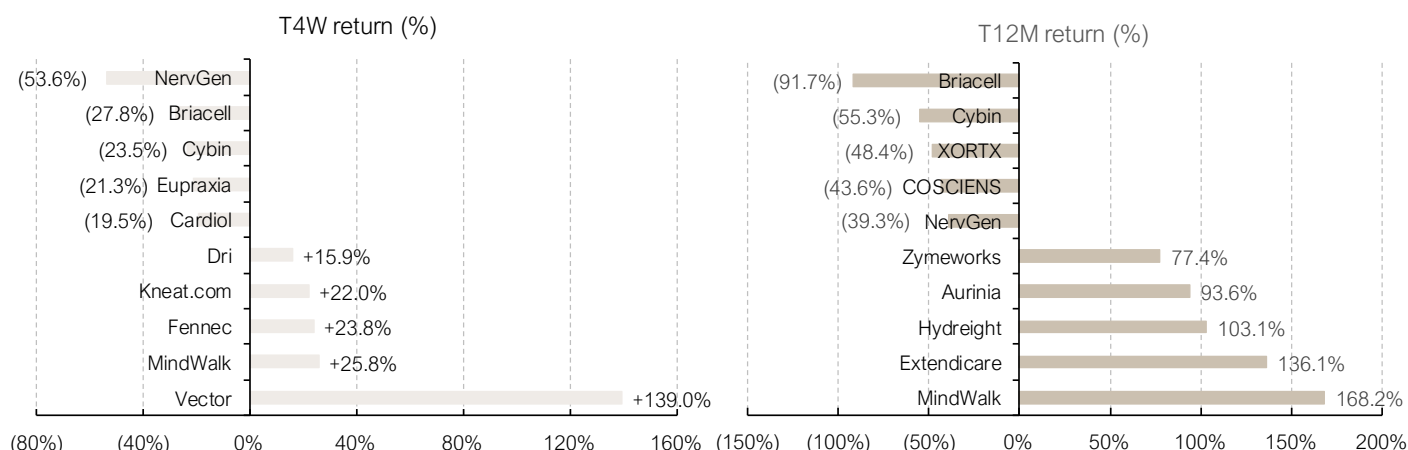


Core Highlights of the Week

Top Movers

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



Source: Leede Financial, Refinitiv

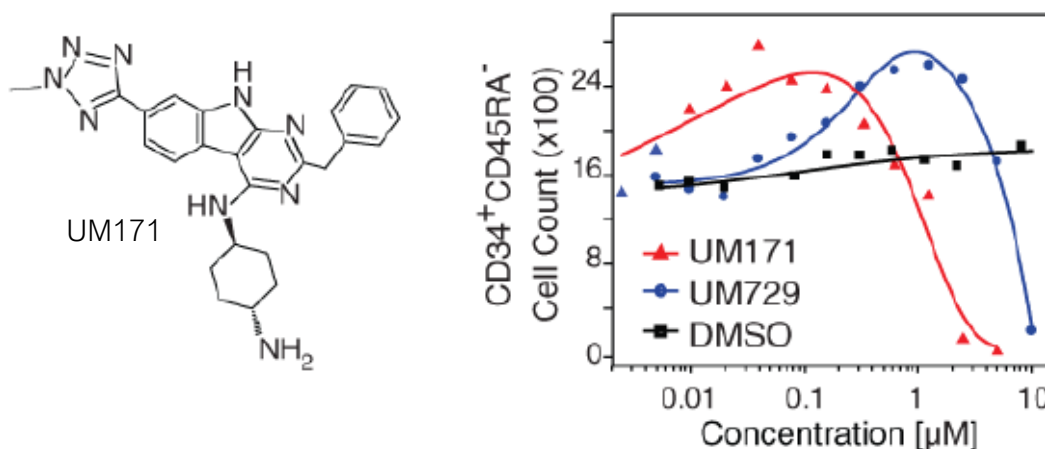
Updates From Our Healthcare Universe

- Medexus augments its oncology portfolio & its transplantation medicine portfolio simultaneously with a novel cell therapy platform.** ON-based specialty pharmaceutical firm Medexus Pharmaceuticals (MDP-T, Buy, PT C\$8.00) acquired exclusive Canadian marketing rights for UM171 Cell Therapy from innovators QC-based ExCellThera/Cordex Biologics (private) in a mostly royalty-based deal but with Medexus providing US\$2.0M in upfront capital to Cordex. The product is approved in the EU (where it is sold as Zemcelpro/dorocubicel) but not yet in Canada, so Medexus will be responsible for Health Canada filing & managing all regulatory activities thereafter. Phase III clinical trials for key medical market that Medexus would expect to target with Zemcelpro/dorocubicel are still pending & will be conducted under Cordex's stewardship, ostensibly for Cordex itself to leverage for expanded approvals in non-Canadian markets.
 - Accordingly, the drug is still clinical-stage in geographies (Canada) that are relevant to our MDP investment thesis & valuation & Medexus itself does not expect the cell therapy to be available for domestic sale until C2028 at the earliest but probably not until C2031, assuming that pending clinical studies in allogeneic hematopoietic stem cell transplantation (probably with a focus on acute leukemia variations or myelodysplastic syndromes) could take a few years to conclude. We are maintaining our Buy rating & one-year PT of C\$8.00, with our valuation still based on multiples of our F2028 EBITDA & fd EPS forecasts of US\$35.9M & US\$0.52/shr, respectively.
 - A soon-to-be-Phase III transplantation medicine asset that if successfully developed would exhibit substantial medical market overlap with Medexus' bone marrow-conditioning agent Treosulfan (Trecondyv in Canada) is certainly worth a US\$2.0M ante to play & we are thus at worst neutral & at best moderately positive on the transaction. Medexus incurs minimal clinical risk on the therapy by only assuming regulatory responsibility for the therapy in Canada & with partner Cordex still responsible for pending clinical costs, & the therapy has already performed well in clinical studies that supported its EMA approval in Jun/25.

Please see end of report for important disclosures.

- In pivotal testing, Zemcelpro/dorocubichel was able to induce neutrophil engraftment (that is, it supported the production of neutrophils by bone marrow into which Zemcelpro/dorocubichel was implanted) in twenty-one of twenty-five evaluable subjects within a median time of twenty days; seventeen of those responders were separately able to achieve platelet engraftment but within a longer median time of forty days.

Exhibit 2. Molecular Structure Of Pyrimidoindole Drug UM171 & Its Documented Ability To Expand Populations of CD34-Positive Stem Cells In Cord Blood



Source: Adapted from *Science* (2014). Vol. 345, pp. 1509-1512.

- The therapy did engender acute graft-vs-host disease within one hundred days of follow-up or less in 60% of evaluable subjects in a 116-patient Phase I/II study & 13% of patients experienced chronic graft-vs-host disease symptoms within median follow-up of one year. These data were published by the European Medicines Agency in its Zemcelpro/dorocubichel approval announcement & we assume that they were excerpted from a 2020 *Lancet Haematology* study that reported qualitatively similar data.

Exhibit 3. Income Statement & Financial Forecast Data For Medexus

Year-end March 31 (US\$000, except EPS)	F2023A	F2024A	F2025A	F2026E	F2027E	F2028E	F2029E	F2030E	F2031E	F2032E	F2033E
Product rev, US (exc Treo)	78,940	77,182	68,013	60,524	60,565	63,593	63,635	63,678	63,721	63,764	63,807
Treosulfan, US	0	0	601	12,518	29,744	52,902	81,152	109,217	117,589	126,604	136,309
Product rev, Canada	29,156	35,872	39,718	27,511	28,886	30,331	31,847	33,440	35,112	36,867	38,710
Total revenue	\$108,096	\$113,054	\$108,332	\$100,553	\$119,195	\$146,825	\$176,635	\$206,334	\$216,422	\$227,234	\$238,826
Revenue growth (%)	40.9%	4.6%	(4.2%)	(7.2%)	18.5%	23.2%	20.3%	16.8%	4.9%	5.0%	5.1%
Direct costs	42,330	47,985	44,823	36,592	43,728	51,546	61,822	70,154	71,419	72,715	74,036
Gross margin	65,766	65,069	63,509	63,961	75,467	95,279	114,813	136,181	145,003	154,519	164,790
Gross margin (%)	60.8%	57.6%	58.6%	63.6%	63.3%	64.9%	65.0%	66.0%	67.0%	68.0%	69.0%
SG&A/R&D/other expense	49,980	46,007	43,999	48,243	49,631	59,330	71,492	82,380	85,296	88,391	91,675
EBITDA	\$15,786	\$19,062	\$19,510	\$15,718	\$25,837	\$35,949	\$43,321	\$53,801	\$59,707	\$66,128	\$73,115
EBITDA growth (%)	(463.1%)	20.8%	2.4%	(19.4%)	64.4%	39.1%	20.5%	24.2%	11.0%	10.8%	10.6%
EBITDA margin (%)	14.6%	16.9%	18.0%	15.6%	21.7%	24.5%	24.5%	26.1%	27.6%	29.1%	30.6%
Non-operating expenses	\$8,172	\$8,268	\$11,287	\$10,367	\$7,263	\$7,107	\$8,005	\$8,781	\$8,731	\$8,666	\$8,582
Interest expense (income)	\$13,606	\$13,364	\$8,195	\$5,533	\$5,436	\$5,436	\$5,436	\$5,436	\$5,436	\$5,436	\$5,436
Other non-oper expenses	(\$3,135)	(\$2,691)	(\$1,412)	(\$1,250)	(\$1,400)	(\$1,400)	(\$1,400)	(\$1,400)	(\$1,400)	(\$1,400)	(\$1,400)
Tax expense (recovery)	(\$6,262)	\$320	(\$807)	\$563	\$3,634	\$6,202	\$6,338	\$6,338	\$6,338	\$6,338	\$6,338
Net income, fully-taxed	\$3,405	(\$199)	\$2,247	\$505	\$10,903	\$18,605	\$24,942	\$34,647	\$40,602	\$47,089	\$54,159
Fully-taxed EPS (basic)	\$0.17	(\$0.01)	\$0.08	\$0.02	\$0.34	\$0.58	\$0.77	\$1.07	\$1.26	\$1.46	\$1.68
Fully-taxed EPS (fd)	\$0.14	(\$0.01)	\$0.08	\$0.01	\$0.30	\$0.52	\$0.69	\$0.96	\$1.13	\$1.31	\$1.50
P/E (basic)	16.9x	NA	33.8x	183.8x	8.5x	5.0x	3.7x	2.7x	2.3x	2.0x	1.7x
EV/EBITDA	7.0x	5.8x	5.7x	7.0x	4.3x	3.1x	2.6x	2.1x	1.9x	1.7x	1.5x

