms in healthcare's continuum-of-care.

- **Positive regard for cardiovascular disease-targeted drug development reflected in Kardigan's IPO.** CA-based cardiovascular disease-targeted drug developer Kardigan just raised US\$400M on its IPO this week, augmenting its FQ126 quarter-end cash & equivalents of US\$287M. The firm does have aggressive quarterly operating cash losses – (US\$56.1M) just in FQ126 alone – but new capital should provide the firm with sufficient cash run-way to fund pipeline advances for at least another three years or so.
 - We are of course interested in Kardigan's capital markets regard in comparison to ON-based also-cardiovascular disease-targeted small-molecule developer Cardiol Therapeutics (CRDL-T, Spec Buy, PT C\$7.00), which is not specifically targeting the same cardiovascular indications that Kardigan is (Cardiol is of course currently focused on Phase III recurrent pericarditis testing for its orally-active ultrapure cannabidiol formulation CardiolRx & pending Phase I diastolic heart failure testing for its subcutaneously-injectable form of the same drug, CRD-38) but there is sufficient overlap in our view just by being cardiovascular-focused to justify comparison. Kardigan's flagship drug discovery platform is branded as Prolaio, an already-510(k)-approved AI-driven analytics-based wearable sensor that allows for real-time physiological data to be acquired as a way to monitor cardiovascular disease symptoms & responses to therapies.
 - As we observed in Kardigan's recently-filed S-1 document, the firm has three clinical-stage assets, the most advanced of which is its direct myosin activator drug danicamtiv, interestingly originally developed by Bristol Myers Squibb (BMY-NY, NR) acquisition MyoKardia (which Bristol acquired for US\$13.1B in Oct/20) & targeting genetic dilated cardiomyopathy in the 332-patient Phase III KINSHIP-DCM trial (six-month data on left atrial function index expected in H127) but with two other Phase II-stage clinical assets in guanylate cyclase activator drug ataciguat (originally developed by Sanofi [SNY-NY, NR]), targeting moderate calcific aortic valve stenosis in the 1,276-patient KATALYST-AV trial (interim six-month efficacy data also expected in H127) & the angiotensinogen-targeted antisense oligonucleotide drug tonlamarsen (licensed from RNA drug innovator Ionis Pharmaceuticals [IONS-Q, NR]), targeting acute severe hypertension in the 100-patient KARDINAL-ASH trial (final top-line efficacy data also expected in H127).
 - Kardigan's market value is undoubtedly more company-specific than indication-specific but still, we reflect favorably on the success of its IPO & its magnitude of capital raised on overall desire by public markets to fund innovations in cardiovascular disease drug development just as aggressively as they have regarded other medical markets (inflammatory/immunological diseases as separately mentioned in this document or oncology are two of the more attractive & partnered sectors in recent quarters). While on the topic of Cardiol, the firm does have a key valuation inflection point on the horizon with its 110-patient Phase III MAvERIC recurrent pericarditis trial for which CardiolRx's impact on six-month disease recurrence in patients with prior history of rilonacept therapy are expected by end-of-year.
- **Biogen expands its immunology pipeline with RayThera acquisition.** MA-based specialty pharma firm Biogen (BIIB-Q, NR) is acquiring CA-based private drug developer RayThera in a deal that could generate up to US\$1.0B in cumulative upfront payments & milestones, presumably based on clinical/commercial advances for RayThera's pipeline of anti-inflammatory small-molecules targeting immunological disorders. An unidentified lead candidate is poised to enter Phase I testing next quarter.
 - RayThera itself is no more transparent on its pipeline characteristics than Biogen is, identifying its three lead anti-inflammatory assets numerically instead of providing any structural or mechanistic details. We assume though that such details were available to the firm's investors that contributed US\$110M to the firm's balance sheet in a Series A transaction in Apr/25. A review of the US patent office's database does reveal that RayThera & its founders are the assignees/inventors of one patent issued in Sept/25 year describing modulators of tumor necrosis factor alpha (TNF α), with a few nitrogen heterocycle-based structural motifs featured therein. RayThera has no publication history that informs us on its pipeline pharmacology so we will watch for details on its pending Phase I trial for initial insights into its pipeline configuration.