Source: Medexus Pharmaceuticals financial filings; Leede Financial

- When considered with other hematologic side effects, European regulators conferred a conditional EMA approval on Zemcelpro/dorocubicel & not a full approval just yet, requiring Cordex to conduct supplemental studies including a longer-term safety trial, a randomized controlled transplantation trial & to establish a patient registry to observe longer-term outcomes in hospital-treated patients.
- Medexus provides a fairly clear description of just what Zemcelpro/dorocubicel actually is, but in brief, it is at its core a drug called UM171, a pyrimidoindole derivative drug & a self-described hematopoietic stem cell self-renewal agonist that has the ability to expand cord blood stem cells & specifically to enrich the cellular component of cord blood with CD34-expressing stem cells (CD34 is a cell adhesion protein that enhances the ability of such cells to adhere to bone marrow during hematopoietic stem cell transplantation procedures). The drug's general pharmacology was described by University of Montreal-based researchers led by Guy Sauvageau in the Molecular Genetics of Stem Cells Laboratory in Sept/14 in the journal *Science* & thereafter more extensively characterized in a 2018 paper in the journal *Molecular Therapy*, showing therein that UM171 could enhance yield of CD34-positive hematopoietic cells in human cord blood by up to six-fold.
- We will watch for developments on this new partnership, including on pending clinical activities from Cordex that are more approval-focused & hopefully on indications where Medexus' alkylating agent drug Treosulfan/Trecondyv is already approved (for pre-conditioning bone marrow prior to undergoing allogeneic hematopoietic stem cell transplant surgery in advanced acute myeloid leukemia & myelodysplastic syndrome. As we show in Exhibit 3, our US Treosulfan (Grafapex) sales forecasts are a major value driver for Medexus, independent of Canadian sales for the drug where UM171-Zemcelpro/dorocubicel commercial activities could eventually be relevant. We are maintaining our F2026-to-F2028 Treosulfan/Grafapex sales forecasts of US\$12.5M-US\$29.7M-US\$52.9M. As shown in the same Exhibit, we do expect modest sequential EBITDA decline this year, from US\$19.5M to US\$15.7M this year, as driven by enhanced US marketing expense for Treosulfan/Grafapex that we expect to augment sales in F2027 & thereafter.

Exhibit 4. Valuation Scenarios For Medexus Pharmaceuticals

Price/earnings multiple, F2028	5x	7.5x	10x	12.5x	15x	20x
Implied share price ¹	\$2.58	\$3.88	\$5.17	\$6.46	\$7.75	\$10.34
EV/EBITDA multiple, F2028	4x	5x	6x	7x	8x	10x
Implied share price ¹	\$4.49	\$5.49	\$6.49	\$7.49	\$8.49	\$10.48
One-year MDP target price (US\$) ¹			\$5.83			
One-year MDP target price (C\$) ²			\$8.12			

¹ Based on adjusted F2028 EBITDA of US\$35.9M, F2028 EPS of US\$0.52; EV incorporates FQ326 LT debt of US\$25.4M, pro forma cash (FQ326 cash adjusted downward by milestone payment to medac GmbH in Jan/26) of US\$7.5M & S/O of 36.0M

² PT converted to USD using current exchange rate of 1.37x

Source: Medexus Pharmaceuticals financial filings; Leede Financial

- Perimeter Medical provides an update on its capital structure & medical profile for its AI-enabled Claire platform.** ON/TX-based oncology-focused medical imaging firm Perimeter Medical (PINK-V, Spec Buy, PT C\$2.75) provided two distinct updates this week, one which focused on capital structure & financial risk (the firm closed its previously-announced \$3.3M convertible debt offering, bringing cumulative convertible debt to C\$6.0M) while providing some encouraging partnership activity for the firm's newly-FDA-approved AI-enabled optical coherence tomography-based breast tumor margin-assessing platform Claire/B-Series.
- We have little to say about the convertible debt offering other than that it clearly provides Perimeter with necessary growth capital for Claire's ongoing US marketing initiatives to surgical oncology centers while simultaneously providing working capital to build out Claire systems to inventory. We were encouraged to see CA-based Social Capital was a major participant in the debt offering, just as it was in prior equity offerings to fund Claire to the US FDA approval it now enjoys. We will of course be watching closely for evidence of tangible backlog buildout & for the pace at which Perimeter can convert back log to an actual installed base from which procedure-based recurring revenue can be derived.

- On other topics, we were encouraged to see that the Government of Canada's INOVAIT fund expressed interest in Claire as part of its overall interest in image-guided therapy & the integration of AI into this modality – Claire of course qualifies both on its relevance to AI but also to image-guided therapy/surgery, in this case with a focus on oncology & breast cancer/lumpectomy procedures as the flagship indication.
- The financial contribution from INOVAIT is modest but consistent with what INOVAIT pledges to other analogous firms (\$148,000, with an additional \$100,000 that is dedicated to funding graduate students affiliated with the program). This new capital will be budgeted to efforts to improve Claire's AI capabilities, an initiative that we assume that Perimeter was actively funding anyway, if only through augmenting its breast tumor margin imaging database to which its AI functionality has access.

Exhibit 5. Income Statement & Financial Forecast Data For Perimeter Imaging

<i>Year-end December 31</i>											
<i>(US\$000, exc per share data)</i>	2024A ¹	2025A ¹	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
OCT, capital equipment, US	0	1,050	3,188	4,148	5,286	6,608	8,439	10,635	11,251	11,881	12,692
OCT, capital equipment, EU	0	0	0	1,442	2,919	3,798	4,911	6,267	6,561	6,418	5,823
OCT, consumables, US	487	672	2,270	5,855	13,825	28,359	60,068	86,719	114,133	144,685	177,261
OCT, consumables, EU	0	0	51	760	3,202	7,576	15,100	22,650	32,385	44,851	60,465
Service/maintenance, US/EU	0	420	1,149	2,343	4,043	6,304	9,321	13,313	17,580	22,012	26,520
Operating leases	359	162	500	500	500	500	500	500	500	500	500
Total revenue	846	2,304	7,158	15,047	29,774	53,145	98,338	140,084	182,410	230,348	283,260
Revenue growth, y/y (%)	110%	172%	211%	110%	98%	78%	85%	42%	30%	26%	23%
Gross margin	754	1,467	4,572	9,888	20,280	37,257	70,416	100,837	132,355	168,186	207,816
Gross margin, capital equipment	NA	NA	47.7%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Gross margin, serv/maint, OCT (%)	86.6%	89.2%	77.1%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
Operating costs, grant income	16,826	13,212	14,454	16,422	16,272	16,191	15,969	16,293	16,423	16,555	17,107
EBITDA	(16,072)	(11,744)	(9,883)	(6,534)	4,007	21,066	54,448	84,545	115,932	151,632	190,710
EBITDA margin (%)	NA	NA	NA	NA	13%	40%	55%	60%	64%	66%	67%
EBITDA growth, y/y (%)	NA	NA	NA	NA	(161%)	426%	158%	55%	37%	31%	26%
Net Income, fully-taxed	(13,394)	(12,915)	(9,133)	(5,784)	3,568	16,362	41,398	63,971	87,512	114,286	143,595
EPS (basic)	(\$0.14)	(\$0.10)	(\$0.06)	(\$0.04)	\$0.02	\$0.11	\$0.27	\$0.42	\$0.57	\$0.75	\$0.94
EPS (fd)	(\$0.11)	(\$0.07)	(\$0.04)	(\$0.03)	\$0.02	\$0.07	\$0.18	\$0.29	\$0.39	\$0.51	\$0.64
S/O (basic)	93,514	131,121	152,610	152,610	152,610	152,610	152,610	152,610	152,610	152,610	152,610
S/O (fd)	118,442	193,655	224,256	224,256	224,256	224,256	224,256	224,256	224,256	224,256	224,256
Units placed or sold, US/EU	8	17	46	71	98	128	168	219	229	234	235
Cumulative installed base	11	28	74	145	243	371	539	758	987	1,221	1,456
P/E	NA	NA	NA	NA	18.2x	4.0x	1.6x	1.0x	0.7x	0.6x	0.5x
EV/EBITDA (basic S/O)	NA	NA	NA	NA	6.4x	1.2x	0.5x	0.3x	0.2x	0.2x	0.1x

¹ Revenue stratification is as projected by Leede Financial; consolidated revenue is as reported by Perimeter Medical Imaging

Source: Perimeter Imaging financial filings; Leede Financial

- While the alliance has no overt impact on our PINK valuation & model – we believe that Claire's existing capabilities & the FDA's positive regard for same through the approval just conferred – provide sufficient impetus for driving sales of the device in coming quarters that are consistent with our forecasts. Accordingly, we are maintaining our Speculative Buy rating on PINK, with our valuation still based on NPV (25% discount rate) & multiples of our F2030 EBITDA/fd EPS forecasts of US\$54.6M & US\$0.19/shr, respectively. To state the obvious, everything about our PINK investment thesis & imminent share price trajectory is Claire-based – Claire backlog build-out will be our initial focus in the next quarter or two, followed closely by Claire installed base build-out & then by procedure volumes ascribed to each installed system.
- We will be separately watching closely for evolving standards-of-care in the breast cancer surgery/lumpectomy medical literature for treating localized disease – as we have commented before, optical coherence tomography as a modality for assessing breast tumor margins in real-time during surgery is a well-documented improvement over histopathological assessment but this is not as broadly recognized in the medical literature as we believe is justified. Commercial Claire traction & the surgeon experiences that should follow are expected by us to reverse that trend.