- Co-founders Qing Dong & Gene Hung previously co-founded then-private drug developer XinThera that was sold to Gilead Sciences (GILD-Q, NR) in May/23 (& which by the way was funded by a similar suite of investors as funded RayThera last year) & was itself focused primarily though not exclusively on anti-inflammatory drugs, in that case targeting the MK2 (MAP kinase-activated protein kinase-2) pathway (XinThera was also developing next-generation cancer-focused small-molecules targeting the enzyme poly(ADP-ribose) polymerases PARP1 & PARP2. Deal terms were not provided at the time by Gilead but review of its legacy F2023 annual report indicated that XinThera's take-out value was US\$200M.
- **A legacy drug delivery platform experiences a renaissance through the launch of new drug developer Nortiva Bio.** Earlier this week, CA-based healthcare royalty investor Innoviva (INVA-Q, NR) launched a new MA-based private drug technology developer Nortiva Bio, ostensibly to redeploy an MIT-developed extended release orally-active drug delivery platform called LYNX. The technology was originally developed by private firm Lyndra Therapeutics which discontinued operations in Mar/25 even though it achieved solid Phase III success in Jan/24 in a 90-patient trial (the STARLYNG-1 trial) with an extended-release once-weekly formulation of the schizophrenia drug risperidone (LYN-005); however the firm could not identify new sources of capital to sustain operations through completion of formal clinical testing & regulatory review. While LYN-005 will apparently remain in Nortiva Bio's pipeline, its lead once-monthly orally-active drug candidate is an oral contraceptive, presumably the same active estrogen analogs that constitute the existing contraceptive pharmacopeia.
 - At the time of its discontinuation, Lyndra had once-weekly orally-active formulations of the sodium-glucose co-transporter-2-inhibiting chronic kidney disease drug dapagliflozin (LYN-045; AstraZeneca's [AZN-LN, NR] Farxiga) & the atypical antipsychotic drug aripiprazole (LYN-006; Otsuka Pharmaceuticals' [4578-JP, NR] Abilify) also in development. The LYNX technology itself was developed by long-time MIT professor RS Langer, who has founded multiple biotechnology spin-outs in his career, many focused on drug delivery, & as a point of interest is the most cited engineer in history (or at least he was in 2014 according to an interview published that year in the journal *Science*).
 - Lyndra could hardly be categorized as undercapitalized though, raising US\$101M in a Series E financing back in Dec/23 through an investor syndicate that included India-based Sun Pharma (524715-BSE, NR) which as followers of our coverage universe will recall is Cipher Pharmaceuticals' (CPH-T, Buy, PT C\$22.25) US commercialization partner for its orally-active super-bioavailable CIP-isotretinoin cystic acne formulation Absorica (ironically, we have been critical of Sun's apathy on Absorica sales traction in recent quarters & are looking forward to Cipher's re-acquisition of marketing rights for the drug by end-of-FQ426).
 - The oral contraceptive & schizophrenia medical markets are not overly relevant to our current coverage universe, so our interests in Nortiva Bio are at present more based on Cipher partner Sun's historic interest in the LYNX platform on which Nortiva Bio's drug development efforts will focus. But the valuation underpinnings of the new firm are clearly focused on drug delivery & on that basis, we reflect favorably on how another of our current coverage stocks, BC-based Eupraxia Pharmaceuticals (EPRX-Q, Buy, PT US\$15.50) is also based on a novel extended-release platform called DiffuSphere. DiffuSphere is at present being developed by Eupraxia as an injectable formulation of the corticosteroid fluticasone propionate & not of any of the identified lead candidates in Nortiva Bio's portfolio or their target indications (Eupraxia is squarely focused on inflammatory or fibrotic gastro-esophageal disorders, though it does have positive Phase II knee osteoarthritis pain data that is independently published for the Phase II Springboard trial). Accordingly, we will be interested to see if investors ascribe value to the unique pharmacokinetics that LYNX can provide with corresponding enthusiasm to that ascribed to DiffuSphere & to the Phase II programs on which that zero-order extended-release drug delivery platform is based.
- **FDA reversal opens accelerated approval path for uniQure's (QURE-Q, NR) Huntington's disease gene therapy – readthrough to Duchenne muscular dystrophy for which gene therapy is emerging as a post-exon skipping platform.** uniQure announced on June 17 that the FDA has reversed its position on AMT-130 & now agrees that the three-year analysis from the company's Phase I/II program can serve as the primary basis for a BLA under the accelerated approval pathway. The company plans to submit the application in Q326. The update follows a recent Type B meeting with the agency, during which the FDA also indicated it is open to a concurrent standard-of-care control arm for the required post-approval confirmatory study, rather than the sham surgery-controlled Phase 3 design it had insisted upon as recently as March. The FDA stated it would work expeditiously to align on the confirmatory study design ahead of the BLA filing, & uniQure expects

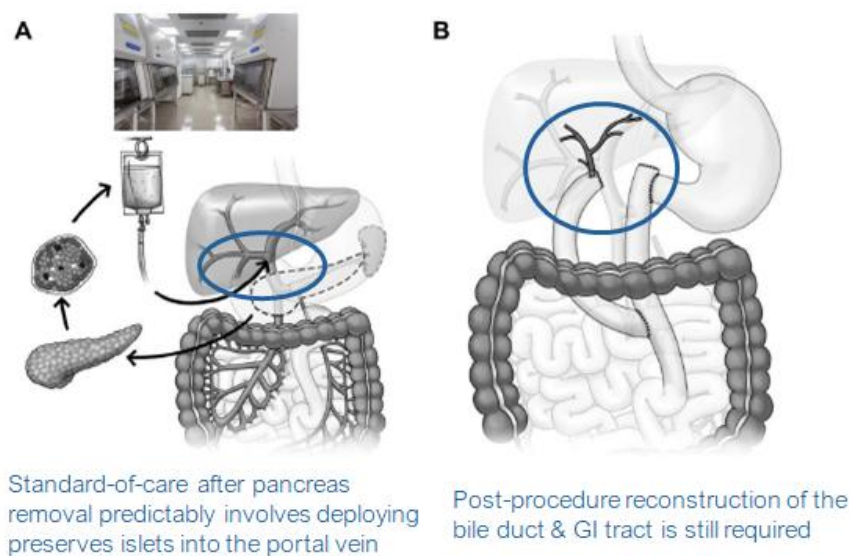
final meeting minutes within 30 days. AMT-130 holds RMAT, Breakthrough Therapy, & Fast Track designations. QURE shares are up roughly 75% on the news.

- The regulatory trajectory is certainly notable. In Q425, the FDA told uniQure at a pre-BLA meeting that Phase I/II data compared to external controls were "unlikely to provide the primary evidence to support a BLA submission." In January 2026, a Type A meeting produced no movement, & in Mar/26, the agency formally recommended a prospective, randomized, double-blind, sham surgery-controlled Phase 3. Former FDA Commissioner M Makary was openly critical of the drug, opining in one interview on one unnamed product as being comparable to 'researchers drilled a burr hole, literally a hole, in people's skulls & finding no benefit'. Dr. Makary resigned last month & acting commissioner Kyle Diamantas (previously Deputy Commissioner for food) assumed the role. Within roughly five weeks, the agency's position on AMT-130 effectively returned to where it had stood in mid-2025, when the FDA agreed that the cUHDS could serve as an intermediate clinical endpoint for accelerated approval & that propensity score-adjusted external controls drawn from ENROLL-HD were an acceptable comparator. We do not conventionally have firm views one way or the other on the identity of senior FDA executives but this transition does seem coincident to the agency's views on this particular gene therapy.
- As background, AMT-130 is an AAV5 (a strain of adenovirus) vector-based gene therapy that delivers an engineered artificial microRNA (miHTT) targeting human huntingtin mRNA. Huntingtin mRNA is the messenger molecule that cells use as a template to produce huntingtin protein. In healthy individuals, huntingtin protein plays a role in neuronal function & survival, but in Huntington's disease patients, an expanded CAG repeat sequence in the HTT gene causes cells to produce a longer, misfolded version of the protein that aggregates in neurons & progressively destroys them, particularly in the striatum. The therapeutic logic of AMT-130 is to cut off production at the source: the miHTT transgene is delivered into brain cells by the AAV5 vector, where it persists as an episome (external to chromosomal DNA but still capable of being transcribed).
- Once expressed, the microRNA engages the cell's native RNA-induced silencing complex (RISC), which recognizes & cleaves huntingtin mRNA before it can be translated into protein. This lowers both mutant & normal huntingtin (Miniarikova & coworkers as published in 2016 in *Molecular Therapy Nucleic Acids*), a trade-off inherent to the non-allele-selective approach; the clinical consequences of sustained wild-type huntingtin reduction in adult neurons remain under investigation but have not emerged as a safety signal through three years of follow-up. The construct is delivered via MRI-guided, convection-enhanced stereotactic infusion directly into the brain, specifically the caudate nucleus & putamen, the regions most affected early in disease progression.
- The regulatory posture toward advanced therapies in rare disease appears to be shifting with the change in FDA leadership. But it is worth distinguishing between programs that benefit from a more flexible agency & those whose trial designs were already built to withstand higher scrutiny. Satellos' (MSLE-Q, Spec Buy, PT US\$16.00) BASECAMP trial for SAT-3247 in pediatric DMD falls into the latter category. Its placebo-controlled, randomized design with conventional functional endpoints (NSAA, stride velocity, muscle force) & MRI-confirmed muscle composition changes does not rely on external controls, novel surrogates, or accelerated pathway accommodations. As a daily oral small molecule, it also avoids the delivery, immunogenicity, & manufacturing complexity that define the risk profile of AAV gene therapies. The uniQure saga underscores that even favorable regulatory winds can shift abruptly; programs designed to meet a higher evidentiary standard carry less regulatory path risk regardless of who occupies the commissioner's office.
- **Sernova receives FDA Orphan Drug Status for targeting a novel endocrinology indication with Cell Pouch.** Earlier this week, ON-based regenerative medicine received orphan drug status for using Cell Pouch in autologous islet cell transplantation for treating patients undergoing total pancreatectomy.
 - Orphan Drug Status on its own certainly indicates positive regulatory regard from the US FDA, putting Sernova's subcutaneously implantable, well-vascularized, minimally-fibrosed cell/tissue reservoir Cell Pouch on the map with US regulators, with the organization holding Cell Pouch in high regard for what it sees as a medical imperative & for which standard-of-care is underperforming in some way. Orphan Drug Status indicates that if Cell Pouch is indeed approved for the indication, it will enjoy seven years of market exclusivity independent of any exclusivity that an FDA approval itself would confer. Through Orphan Drug Status, the US FDA also agrees to be more helpful on designing pivotal trials & to expediting review of a future regulatory filing for Cell Pouch for this indication.