Exhibit 6. Valuation Scenarios For Perimeter Imaging

NPV, discount rate		10%	15%	20%	25%	30%	40%
Implied value per share		\$10.35	\$6.54	\$4.21	\$2.12	\$1.83	\$0.81
Price/earnings multiple, F2030	P/E	10%	15%	20%	25%	30%	40%
Implied share price ¹	10	\$2.06	\$1.72	\$1.45	\$1.23	\$1.05	\$0.78
	20	\$4.12	\$3.44	\$2.90	\$2.36	\$2.10	\$1.56
	30	\$6.18	\$5.16	\$4.35	\$3.69	\$3.15	\$2.34
EV/EBITDA multiple, F2030		5x	7.5x	10x	12.5x	15x	17.5x
Implied share price ^{1,2}		\$0.63	\$0.94	\$1.25	\$1.56	\$1.87	\$2.18
One-year Perimeter Medical target price ^{1,2}					\$2.01		
One-year Perimeter Medical target price ^{1,2,3}					\$2.81		

¹ F2030 fully-taxed EPS (fd) forecast US\$0.19, EBITDA US\$54.6M; NPV discounted at 25%; pro forma basic S/O 152.6M & fd S/O 224.3M incorporate new shares & derivative securities from May/26 equity offering

² Balance sheet data includes pro forma cash of US\$7.6M (FQ126 cash of US\$0.4M plus net proceeds from Apr/26 debenture offering & May/26 equity offering), LT debt of US\$6.0M from Apr/26 debenture offering

³ Price target converted to USD using exchange rate of 1.38x

Source: Perimeter Imaging financial filings; Leede Financial

- Fibrostenotic Crohn's disease as a target market for EP-104GI – a large unmet medical need with clear market demand despite ubiquity of TNFα-targeted therapies.** Earlier this week, CO-based drug developer Palisade Bio (PALI-Q, NR) reported positive clinical data for PALI-2108, the firm's once-daily, orally-active phosphodiesterase 4 (PDE4) inhibiting prodrug for targeting fibrostenotic Crohn's disease. As we will describe below, we believe that this clinical update reflects favorably on Eupraxia Pharmaceuticals (EPRX-Q, Buy, PT US\$15.50) & its own pending clinical program in this indication with its extended-release DiffuSphere-based injectable fluticasone propionate formulation EP-104GI. Our valuation already ascribes value to a secondary esophageal indication (benign esophageal strictures) that exhibits overlapping pathology to Crohn's disease. Eupraxia is independently marching on with its 117-patient Phase II eosinophilic esophagitis (EoE) RESOLVE trial, for which dosing regimens have in our view now been established for future Phase III testing & for which clinical & histological outcomes have been highly favorable at prior interim analyses.
- Our clinical thesis for esophageal strictures is that corticosteroids are already embedded in stricture standard-of-care (alongside procedure-based mechanical dilation), just not with the zero-order, sustained, intra-tissue release kinetics that an EP-104GI depot confers, & that EoE & benign esophageal strictures overlap both pathophysiologically (so with both inflammatory & fibrotic mechanisms contributing to disease symptoms) & logistically (the same endoscopic delivery setting). We modeled benign esophageal strictures as an incremental US & EU royalty stream, perhaps with the same commercial partner assuming responsibility for EoE/benign esophageal strictures marketing post-approval.
- The clinical basis for a stricture read-across is EP-104GI's effect on the fibrotic component of esophageal tissue. Eupraxia itself has signalled stricture disease as a justifiable secondary indication, educated by the architectural/fibrotic responses seen in EoE in the RESOLVE trial already. The relevant EoEHSS (EoE Histologic Scoring System, a widely used measure of disease mitigation at the tissue level) data are impressive in our view - at the highest dose tested (specifically in Cohort 9 for which 160 mg as administered to distinct diseased regions of the esophagus twenty times at 8 mg per injection), EP-104GI produced nearly complete tissue normalization at three-month follow-up, with EoEHSS grade improving by 94% & EoEHSS stage improving by 97%. In lower EP-104GI dosing cohorts (so 4 mg per injection instead of 8 mg per injection), those tissue health gains were maintained in most patients for another six-to-nine months thereafter, with two of three patients in one cohort experiencing clinical remission now for over one year, with ongoing therapy expected to extend that timeline further as data matures.
- Critically, at the Digestive Disease Week (DDW) meeting last month, Eupraxia released its first EoEHSS sub-score split, separating the inflammatory (eosinophil-driven) component from the architectural (fibrosis/tissue-remodeling) component, with clinical relevance to benign esophageal strictures emerging from that analysis. At the top EP-104GI dose, inflammatory sub-scores improved >90% & architectural/fibrotic sub-scores improved >83% at three- & nine-month follow-up. That explicit decoupling of an anti-fibrotic signal from the anti-eosinophil signal, reinforced by

consistent improvement in the fibrotic sub-scores of the endoscopic EREFS index (which captures rings & strictures), is the cleanest read-through to date that EP-104GI can act on established fibrotic narrowing. This is the core premise behind Eupraxia's proposed expansion into testing EP-104GI in benign esophageal strictures & fibrostenotic Crohn's disease. Crohn's disease is more notionally incorporated into our EPRX valuation than tangibly at this stage, but we do expect the firm to establish a formal clinical strategy for the indication in coming quarters.

- **External validation of the Crohn's disease medical market opportunity is most apparent to us through capital markets regard & recent clinical success for Palisade/PALI-2108, which is how we initiated this Crohn's-focused commentary.** As stated above, Palisade's lead asset PALI-2108 is an oral, gut-restricted, ileum/colon-targeted PDE4-inhibitor prodrug positioned as the first dual anti-inflammatory/anti-fibrotic candidate for targeting Crohn's disease. Importantly, the specific form of Crohn's disease that is relevant to PALI-2108 mode of action is fibrostenotic disease as we mentioned above, a form that does not yet have any approved therapies that exhibit tissue-specific anti-fibrotic action. Palisade's Phase I/II update was indeed impressive, if interim, with five patients exhibiting a 47.5% mean reduction in SES-CD (short for simple endoscopic score-Crohn's disease), a 40% endoscopic response & a 40% endoscopic remission, with no major side effects at the tested dosage strength. Based on this update, Palisade intends to fund a broader moderate-to-severe luminal Crohn's disease trial, based on its expectations that this indication provides a more transparent regulatory path to PALI-2108 approval.
- Though fibrostenotic Crohn's disease is not overtly incorporated into our EPRX valuation just yet, we have conducted some rudimentary analysis of this medical market. US prevalence for Crohn's disease broadly defined is about 305 per 100,000 population, implying that about 1.05M individuals suffer from the disease just in the US alone (these data are published in a 2023 *Gastroenterology* review published by Lewis & coworkers). About 20% of these patients suffer from stricture complications, so about 200,000-to-210,000 individuals in total, but with lifetime risk of eventually developing strictures predicted to be at least as high as 50% of patients (as separately published in a different paper in *Gastroenterology*, published in 2010 by Thia & coworkers). About 50%-to-75% of diagnosed strictures in Crohn's patients are found in the ileum or colon, which means they are accessible by endoscopy & thus accessible to EP-104GI deployment via the same technologies that the drug is currently administered. After making this arithmetic adjustment, we calculate that Eupraxia's own target market for fibrostenotic Crohn's disease is somewhere in the range of 100,000-to-160,000 patients just in the US alone.
- **While the market opportunity remains promising, the EoE-to-fibrostenotic Crohn's disease pathology interconnection is a bit more complicated than implied by EP-104GI's prospects in targeting benign esophageal strictures.** As indicated in our prior EPRX research, benign esophageal strictures are in fact already treated with intralesional corticosteroids, which makes EP-104GI more of an evolutionary advance in standard-of-care than a revolutionary one, but still an important advance to which our EPRX model ascribed value. Indeed, the ability to replace transient steroid injection with prolonged, controlled intra-tissue exposure which EP-104GI can provide is a long-standing objective in the gastroenterology community that has been explicitly stated in the medical literature (including by Siersema & coworkers in 2019 in the aforementioned journal *Gastroenterology*).
- In Crohn's disease, by contrast, current guidelines position oral/systemic corticosteroids as short-term induction agents rather than maintenance therapy & do not establish local steroid injection as a standard adjunct to stricture management – translation: thought leaders in the Crohn's disease universe already acknowledge the need for superior corticosteroid formulations while acknowledging the utility of corticosteroids themselves in disease management. A recent review published by Bettenworth's team in the journal *Nature Reviews Gastroenterology & Hepatology* described consensus standard-of-care in treating fibrostenotic Crohn's disease as including routine corticosteroid injection following balloon dilation. We believe within the context of our own diligence on Eupraxia & EP-104GI that a delivery platform mimicking repeated injections without actually requiring repeated injections could be a superior delivery modality.
- Pathophysiologically, there are some differences between EoE & fibrostenotic Crohn's disease, obviously with regard to the location of diseased tissue but also in what biological factors contribute to lumen narrowing in the esophagus vs the ileum/colon. EoE fibrosis is predominantly in the subepithelial lamina propria (the connective tissue lining the inside of the esophagus) & is closely linked to a steroid-responsive type-II/eosinophilic inflammatory cascade (the primary symptom of EoE) that converges on TGF- β -mediated fibroblast activation & collagen deposition (the primary cause of strictures/scarring). Crohn's strictures by comparison are described as transmural & thus span the entire thickness of

the ileum/colon & not just their inner cell layer(s). This includes extracellular matrix proteins that are by definition outside of the cells forming the ileum/colon themselves as well as surrounding muscle layers, making the disease more challenging to treat because of all the different cell targets into which active therapies need to be injected (our main source for this background is a review in the American Journal of Physiology published in 2024 by Veisman's research team). There are also cytokine-mediated pathways that are predominantly influenced by TNF- α & the interleukins IL-23 & IL-17 that could be dampened by corticosteroid action, if sustainably delivered in a zero-order DiffuSphere-based way (in our view of course & to be tested in pending Phase II studies).

- The biological overlap between EoE, esophageal strictures & fibrostenotic Crohn's disease remains meaningful, in our view. Despite differences in the mechanisms by which inflammation/fibrosis transpires in the respective diseases - downstream TGF- β signalling, fibroblast-to-myofibroblast activation, inflammatory cytokines & excessive extracellular-matrix deposition - are all central to these diseases & indeed, most Crohn's disease strictures arise through a combination of all of these mechanisms to some degree & for most patients, based on several published reviews that we surveyed on Crohn's disease pathology. Sustained DiffuSphere-based corticosteroid delivery as compared to sporadically injected or orally-administered corticosteroid administration still seems to us at the conclusion of our analysis above to be a superior modality for delivering what is a well-documented effective medicine (corticosteroids in general & fluticasone propionate specifically) for mitigating strictures of any kind.
- We consider the published clinical literature on the benefits of intralesional corticosteroids to support rather than refute this assertion. In studies where intralesional corticosteroids have been administered in combination with endoscopic dilation in fibrostenotic Crohn's disease, outcomes are generally favorable if improvable in our view (relevant studies in support of this statement are published in 2013 by Bevan's team in *Frontline Gastroenterology* & by Mignini's team in 2024 in the *International Journal of Molecular Science*, to name two).
- Other studies referenced in these papers were themselves generally positive to corticosteroid injection, with one study in 2005 in the *Journal of Clinical Gastro-enterology* published by Singh's team showing a fairly low stricture recurrence rate of only 10% vs a much higher rate of 31.1% for patients treated mechanically just with balloon dilation alone. Feel free to ask us about other similar studies that we reviewed for this analysis - the literature is directionally positive on a role for injected corticosteroid in mitigating strictures/fibrotic diseases, hence our optimism in EP-104GI's prospects in this broader disease category beyond EoE alone. For Crohn's disease-specific fibrosis however, there are distinct biological/mechanistic/histological elements that we would like to see explored before we overly ascribe value to the indication; we are less cautious on esophageal strictures as an indication, hence our upward PT revision based on this medical market opportunity.