- Notwithstanding our view that Sernova's Cell Pouch needs to be intertwined with innovations in regenerative medicine & not just with the existing organ transplantation medical markets for which procedure volumes are low, we have long believed that it may be prudent for Sernova to explore more expedited pathways to approval than waiting for partner Evotec SE (EVTG-DE, NR), or really any other stem cell-based regenerative pancreatic islet innovator, to complete development of their platforms. One way to do this was in our view to drive ahead with converting its ongoing Phase I/II islet transplantation trial at the University of Chicago into a pivotal trial, perhaps with partner Eledon Pharmaceuticals (ELDN-Q, NR) immunosuppressive anti-CD40L mAb tegoprubart/AT-1501 incorporated into a distinct study arm but with other study arms employing already-approved immunosuppressive regimens.
- Cell Pouch's commercial opportunity as a supplemental technology in islet cell transplantation is modest just because there are at most a few hundred islet cell transplantation procedures that are undertaken worldwide each year, but at least the device could be FDA-approved & more easily deployed into other academically-sponsored clinical studies thereafter. But an equally prudent path to approval is to use Cell Pouch as a reservoir for autologous pancreatic islet cells for which immunosuppression would presumably be unnecessary to evade an immune attack that would/should not transpire against the patient's own islet cells. We look forward to clinical details on how Sernova expects to advance its new chronic pancreatitis/total pancreatectomy indication in coming months, but our initial assumption would be that a 20-to-30-patient study, with up to one-year insulin independence serving as the primary endpoint, would support an FDA regulatory filing for the device.
- According to a 2026 review on disease pathology we surveyed in the *Journal of Clinical Medicine*, the same source for our adaptation of Exhibit xx, the main causes of chronic pancreatitis are alcohol consumption, autoimmunity & genetic mutations in digestive enzymes or in the cystic fibrosis transmembrane conductance regulator, though the latter cause is more prevalent in pediatric cases. But more broadly, the causes of chronic pancreatitis are described by the so-called TIGAR-O system, where the letters stand for toxin-related, idiopathic (which essentially means of unknown origin), genetic mutations, autoimmune disorders, episodes of recurrent acute pancreatitis & obstructions. As implied by its name, chronic pancreatitis is ongoing, non-episodic inflammation of pancreas, leading to organ fibrosis & then organ dysfunction so severe that alternative interventions are required to instill any/all of the functions that the pancreas would normally conduct. The disease is often initially diagnosed by the abdominal pain that it causes & so non-opioid analgesics often constitute first-line therapy & persistence of pain often indicates that a total pancreas removal is necessary.
- The indication is of historic interest to us through legacy coverage of first-generation glucagon-like peptide-1 (GLP-1) developers some years ago. Back when once-daily type II diabetes-focused GLP-1 formulations were initially being developed by AstraZeneca/Amylin's (AZP-LN, NR; exenatide, branded as Byetta or Bydureon) or Novo Nordisk (NVS-NY, NR; liraglutide, branded as Victoza), we observed that a few clinical studies showed an association between chronic GLP-1 administration & acute pancreatitis, & acute pancreatitis is a risk factor for developing chronic disease over time. Indeed, in published Phase III studies upon which Victoza's FDA approval was based, there was a clear imbalance in acute/chronic pancreatitis incidence in the Victoza arm (thirteen cases, four of which were chronic) in comparison to control patients who were alternatively treated with the sulfonyl urea drug glimepiride (Sanofi's [SNY-NY, NR] Amaryl; only one case was observed). Bydureon prescribing information just claims that post-marketing data shows an association with acute pancreatitis onset without providing any quantification of this claim.
- In our review of acute pancreatitis incidence associated with more recently-developed extended-release GLP-1 formulations however, semaglutide/Ozempic seemed not to be as frequently associated with acute pancreatitis incidence at least in one trial described in the prescribing information for the drug; however for Eli Lilly's (LLY-NY, NR) tirzepatide/Mounjaro, there were more acute pancreatitis episodes as compared to control patients (thirteen patients vs three patients) but either value was still low in comparison to total patients treated & since far more patients were treated with tirzepatide in pivotal Phase III testing (three distinct dosage strengths were tested but there was only one comparator arm) relative pancreatitis incidence is actually less pronounced in tirzepatide-treated patients (0.2% vs 0.1%). So while our initial thought when observing Sernova's Orphan Drug Status for total pancreatectomy was that procedure incidence could climb over time in coincidence with GLP-1 prescription volumes, that connection seems less conclusive upon re-review by us.

- Shifting back to Sernova's broader interests in Cell Pouch development, we have long been frustrated with the lack of transparency on its legacy alliance with Germany-based regenerative medicine innovator Evotec SE, especially when considering that preclinical data showing how Cell Pouch could support blood glucose-responsive insulin release from Evotec's stem cell-derived iBeta platform were published long ago & thus provided supporting evidence for positive future clinical performance, assuming that Evotec could reproducibly manufacture iBeta to clinical scale (we suspect that its inability to do so was the cause of ongoing clinical delays). Upon reviewing Sernova's most recent MD&A for its FQ226 April-end quarter filed just last week, we see that the firm acknowledges that its alliance with Evotec is still active, but without providing any transparency on timelines to entering formal clinical testing with a Cell Pouch-iBeta combination.
- On other topics, we see that Sernova reported its FQ226 financial results last week, recording quarter-end cash of \$1.05M & convertible debt of \$2.5M, while total operating expenses & interest expense were well above its cash level. Sernova's relative expenditures on R&D vs administrative activities was disproportionately weighted toward administrative activities, an imbalance that we hope would shift back to R&D activities for a firm whose ultimate value will be based on R&D activities.

Exhibit 2. Notwithstanding The Causes of Chronic Pancreatitis Itself, The Methods By Which Cell Pouch Could Serve As a Reservoir For Implanted Autologous Pancreatic Islets Differ Minimally From Those Sernova Already Tested In Phase I Studies



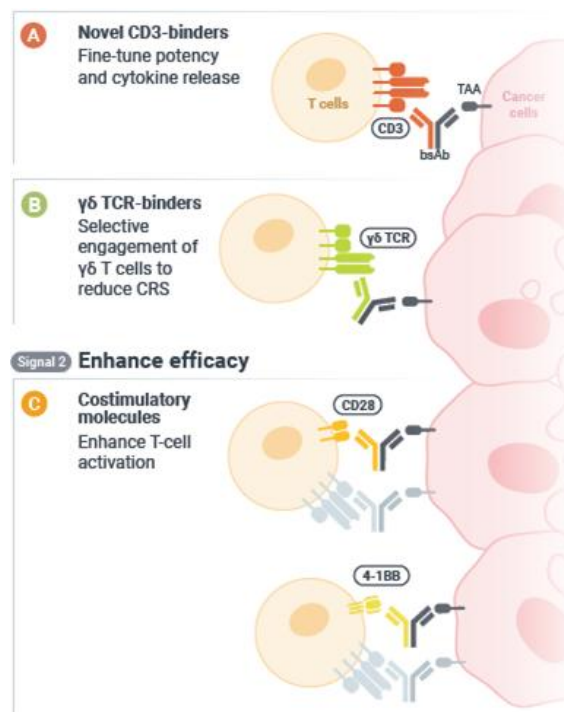
Source: Adapted from *Journal of Clinical Medicine* (2026). Vol. 15, pp. 3831-

- **Jazz consummates a comprehensive alliance with BC-based Abcellera to develop T-cell-targeted antibodies.** Ireland-based (but originally CA-based) specialty drug developer Jazz Pharmaceuticals (JAZZ-Q, NR) consummated a sizable mAb development alliance with BC-based Abcellera (ABCL-Q, NR) in a deal focused on developing so-called T-cell-engaging multi-specific (which means binding to more than one antigen & not necessarily on the same target protein) mAbs, ostensibly for targeting gastrointestinal cancers but with the possibility of targeting other solid tumors wherever tumor responses are apparent in Phase I testing.
- The blockbuster alliance has many layers to its economics, with US\$56M in upfront capital layered onto another US\$28M that should be paid when development of a pre-specified pipeline mAb is initiated. The deal then contemplates payments of up to US\$792M per mAb as each advances through independent clinical/regulatory milestones. Deal economics are not overly unique in the current partnership environment where we are seeing blockbuster economics ascribed to single clinical-stage assets, but in this case, economics are ascribed to a suite of novel biologics that cumulatively could achieve multi-blockbuster status.
- We have not historically focused too extensively on Abcellera, for no particular reason other than a prioritization of other commentary, but the firm has clearly developed a novel platform for identifying T-cell engaging mAbs that is attractive

to cash-contributing partners, in this case Jazz. The platform includes an existing panel of mAbs that can bind to the T-cell antigen CD3 using proprietary protein engineering technologies. It is abundantly clear that Jazz' executive team can find Vancouver & the University of British Columbia on an unmarked map because it also has a legacy alliance with also-BC-based Zymeworks (ZYME-Q, NR) that was relevant to the firm's clinical programs in HER2-positive metastatic biliary cancer with zanidatamab, as announced back in Apr/24 (we have commented before on this mAb & its ongoing testing in a pivotal 286-patient Phase III biliary cancer trial, but as a point of interest, that trial is on pace to generate 52-month progression-free survival data by end-of-F2028).

- Returning to Abcellera, the firm is in fact not actively recruiting patients for any of its legacy clinical studies, but it has multiple clinical-stage mAbs in its consolidated pipeline, including Phase II-stage women's health-targeted ABCL635, Phase I-stage inflammation/immune system-targeted ABCL688 & preclinical-stage autoimmunity- & oncology-focused mAbs in ABCL688 & ABCL386, respectively. It is not clear if ABCL386, the only oncology-centric mAb in the portfolio, is relevant to the Jazz alliance just announced. The firm has published a few abstracts in recent years on mAbs that combine binding to CD3 with binding to the prostate cancer-relevant antigen PSMA (short for prostate-specific membrane antigen, a common antigen for targeting of radiopharmaceuticals/radio-diagnostics that Novartis [NVS-NY, NR] & others are exploiting, for example with the FDA-approved Lu-177-labelled vipivotide tetraxetan formulation Pluvicto). The firm has published preclinical studies on the OX40L-binding atopic dermatitis-targeted mAb ABCL575, most recently at the Society for Investigate Dermatology meeting last year, but that mAb is not multi-specific & is not officially in the firm's published pipeline, at least not yet.

Exhibit 3. Foundational Antigen Binding & Design For Abcellera's T-Cell Engager Antibody Pipeline



Source: Adapted from Abcellera poster presentation (Society for Immunotherapy of Cancer [SITC] Annual Meeting, 2024)

- Continuing with our AI theme, private equity firm Altaris acquires private AI innovator Simulations Plus on attractive terms. We are rapidly approaching a point in history when AI-based alliances & the value that they create in drug/medical technology development will be so routine that our commentary will be redundant, but today is not that point – so on that theme, NC-based AI-focused drug developer Simulations Plus (SLP-Q, NR) was acquired earlier this week by private investment firm NY-based Altaris LLC in a deal valuing Simulations Plus at US\$375M. The firm will be combined with QC-based computer-aided molecular design firm (& developer of a protein structure database system) Chemical Computing Group (private), an existing Altaris LLC investment company, with offices just a few blocks away from McGill University on Sherbrooke Street West.