Other Significant Clinical Trial Updates With Relevance To Our Coverage Universe

Multiple drug development alliances transpire in recent days, mostly focused on emerging cancer therapies. A recurring theme in our investment theses for our clinical-risk coverage stocks is that value can be created by the recognition of such by capital markets but eventually also by well-capitalized peers that seek to augment their own pipelines through acquisitions or milestone-based alliances & not by internal efforts; this reality was made exceedingly transparent this week through at least three transactions that caught our eye, invariably with blockbuster economics.

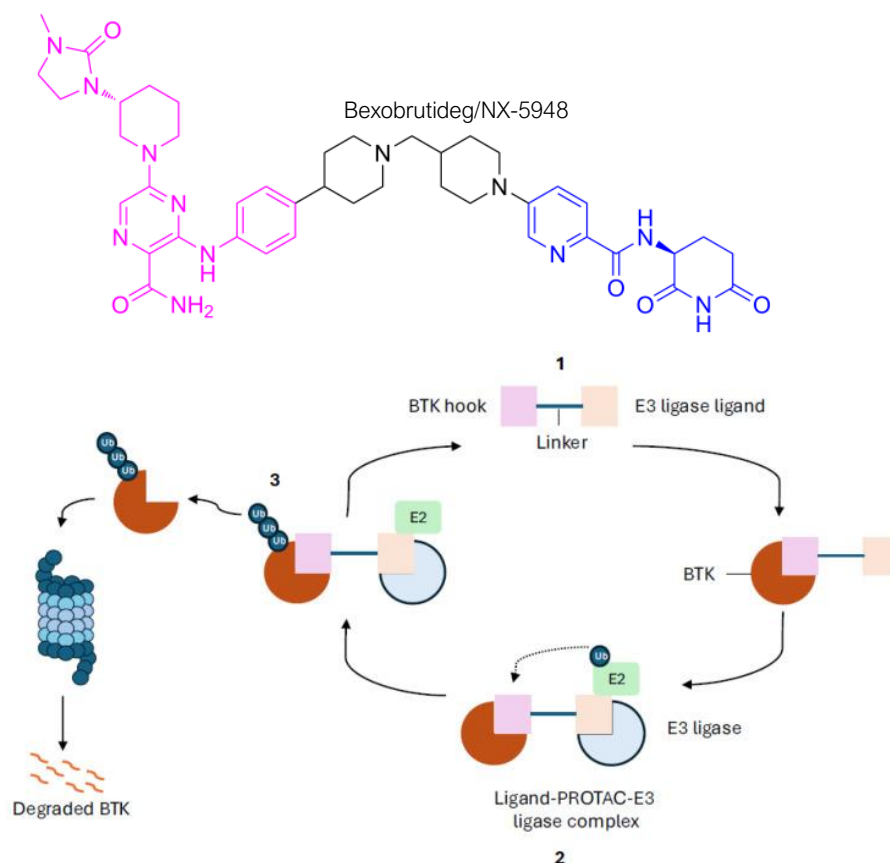
Three transactions that we will mention here without many supplemental details include MA-based siRNA developer Alnylam Pharmaceuticals (ALNY-Q, NR) partnering with AI developer & Stanford University spin-out Inceptivo Nucleics (private) to optimize next-generation siRNA/oligonucleotide drug development going forward (US\$30M upfront capital, US\$2B in potential milestones), CA-based CPAP/ventilator developer ResMed's (RMD-NY, NR) acquisition of Noctrix Health for US\$340M (ostensibly to acquire access to Noctrix's wearable neuromodulation sleep device for sleep apnea & respiratory care), Ireland-domiciled pharmaceutical information management firm Kneat.com's (KSI-T, NR) acquisition by software investment firm Thoma Bravo LP for C\$650M, & CA-based Incyte Pharmaceuticals' (INCY-Q, NR) acquisition of also-CA-based Vega Therapeutics' Star Therapeutics subsidiary for US\$1.25B upfront & another US\$750M in future sales milestones for Vega/Star's (private) lead von Willebrand disease-targeted Phase III-stage anti-Protein S mAb VGA039. The relevant transactions on which we will provide more extensive commentary include the following:

- **J&J acquires Firefly Bio.** NJ-based healthcare giant Johnson & Johnson (JNJ-NY, NR) acquired CA-based private biologics developer Firefly Bio for US\$1.0B in cash, ostensibly to gain rights to the firm's suite of Kras-targeted protein-degrading antibody-drug conjugates. The firm does not yet have any lead anti-cancer agents in formal clinical testing but its Firelink degrader affinity conjugate (DAC) platform is clearly sufficiently well-validated & sufficiently Kras-specific that J&J sees value in the platform itself, independent of any specific candidate that may have exhibited strong cancer-specific activity in preclinical testing.
 - We infer from configuration of Firefly Bio's Scientific Advisory Board that its platform is based on foundational science published by Stanford University researcher Carolyn Bertozzi, who was awarded the Nobel Prize in Chemistry in 2022 for innovations in chemical processes that make the creation of antibody-drug conjugates possible, ostensibly through the invention of so-called bio-orthogonal chemistry, a term ascribed by Bertozzi herself to her own research in this field. To describe what exactly bio-orthogonal chemistry actually is required a very deep dive into organic chemistry jargon that is unique to the field, but in brief, it is at its core a series of well-characterized chemical reactions that allow for active organic compounds to be attached to equally-biologically-active within living systems (so without organic solvents or toxic catalysts that may allow a reaction to proceed but would be difficult to remove from cells/tissues thereafter) while preserving the activity of both after the connection between the two has transpired. Much of the innovation in this space was spearheaded by Stanford/Bertozzi & presumably is proprietary to Firefly Bio.
 - Interestingly, it was IN-based pharma giant Eli Lilly (LLY-NY, NR) & not J&J that was one of the original investors in the firm, along with CA-based Versant Ventures, MPM BioImpact & Cecheng Capital (all private life sciences investors) that each have representation on Firefly Bio's Board of Directors. The firm consummated a US\$94M private equity offering in Feb/24, & in the press release announcing the transaction, Firefly Bio is not overly explicit on its pipeline priorities other than to indicate that it had technology to covalently link cytotoxic drugs with monoclonal antibodies targeted to specific disease-relevant antigens.
 - That technology exists within multiple firms already, led many years ago by Pfizer's (PFE-NY, NR) acquisition of Seagen (was originally called Seattle Genetics, ticker was SGEN-Q, NR) for US\$43B in Dec/23, ostensibly for rights to its conjugation chemistry but also for commercial rights to already-FDA-approved anti-cancer agents anti-CD30 lymphoma conjugated mAb Adretris, anti-nectin-4 urothelial/bladder cancer conjugated mAb Padcev & anti-tissue factor cervical cancer conjugated mAb Tivdak. So while Firefly Bio's scientific collaborators are certainly relevant to driving antibody-drug conjugation from concept-to-commercialization, there are multiple examples of this paradigm that are already in conventional clinical use. The innovation for Firefly Bio appears to be its ability to target protein-degrading moieties to its mAb candidates & to instill in them some historically-difficult-to-achieve Kras specificity.
 - Firefly Bio's supplemental innovation is to link mAbs that target intracellular cancer antigens (not that easy to target unless they are able to get inside cancer cells by leveraging some sort of membrane-translocating mechanisms that the mAbs themselves do not possess) to some sort of protein degrading drug. Firefly Bio explicitly states that Kras-dependent cancer forms are to be targeted under J&J's stewardship so we assume that it intends to develop an antibody-drug conjugate that either targets Kras (the mAb part) or incorporates a small-molecule protein degrading drug that has the ability to break down Kras in some way, mitigating its ability to sustain tumor survival in the process.
 - J&J's interest in Kras-harboring cancer forms was clearly driven at least in part by the clinical success reported in Apr/26 of CA-based Revolution Medicines (RVMD-Q, NR) in its 500-patient Phase III pancreatic cancer trial (the RASolute 302 trial), showing solid survival benefit in Kras-mutation harboring patients with Kras-targeted small-molecule drug daraxonrasib/RMC-6236. And the significance of this Kras-specific advance is independent of all of the protein-degradation-focused alliances that we have seen in recent quarters as well, with firms focused on developing drugs that interact with a key enzyme in protein degradation pathways – the so-called E3 ubiquitin ligase enzyme – including but not limited to the US\$1.5B alliance between Danish pharma giant Novo Nordisk (NVO-NY, NR) & private CA-based Neomorph announced in Feb/24 & the US\$1.25B similarly-configured alliance between Eli Lilly (LLY-NY, NR) & MA-based private firm Magnet Biomedicine announced in Feb/25. Firefly Bio's take-out valuation is not all that dissimilar from deal economics indicated above.
- **Roche consummates a major alliance with private small-molecule developer with its own relevance to targeting protein degradation pathways.** Swiss pharma giant Roche (ROG-SW, NR) entered into a new US\$3.0B (including US\$700M in upfront capital) drug development alliance with CA-based Nurix Therapeutics (NRIX-Q, NR) in a deal that provides Roche

with rights to Nurix' Bruton's tyrosine kinase (BTK)-degrading small-molecule drug bexobrutideg/NX-5948. The drug is intended to be used in hematologic-immunologic-neurologic indications where BTK is known to be relevant, including in chronic lymphocytic leukemia, relapsing remitting multiple sclerosis & perhaps in chronic spontaneous urticaria (hives).

- Bexobrutideg's mechanism of action is coincidentally driven by its ability to selectively impede BTK by stimulating its degradation through the well-known E3 ligase proteasome complex, a molecular target that we expect to drive drug development & associated partnerships in coming quarters. Bexobrutideg was described in a 572-patient Phase I/II chronic lymphocytic leukemia trial that was presented at the 2025 American Society of Hematology meeting last year, showing in 84 evaluable patients at the time of analysis an objective tumor response rate of 78.6%, with partial responses representing most of the patient outcomes contributing to that response rate (as opposed to stable disease which while positive is a less rigorous manifestation of a tumor response). Final data are expected in early F2028.