- Simulations Plus' flagship technology is RENAsym, a quantitative software platform for predicting drug-induced kidney injury. The firm to our knowledge is not yet conducting its own clinical studies on any therapies developed with the aid of its RENAsym platform.
 - We were aware of Altaris LLC through its legacy investments in healthcare, including cryoablation technology developer TX-based Endocare (acquired by Varian Medical/Siemens Healthineers [SHLG-DE, NR] that was relevant to our diligence on QC-based cryoablation catheter technology developer CryoCath (was sold to Medtronic [MDT-NY, NR] in 2008), but the firm does have a suite of investments in drug design & specialty healthcare services that certainly overlap with many of our similarly-characterized coverage stocks.
 - Simulations Plus founder WS Woltosz has published a few relevant papers in recent years, including a study in 2020 in the *Journal of Computer-Aided Molecular Design* that described quinolone-based anti-malarial drugs, but most of his published studies date back many years before that, the first of which that we can find in the medical literature was a paper describing models for oral drug bioavailability that was published in 2001 in the journal *Advanced Drug Delivery Reviews*, with Simulations Plus identified as his affiliation even back then. A separate study was published in 2009 on the characterization of substrate binding to intestinal transport proteins in the *AAPS Journal*.
- **Eli Lilly reports data for its novel JAK2 inhibitor drug just weeks after acquiring its innovator.** IN-based pharma giant Eli Lilly (LLY-NY, NR) reported impressive Phase II myelofibrosis data earlier this week at the annual European Hematology Association meeting for AJ1-11095, the firm's JAK2 inhibitor drug that it acquired as part of its US\$2.3B acquisition of private drug developer Ajax Therapeutics just two months ago in Apr/26. As we described when the transaction was announced, AJ1-11095 was designed by Ajax to bind to & inhibit a specific conformation of JAK2 (its so-called Type II conformation) that it believed to be more relevant to myelofibrosis etiology than the Type I conformation that alternative JAK inhibitors bind, such as Incyte Pharmaceuticals' (INCY-Q, NR) ruxolitinib/Jakafi.
- At interim analysis, data were indeed strong in the 23-patient Phase II trial, showing at least a 35% reduction in spleen volume in 70% of evaluable subjects, all of whom had a prior history of being treated with a Type I JAK-binding drug (probably Jakafi, though some alternative JAK inhibitors now exist, including Glaxo/Sierra Oncology's momelotinib/CYT387/Ojjaara). At three-month follow-up, 70% of patients achieved at least a 50% reduction in so-called total symptom score (TSS50, a composite measure of all disease-associated symptoms), with most patients (65%) maintaining that response level for at least six-months.
 - We would not conventionally focus on interim Phase II data for any specific indication, even if it were relevant to our coverage universe with obvious exceptions if our valuation were solely based on that Phase II program, but we maintain interest in myelofibrosis as an indication just because of its relevance to a legacy coverage stock of ours, ON-based YM Biosciences (ticker was predictably YM-T) & the path to value creation that its acquired myelofibrosis-targeted small molecule (the aforementioned momelotinib/CYT387) endured to FDA approval.
 - The drug was part of the acquisition of an early-stage Australia-based drug developer Cytobia that YM acquired in Oct/09, ostensibly for its cancer-focused vascular targeting agent CYT997 & not for CYT387, the drug that turned out to be the most valuable (but at the time underappreciated) clinical asset in Cytobia's portfolio. The drug's eventual value to medical markets was realized when UK-based pharma giant GlaxoSmithKline (GSK-LN, NR) acquired Sierra Oncology (the corporate entity that reacquired the drug from Gilead Sciences, a previous acquirer of the drug) for US\$1.9B in Jul/22. We have featured CYT387's non-linear path to prosperity in prior editions of our Healthcare Weekly, which we can resend to interested readers on request.

Capital Markets Summary

Exhibit 4. EBITDA Or EPS-Positive Canadian Healthcare Stocks

Company	Filing Curr.	Sym.	Shrs Out. (M)	Share Price 19-Jun	Mkt Cap (M)	Mkt Cap (C\$M)	Ent. Value (M)	Ent. Value (C\$M)	EV/EBITDA			Price/Earnings		
									(T12M)	FY1	FY2	(T12M)	FY1	FY2
Profitable Canadian healthcare firms - specialty services ^{2,4}														
DRI Healthcare Trust	CAD	DHT.UN	55.0	\$17.77	978	978	1,548	1,548	6.7x	6.7x	6.6x	NA	7.4x	7.0x
Jamieson Wellness	CAD	JWEL	41.5	\$36.78	1,526	1,526	2,003	2,003	12.5x	11.2x	10.0x	20.8x	17.2x	14.7x
K-Bro Linen	CAD	KBL	13.0	\$42.84	558	558	844	844	7.6x	7.8x	7.5x	27.0x	21.7x	17.5x
Medical Facilities ¹	CAD	DR	17.4	\$12.66	221	312	346	489	5.8x	6.2x	6.2x	14.9x	6.2x	18.9x
Microbix Biosystems	CAD	MBX	137.5	\$0.30	41	41	40	40	NA	NA	NA	NA	NA	NA
Savaria	CAD	SIS	72.1	\$29.27	2,110	2,110	2,284	2,284	12.1x	11.2x	10.3x	26.5x	21.2x	18.9x
Profitable Canadian healthcare firms - specialty pharmaceuticals development/sales ²														
Aurinia Pharma	USD	AUPH	128.6	\$16.46	2,117	2,992	2,549	3,603	12.7x	NA	NA	7.3x	17.1x	13.3x
Bausch Health	USD	BHC	373.5	\$4.77	1,781	2,518	31,458	44,469	6.3x	5.9x	6.0x	NA	1.1x	1.1x
BioSynt	CAD	RX	11.6	\$13.95	162	162	157	157	12.1x	9.8x	8.4x	17.4x	15.7x	12.9x
Cipher Pharma ¹	CAD	CPH	25.4	\$11.45	291	411	402	569	15.0x	13.4x	11.5x	9.4x	12.7x	10.9x
HLS Therapeutics ¹	CAD	HLS	31.3	\$3.03	95	134	179	253	10.9x	9.2x	7.8x	NA	NA	NA
Knight Therapeutics	CAD	GUD	98.2	\$9.32	915	915	841	841	9.6x	10.7x	10.2x	NA	50.7x	44.4x
Medexus Pharma ¹	CAD	MDP	32.0	\$2.91	93	132	146	207	11.1x	9.4x	6.7x	NA	NA	10.5x
Profitable Canadian healthcare firms - eldercare services or infrastructure developers														
CareRx	CAD	CRRX	63.5	\$3.21	204	204	267	267	8.7x	7.4x	6.5x	7.5x	26.8x	14.2x
Chartwell Retirement	CAD	CSH.UN	324.2	\$21.52	6,977	6,977	9,677	9,677	22.4x	18.8x	17.0x	NA	NA	52.5x
Extencicare	CAD	EXE	94.8	\$33.80	3,205	3,205	3,209	3,209	16.6x	12.9x	11.3x	24.5x	24.3x	22.2x
Vital Infrastructure	CAD	VITL.UN	250.0	\$5.31	1,328	1,328	2,687	2,687	11.7x	13.0x	12.7x	NA	NA	NA
Nova Leap Health	CAD	NLH	87.3	\$0.36	31	31	33	33	11.3x	NA	NA	NA	NA	NA
Sienna Senior Living	CAD	SIA	106.1	\$21.80	2,314	2,314	3,567	3,567	23.0x	17.9x	15.7x	46.3x	36.3x	31.6x
Profitable Canadian healthcare firms - medical equipment distribution/sales ³														
Covalon Technologies	CAD	COV	27.6	\$2.28	63	63	48	48	52.0x	12.6x	9.9x	38.3x	25.3x	19.0x
Viemed Healthcare	USD	VMD	38.3	\$10.64	408	408	579	818	7.8x	6.3x	5.5x	27.5x	23.4x	17.4x
Profitable Canadian healthcare firms - healthcare IT or digital IT services firms ⁵														
Healwell AI	CAD	AIDX	295.9	\$0.83	246	246	310	310	NA	44.3x	19.3x	NA	NA	NA
Hydreight	CAD	NURS	53.7	\$3.95	212	212	196	196	40.0x	8.6x	5.4x	46.8x	13.2x	7.8x
Kneat.com ⁵	CAD	KSI	96.1	\$6.44	619	875	594	594	NA	35.5x	23.0x	NA	NA	NA
Vitalhub	CAD	VHI	63.3	\$7.12	450	637	332	332	12.5x	9.6x	8.1x	NA	33.3x	23.5x
Well Health	CAD	WELL	255.4	\$4.35	1,111	1,111	1,830	1,830	8.5x	10.0x	9.0x	41.3x	18.4x	21.6x
Average									14.6x	13.0x	10.2x	25.4x	20.7x	19.0x
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

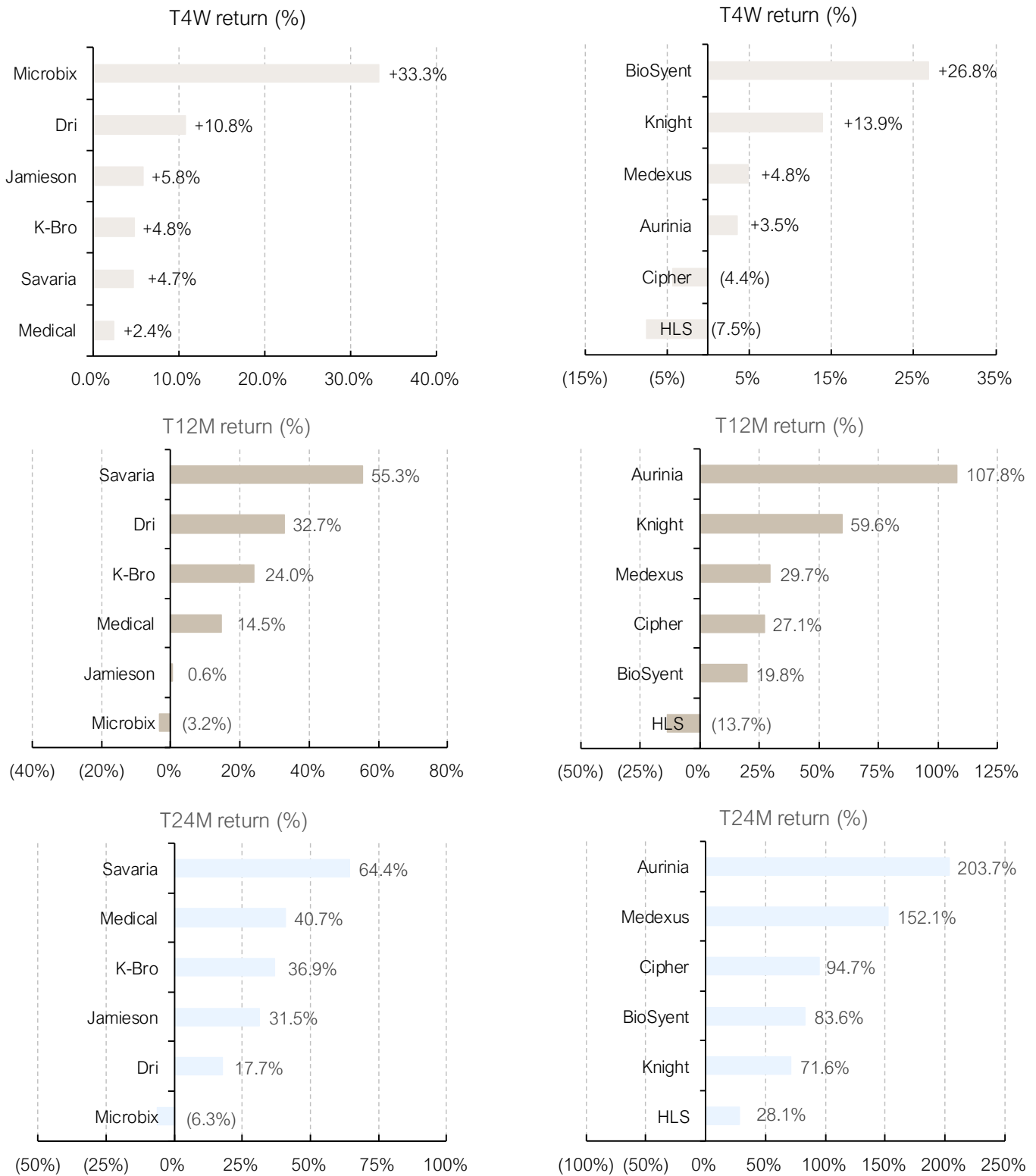
³ Quipt Home Medical was acquired by Kingswood Capital & Forager Capital for US\$3.65/shr in Dec/25, transaction closed in Mar/26