Exhibit 7. Nurix's BTK-Targeted Protein-Degrading Small-Molecule Drug Bexobrutideg/NX5948 & Its Proposed Mechanism Of Action That Engages With The E3 Ligase Proteasome Pathway



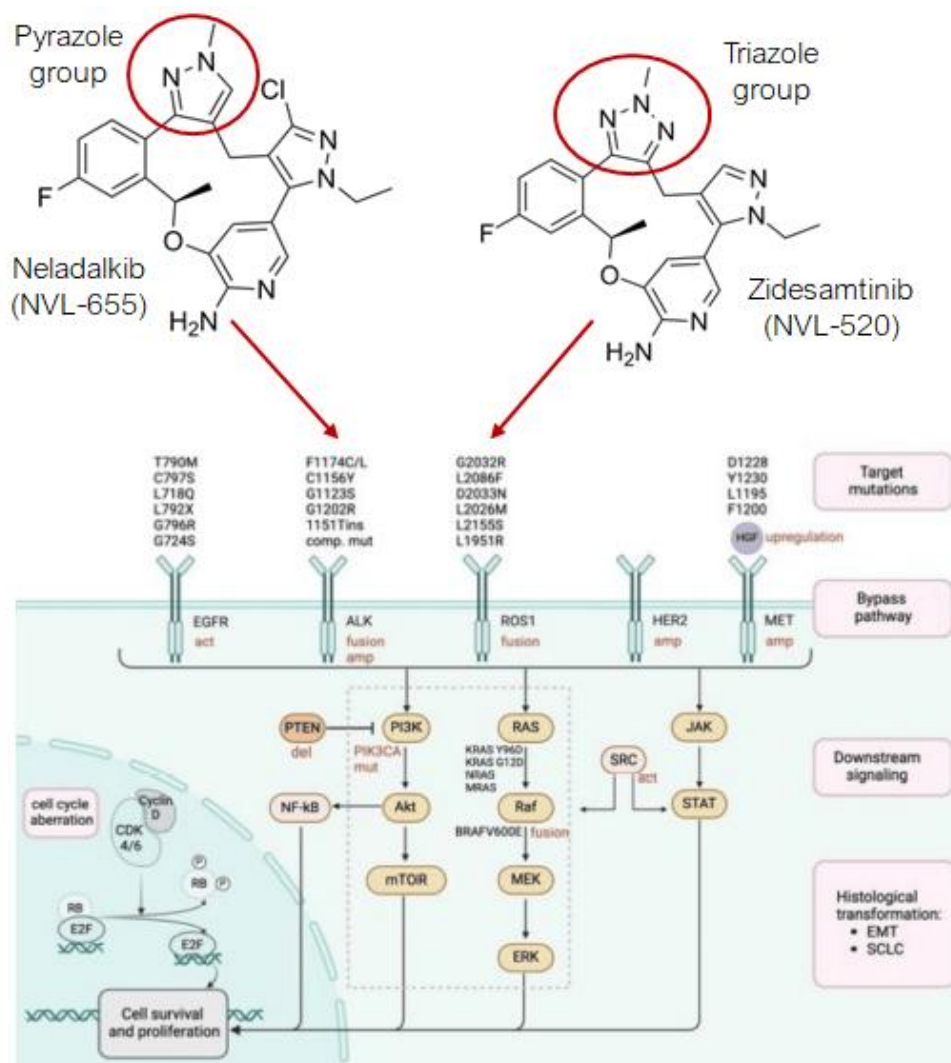
Source: *MedchemExpress* (upper panel); *Cancers* (2025). Vol. 17, pp 557-572 (lower panel).

- GlaxoSmithKline augments its cancer pipeline by acquiring Nuvalent.** UK-based pharma giant GlaxoSmithKline (GSK-LN, NR) is acquiring MA-based oncology drug developer Novalent (NUVL-Q, NR) for US\$10.6B, ostensibly to acquire rights to the firm's two late-stage (as in already undergoing FDA review) non-small cell lung cancer drugs zidesamtinib/NVL-520 & neladalkib/NVL-655, one of which (zidesamtinib/NVL-520) targets ROS1 fusions (short for c-ros oncogene-1) that are tightly associated with many forms of non-small cell lung cancer while the other (neladalkib/NVL-655) targets a distinctly mutated fusion form of the protein ALK (short for anaplastic lymphoma kinase) that is also found in many non-small cell lung cancer forms.
- ROS1 rearrangements/fusions/mutations transpire in about 1%-to-2% of non-small cell lung cancer patients & such ROS1 alterations create a form of disease that is comparatively aggressive, metastasizing to the brain & bones quite rapidly, at which time it becomes necessary to shift to systemic therapies that target altered ROS1 directly. ALK

rearrangements/fusions/mutations transpire in a higher proportion of non-small cell lung cancer patients, about 4%, & their occurrence is notably more morbid by being common in younger patients, often without a history of inhaling chemical carcinogens (tobacco & other industrial metabolites).

- In recent quarters, zidesamtinib performed well at interim analysis in the 432-patient Phase I/II ARROS-1 trial as presented at the 2025 World Conference on Lung Cancer in Spain back in Sept/25. In that trial, data presented in poster form at the conference showed that even in ROS1-positive patients for whom prior treatment with other tyrosine kinase inhibitors like repotrectinib or taletrectinib (see below), durable tumor response rates were observed of 44%-to-51%, depending on intensity of prior therapy, while overall response rate in treatment naïve lung cancer patients was 89%; of those responders, 96% of them sustained response for at least one-year. An NDA was submitted earlier this year, with regulatory review expected to conclude in Sept/26.

Exhibit 8. Molecular Structures for Nuvalent's Lead Oncology Assets, Zidesamtinib/NVL-520 & Neladalkib/NVL-655, Both Of Which Inhibit The ROS1 & ALK Signalling Pathways That Are Of Relevance To Non-Small Lung Cancer Progression



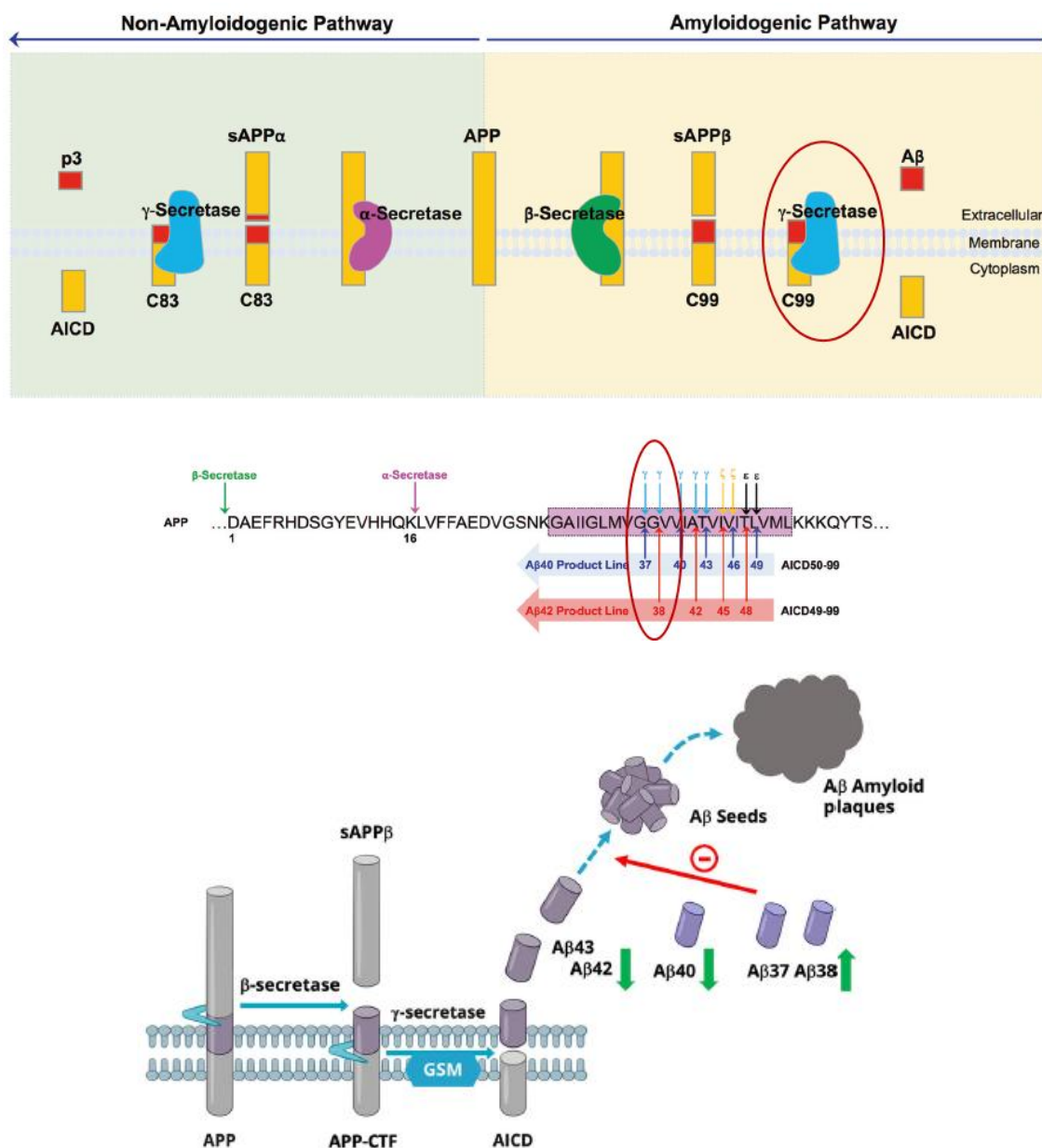
Source: MedChemExpress; adapted from *Cureus* (2026). Vol. 18, pp. e108302-e108329

- Shifting to neladalkib/NVL-655, it is currently enrolling tyrosine kinase inhibitor-naïve non-small cell lung cancer patients harboring ALK fusions/mutations in the 450-Phase III ALKAZAR trial (final five-year survival data expected by end-of-F2029), in which the drug will be compared to an alternative tyrosine kinase inhibitor drug, Roche/Genentech's (ROG-SW, NR) alectinib/Alecensa. The drug already performed well in patients presenting with ALK fusion/mutation-positive solid tumors in the 840-patient Phase II ALKOVE-1 trial, with data presented at the 2025 ESMO conference showing in

34 evaluable subjects an objective response rate of 44%, 80% of which sustained response for at least one-year. In an ALKOVE-1 update presented at the 2026 ASCO meeting, Nuvalent showed in 253-evaluable tyrosine kinase inhibitor-pretreated patients that objective response rate in that cohort was 31%, with estimated one-year duration of response rate of 64%. Response rate was a bit higher for patients who were previously treated with a tyrosine kinase inhibitor of some sort but not with Pfizer's lorlatinib/Lorbrena at 46%. These data were deemed sufficiently positive for Nuvalent to submit an NDA filing, with regulatory review expected to conclude by Nov/26.

- The category is no longer underpopulated, with several tyrosine kinase inhibitors already selectively targeting ROS1 or ALK fusions/mutations, including Pfizer's (PFE-NY, NR) crizotinib/Xalkori or lorlatinib/Lorbrena, Roche/Genentech's (ROG-SW, NR) entrectinib/Rozlytrek, Bristol Myers Squibb's (BMY-NY, NR) repotrectinib/Augtyro & Nuvation's own taletrectinib/Ibtrozi, all of which are already FDA-approved & in commercial/medical use for treating ROS1 fusion-positive or ALK fusion/mutation-positive non-small cell lung cancer patients. And what is interesting to us as historic context is that the rationale for targeting ROS1 &/or ALK in non-small cell lung cancer is hardly a new concept, with review articles on ROS1/ALK dating back over a decade, including in a 2013 paper that we cite below that was published on this theme in *Translational Lung Cancer Research*. Multiple plausible candidates targeting either or both proteins were already well-advanced by that time.
- **Eli Lilly licensed AlzeCure Pharma's gamma-secretase modulating lead Alzheimer's disease drug.** IN-based pharma giant Eli Lilly acquired rights to alzstatin/ACD680, the gamma-secretase-modulating drug developed by Sweden-based AlzeCure Pharma AB (ALZCUR-ST, NR) in a deal providing AlzeCure with US\$10M in upfront capital & another potential >US\$1B in development & commercial milestones, excluding tiered mid-single digit royalty revenue on future sales. ACD680 pharmacology is distinct from other gamma secretase inhibitors that came before it in that it modulates gamma secretase (so not inhibiting its activity as such) to allow for the production of shorter beta-amyloid fragments of thirty-seven & thirty-eight amino acids in length (A β 37 & A β 38, respectively) instead of the slightly larger forty-two amino acid beta-amyloid fragment (predictably called A β 42) that this enzyme is known to produce & which generates a precursor to the formation of brain-residing amyloid plaques, plaques that A β 37 & A β 38 do not form, at least not in the body.
 - Of all of the amyloid fragments that could be clipped out of mature beta-amyloid protein in the brain, A β 42 is especially prone to aggregate, including into oligomers that exhibit their own independent neurotoxicity (& so are not simply an intermediate step on the path to forming larger fibrils or plaques) are being singularly targeted by ProMIS Neurosciences (PMN-Q, Spec Buy, PT US\$49.00) with PMN310.
 - Alzstatin/ACD680 is not undergoing any active Phase II testing in Alzheimer's disease just yet, or at least not in any programs that are recorded in the US NIH's clinical database. But the firm does have a few poster presentations that characterize the drug's (occasionally also called AC-0027875 in the medical literature) gamma secretase-modulating activity through its selective production of A β 37 & A β 38 in preference over other beta-amyloid fragments, including A β 42. In one study presented at the Dec/22 Clinical Trials on Alzheimer's Disease (CTAD) conference, AlzeCure showed that the drug could reduce the production of A β 42 over time & in a dose-dependent fashion.
 - The concept of selectively modulating, but not inhibiting, gamma secretase is not unique to AlzeCure. In a more recent study published in Apr/25 in the *Journal of Pharmacology & Experimental Therapeutics*, data therein showed that an AstraZeneca (AZN-LN, NR) drug code-named AZ4126 performed well on reducing plaque deposition in the brain of preclinical animal models of disease. But Astra does not appear to be advancing AZ4126 (at least not by that name) in any follow-on clinical studies & even more comprehensively, the firm does not appear to have any active clinical programs targeting neurological indications at all, preferring to focus on oncology, respiratory, cardiometabolic, infectious & rare diseases as it has historically.

Exhibit 9. Gamma Secretase-Dependent Pathways Giving Rise To Beta-Amyloid Fragments, Some Of Which Go On To Form Plaques In The Brain & Some Of Which Do Not



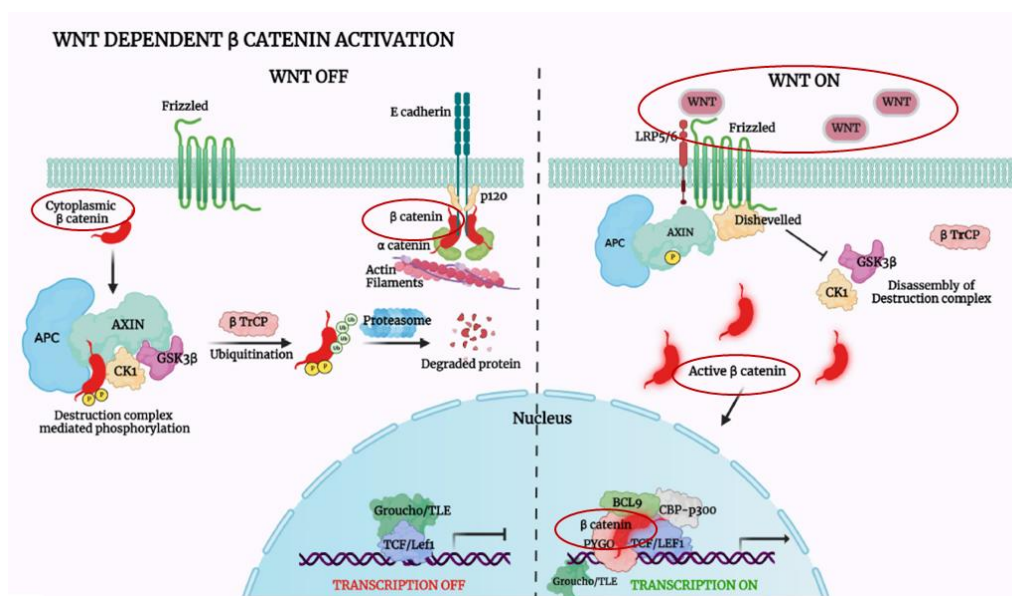
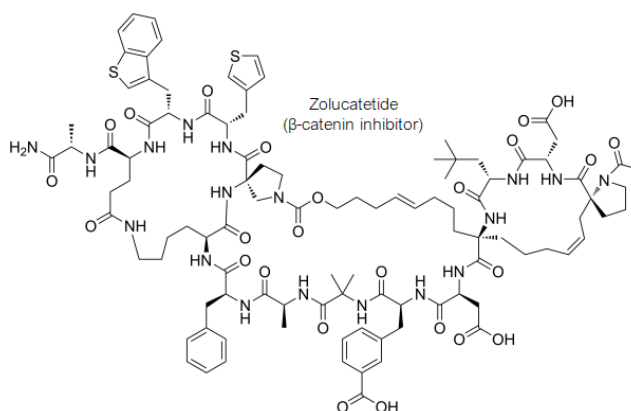
Source: Adapted from *Experimental & Molecular Medicine* (2022). Vol. 54, pp. 433-446 (upper panels); *Frontiers In Molecular Neuroscience* (2023). Vol. 16, pp. 1279740-1279747 (lower panel)

- Parabilis raises record IPO capital to fund oncology pipeline, with tangible value creation in the oncology space establishing a theme in our sector review this week. MA-based cancer drug developer Parabilis Medicines (PBLS-Q, NR; was originally called FogPharma while a private firm at least until Oct/24) just raised US\$670M in new equity capital (excluding US\$100M in a potential over-allotment option that seems likely to be generated) as part of its go-public transaction this week, ostensibly to fund development of its lead Wnt/beta-catenin pathway-inhibiting drug zolucetide/FOG-001, initially targeting desmoid tumors that occasionally emerge in connective tissue (the cell networks that hold organs & non-skeletal body structures in place).
- Before we get into the details on Parabilis' pipeline, we were interested to see multiple biotechnology news consolidators indicate that this is the largest capital raise on an IPO in industry history, a statement that on reflection begs for some nuanced commentary. First of all, it is certainly not the largest capital raise in history – Revolution Medicines (RVMD-

Q, NR) just called, & would like to remind the world of the US\$2.2B capital raise it consummated in Apr/26 in the wake of its positive Phase III RASolute 302 pancreatic cancer data - & while on the topic of IPOs, domestic specialty pharmaceutical firm Apotex (APTX-T, NR) just raised C\$1.3B on its go-public transaction, a value that even after adjusting for CDN:USD conversion still exceeds Parabilis' own IPO raise. But moving on, the magnitude of Parabilis' IPO capital raise for funding development of what is still a Phase II-stage oncology asset is noteworthy & provides the firm with sufficient capital to advance other pipeline activities, including for zolucetide/FOG-001 in other indications, as we describe below.

- The term Wnt is an amalgamation of two terms related to the *Drosophila* genetic analysis that gave rise to its discovery, Wingless (so named because it was shown to be mutated in wing-deficient flies) & Int-1. Beta-catenin's discovery also passed through *Drosophila* genetics, with the protein shown to be highly homologous to the *Drosophila* armadillo (ARM) gene, a gene that not only plays a role in the same pathways that Wingless/Wnt does but also regulates other genes that impact neural development in the organism & presumably in humans as well.

Exhibit 10. Molecular Structure For Zolucatetide/FOG-001 & The Oncology-Relevant Wnt/Beta-Catenin Pathways It Inhibits



Source: Adapted from *Bioengineered* (2023). Vol. 14, pp. 2251696-2251720; MedChemExpress

- So the molecule to which capital markets are willing to substantially fund with new IPO capital, zolucetide, is not yet in Phase III desmoid tumor testing, but this clinical activity is being contemplated as of this writing, while other Wnt pathway-relevant indications like adenomatous polyposis (precancerous polyps in the colon, usually associated with

mutations in the *APC* or *MUTYH* genes, both encoding tumor suppressor proteins that mitigate beta-catenin production) & hepatocellular carcinoma (liver cancer) are being considered for pending Phase I/II testing as well.