⁴ Dentalcorp Holdings was acquired by US private equity firm GRRCR 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 FQ3/26

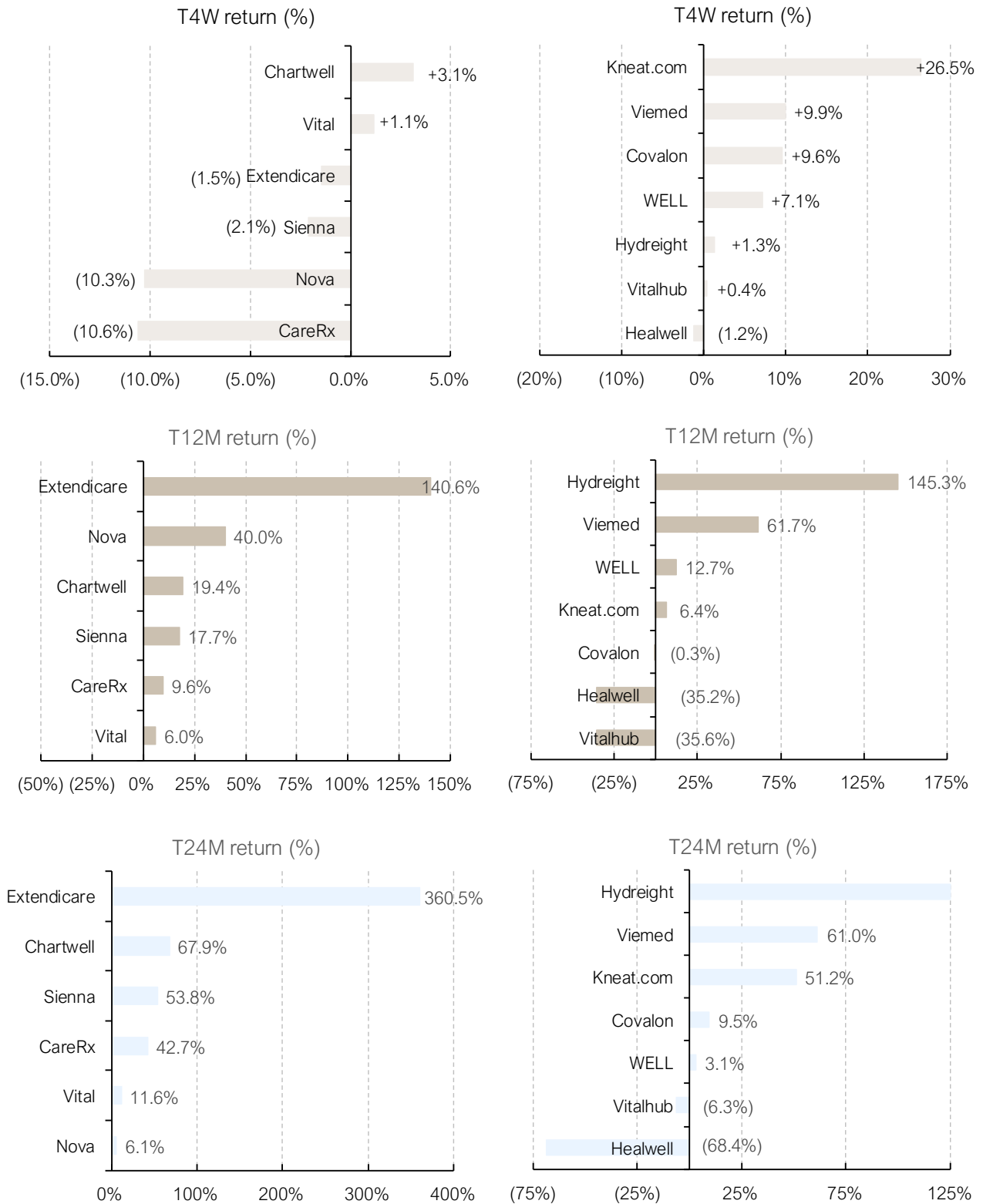
Source: Refinitiv, company reports, Leede Financial

Exhibit 5. 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 6. 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 1,217%*)

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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.
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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	5
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