- A cursory search of the medical literature shows us that there is no lack of beta-catenin-inhibiting/modulating agents that have been synthesized & characterized but few have navigated formal clinical studies & regulatory review, hence zolucetide's attractiveness in the global clinical oncology pipeline. Many such molecules were described in the 2023 review in Bioengineered to which we refer in Exhibit 10. We assume that most of the beta-catenin-inhibiting pharmacopeia includes small-molecule drugs that are not sufficiently specific for beta-catenin in the form that it exists in tumor cells, or they have pharmacokinetic or side effect challenges that frequently keep preclinical assets from becoming clinical ones.
- **Starton Therapeutics proposes a US\$30M capital raise & NASDAQ-based IPO – innovative technology for continuous delivery of anticancer agents in blood-based malignancies.** A private drug developer with which we have developed a relationship in recent years, NJ-based Starton Therapeutics (pending ticker symbol STA-Q, NR), initially filed an S-1 document in Dec/25 & terms as described in the original S-1 (US\$40M raise, 6.7M shares issued) were revised in a public disclosure earlier this week, with the firm now proposing to raise the aforementioned lower value of US\$30M in combination with issuing about 5.0M shares to public markets. If successfully completed, implied fully-diluted market value would be at/near US\$225M. New capital would presumably be deployed to fund the firm's STAR-LLD program in multiple myeloma & chronic lymphocytic leukemia as well as a few academically-sponsored clinical studies for the same clinical asset, a subcutaneous transdermal patch formulation of the FDA-approved immune-modulating drug lenalidomide (Bristol Myers Squibb/Celgene's [BMJ-NY, NR] Revlimid).
- Several foundational elements of Starton's drug delivery platform resemble Eupraxia's DiffuSphere platform as we described separately above, though with some key differences that we thought it interesting to reflect upon here. At their core, both firms are seeking to reformulate existing FDA-approved drugs with well-characterized pharmacology (lenalidomide for Starton, fluticasone propionate for Eupraxia) & adjust their pharmacokinetic profile with novel delivery modalities that are relevant to improving clinical outcomes. Both firms are pursuing a 505(b)(2) regulatory pathway that mitigates clinical risk (though does not always compress clinical timelines in our experience) by leveraging published safety/efficacy studies previously conducted by the drug's original innovators.
- On a technical level, both firms are seeking to flatten the peak-and-trough pharmacokinetic drug release profile of what are otherwise conventionally injected or orally-administered therapies, for which systemic side effects & unique disease-relevant delivery challenges are inevitable. For Starton, the pharmacological rationale for its lead lenalidomide/multiple myeloma program is informed by the well-characterized limitations of orally-administered lenalidomide, an immune-modulatory thalidomide analogue that was FDA-approved for treating multiple myeloma back in 2005, but even then, it was known that the drug's rapid absorption (Cmax of 0.6-to-1.5 hours) & comparatively brief serum half-life (2.8-to-6.1 hours, as reported by Chen & coworkers in a 2017 paper in *Clinical Pharmacokinetics* from which we cite these data) required at least once-daily dosing if not more frequently than that & this reality inevitably leads to dose-limiting hematologic toxicities (neutropenia, thrombocytopenia) that constrain dosing intensity & duration, restricting the drug's tumor-directed activity in the process. These concepts are not unique to Starton or to Eupraxia but developing suitable delivery modalities that actually improve disease outcomes on both safety & efficacy is more readily contemplated in theory than in practice & this limitation is one that we believe both firms can (& have at the Phase II level) resolve.
- Shifting back to Starton, the firm has already published lenalidomide-based clinical data, with encouraging results so far. In one Phase I/II trial treating six advanced refractory multiple myeloma patients, continuous subcutaneous patch-based lenalidomide delivery at 400 micrograms per hour (so daily dose of nearly 10 mg in total) achieved a 100% objective response rate (mostly partial responses but one patient did achieve a complete eradication of residual disease), but importantly with no grade two or higher drug-related hematologic toxicities observed, even after twelve cycles of lenalidomide delivery. Improved side effect profile was undoubtedly influenced by the reduction in systemic lenalidomide concentrations that localized subcutaneous patch-based drug delivery confers – indeed, this was confirmed analytically & not just theoretically, as Starton reported a 60% reduction in so-called AUC (short for area-under-curve, a measure of cumulative systemic drug exposure over time) & >90% reduction in maximum detectable drug concentration in blood plasma (Cmax), as compared to these values when 25 mg Revlimid was alternatively administered (this is the indicated daily dosage strength in Revlimid's prescribing information).

- Starton's Phase II multiple myeloma data were equally impressive on side effect profile, with immune profiling showing no T-cell exhaustion but with significant depletion in CD19+ B-cells as any effective multiple myeloma therapy must show (these data were presented at the 2025 American Association of Cancer Research meeting). All but one patient remained on treatment thereafter with median progression-free survival exceeding ten months. Lack of a control arm in this trial of course limits its interpretive capacity, as does the modest number of evaluable patients, but to the limits of study design, Starton's multiple myeloma data are encouraging & bear further clinical investigation in our view.
- On that theme, a randomized Phase II multiple meloma trial is in fact already underway, testing STAR-LLD plus dexamethasone (this steroid is often combined with multiple myeloma drugs, not just lenalidomide) & a protease inhibitor (a separate category of anti-multiple myeloma drugs, which includes Takeda/Millennium's [4502-JP, NR] bortezomib/Velcade & Amgen/Onyx's carfilzomib/Kyprolis, to name two) in comparison to orally-administered lenalidomide/Revlimid (in combination with the same co-administered drugs). The 24-to-69-patient trial enrolled its first patient last quarter & we will be monitoring progress on both patient enrollment & timelines to interim survival data in coming quarters.
- While both Starton and Eupraxia share the 'delivery-platform-as-the-product' framing, the PK objectives are inverted. EPRX's DiffuSphere platform is engineered for localized, sustained release directly into diseased tissue with minimal systemic spillover; Starton is optimizing for smooth systemic steady-state exposure in hematologic malignancies where the drug needs to be everywhere at once, just at a lower and more consistent level than standard oral dosing provides.

Capital Markets Summary

Exhibit 11. EBITDA Or EPS-Positive Canadian Healthcare Stocks

Company	Filing Curr.	Sym.	Shrs Out. (M)	Share Price 12-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	\$18.62	1,024	1,024	1,590	1,590	6.9x	6.8x	6.8x	NA	7.8x	7.4x
Jamieson Wellness	CAD	JWEL	41.5	\$35.83	1,486	1,486	1,964	1,964	12.2x	11.0x	9.8x	20.3x	16.7x	14.3x
K-Bro Linen	CAD	KBL	13.0	\$43.23	564	564	850	850	7.7x	7.8x	7.6x	27.3x	21.9x	17.7x
Medical Facilities ¹	CAD	DR	17.4	\$17.93	313	437	347	484	5.8x	6.1x	6.1x	21.2x	8.8x	26.8x
Microbix Biosystems	CAD	MBX	137.5	\$0.29	39	39	38	38	NA	NA	NA	NA	NA	NA
Savaria	CAD	SIS	72.1	\$29.24	2,107	2,107	2,282	2,282	12.0x	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	\$15.85	2,038	2,847	2,408	3,363	12.0x	NA	NA	7.0x	16.5x	12.8x
Bausch Health	USD	BHC	373.5	\$5.16	1,927	2,692	31,278	43,676	6.2x	5.9x	6.0x	NA	1.2x	1.2x
BioSynt	CAD	RX	11.6	\$14.00	163	163	157	157	12.1x	9.8x	8.4x	17.5x	15.7x	13.0x
Cipher Pharma ¹	CAD	CPH	25.4	\$16.00	406	567	399	557	14.7x	13.2x	11.2x	13.2x	17.8x	15.2x
HLS Therapeutics ¹	CAD	HLS	31.3	\$4.45	139	194	184	256	11.0x	9.3x	7.9x	NA	NA	NA
Knight Therapeutics	CAD	GUD	98.2	\$9.38	921	921	847	847	9.7x	10.8x	10.3x	NA	51.0x	44.7x
Medexus Pharma ¹	CAD	MDP	32.0	\$4.05	130	181	144	202	10.8x	9.2x	6.5x	NA	NA	14.6x
Profitable Canadian healthcare firms - eldercare services or infrastructure developers														
CareRx	CAD	CRRX	63.5	\$3.15	200	200	264	264	8.5x	7.3x	6.4x	7.3x	26.3x	13.9x
Chartwell Retirement	CAD	CSH.UN	324.2	\$20.77	6,734	6,734	9,434	9,434	21.9x	18.3x	16.5x	NA	NA	50.7x
Extencicare	CAD	EXE	94.8	\$32.83	3,113	3,113	3,117	3,117	16.2x	12.5x	11.0x	23.8x	24.9x	22.5x
Vital Infrastructure	CAD	VITL.UN	250.0	\$5.37	1,343	1,343	2,702	2,702	11.8x	13.0x	12.8x	NA	NA	NA
Nova Leap Health	CAD	NLH	87.3	\$0.35	30	30	32	32	10.9x	NA	NA	NA	NA	NA
Sienna Senior Living	CAD	SIA	106.1	\$21.45	2,277	2,277	3,530	3,530	22.7x	17.7x	15.6x	45.6x	35.8x	31.1x
Profitable Canadian healthcare firms - medical equipment distribution/sales ³														
Covalon Technologies	CAD	COV	27.6	\$2.14	59	59	44	44	47.8x	11.6x	9.1x	35.9x	23.8x	17.8x
Viemed Healthcare	USD	VMD	38.3	\$10.42	399	399	560	782	7.5x	6.1x	5.3x	27.0x	22.9x	17.1x
Profitable Canadian healthcare firms - healthcare IT or digital IT services firms ⁵														
Healwell AI	CAD	AIDX	295.9	\$0.84	249	249	313	313	NA	44.7x	19.5x	NA	NA	NA
Hydreight	CAD	NURS	53.7	\$3.89	209	209	193	193	39.4x	8.5x	5.3x	46.1x	13.0x	7.8x
Kneat.com ⁵	CAD	KSI	96.1	\$6.43	618	863	593	593	NA	35.5x	22.9x	NA	NA	NA
Vitalhub	CAD	VHI	63.3	\$7.14	452	631	333	333	12.5x	9.6x	8.2x	NA	33.4x	23.6x
Well Health	CAD	WELL	255.4	\$4.54	1,160	1,160	1,878	1,878	8.7x	10.2x	9.3x	43.1x	19.2x	22.6x
Average									14.3x	12.9x	10.1x	25.8x	21.0x	19.7x
Recently-acquired Canadian healthcare firms														
Andlauer	CAD	AND	39.2	\$54.97	2,152	2,152	2,165	2,165	13.4x	NA	NA	32.0x	NA	NA
Dentalcorp Holdings	CAD	DNTL	192.0	\$11.00	2,112	2,112	3,112	3,112	10.9x	NA	NA	NA	NA	NA
Quipt Home Medical	USD	QIPT	44.5	\$3.65	162	223	235	323	5.4x	NA	NA	2.1x	NA	NA
Theratechnologies	CAD	TH	46.0	\$4.47	206	206	238	238	12.3x	NA	NA	NA	NA	NA

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

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

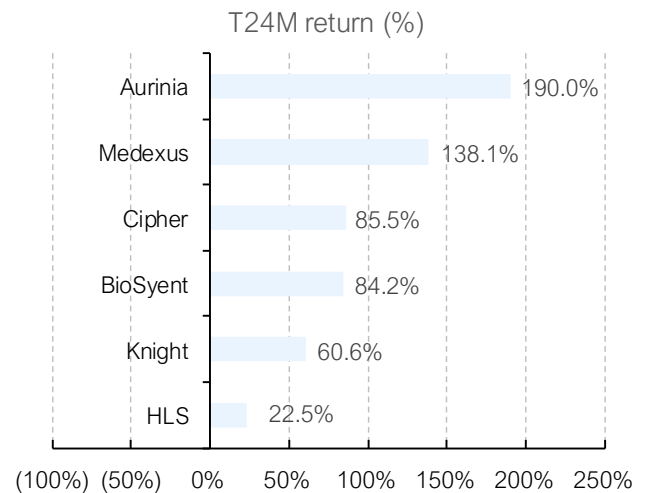
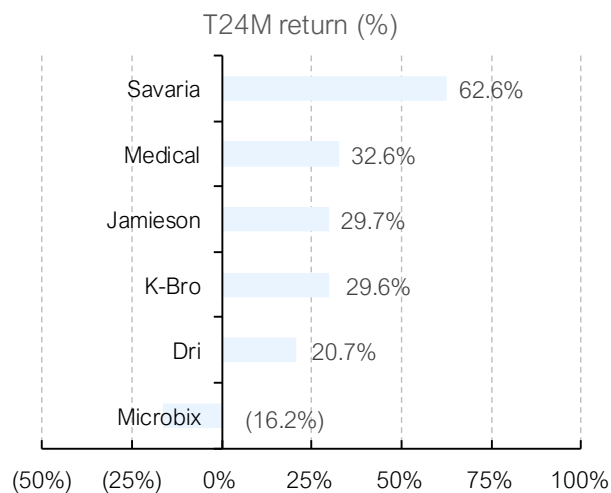
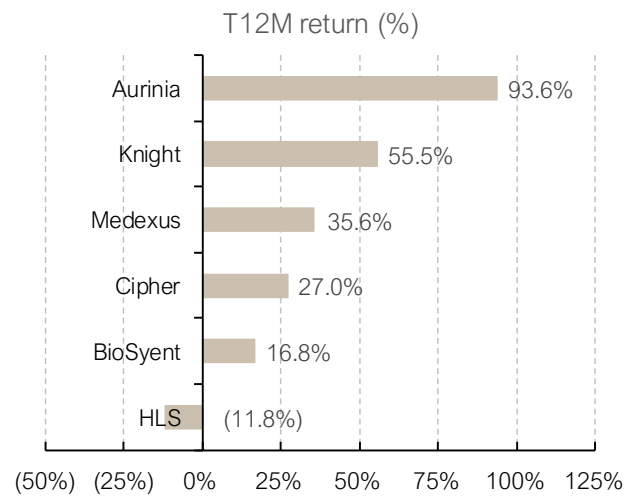
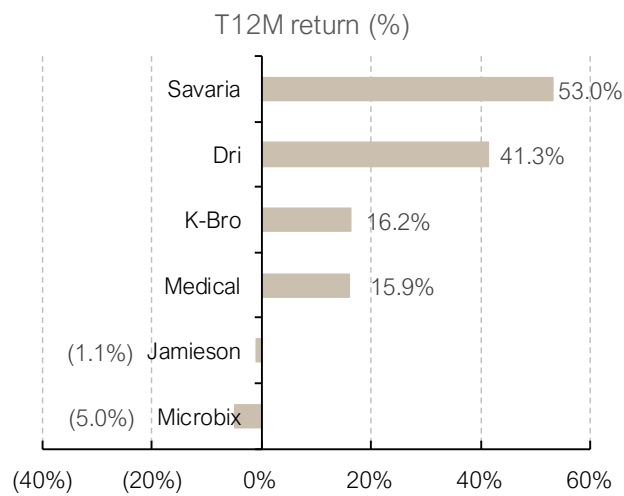
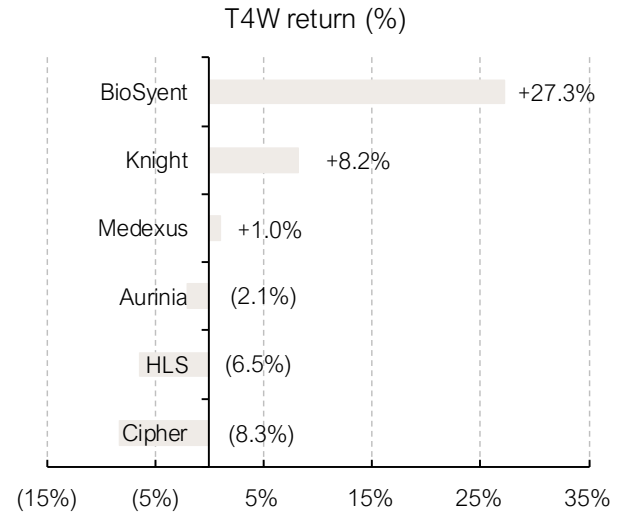
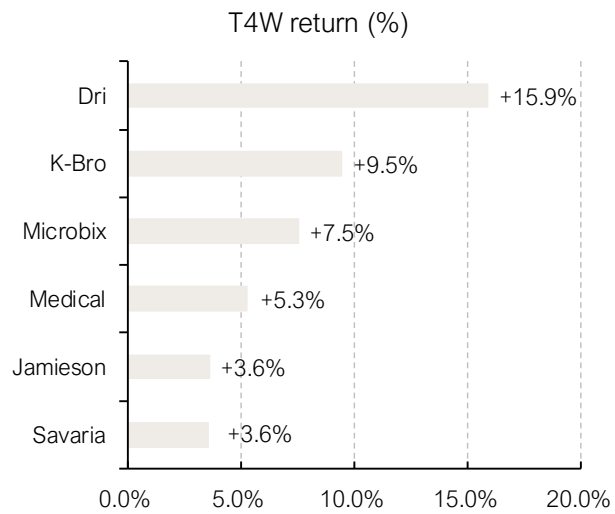
³ Quipt Home Medical was acquired by Kingswood Capital & Forager Capital for US\$3.65/shr in Dec/25, transaction closed in Mar/26

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

⁵ Kneat.com was bid to be acquired in Jun/26 by Thoma Bravo LP for C\$650M; transaction close expected during FQ3/26

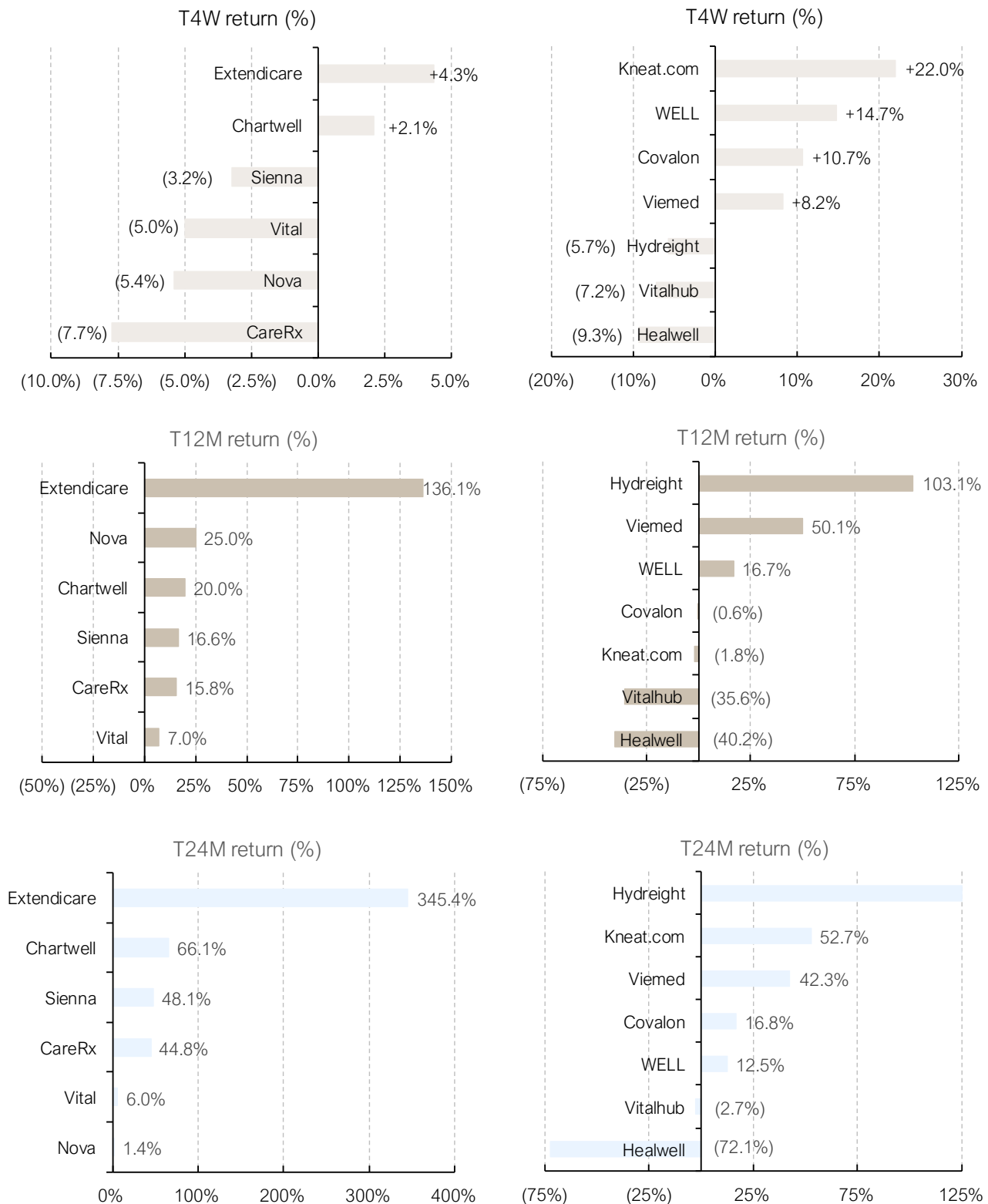
Source: Refinitiv, company reports, Leede Financial

Exhibit 12. 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 13. 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 1,789%*)

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	4
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