Biopharmaceutical Sector
Market Update – June 13, 2022

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Macroeconomic Outlook
The stock market got crushed Friday after the latest consumer price index showed that inflation is still a major problem. Bets that the Federal Reserve will remain aggressive in lifting interest rates are back on.

The Dow Jones Industrial Average dropped 880 points, or 2.7%. The S&P 500 fell 2.9%, with the index falling at least 2% for the second day in a row—something which hasn’t happened since the two days ended on March 23, 2020, according to Dow Jones Market Data.

The Nasdaq Composite was also hammered, sliding 3.5%.

“US stocks tumbled after a hot inflation report removed any chance for the Fed to pause tightening in September,” wrote Edward Moya, senior market analyst at Oanda.

The consumer price index rose 8.6% annually in May, the Labor Department reported Friday, higher than the expected 8.3% increase and April’s result of 8.3%.

“The ‘peak inflation’ debate may be premature,” wrote Nancy Davis, founder of Quadratic Capital Management.

Source: https://www.barrons.com/articles/stock-market-today-51654850113
U.S. Inflation News Coupled with Negative EU Monetary Policy Shift

Wall Street's S&P 500 and Nasdaq stock indices recorded their worst week since January as fresh evidence of red-hot inflation and expectations of an aggressive central bank response led to big losses on Thursday and Friday.

The broad-based S&P 500 fell 5.1 per cent this week, while the tech-heavy Nasdaq Composite, which is stacked with interest rate-sensitive growth stocks, dropped 5.6 per cent. Friday's losses for the S&P and Nasdaq were 2.9 per cent and 3.5 per cent, respectively.

The US government reported on Friday that consumer prices had risen at an annual pace of 8.6 per cent in May, above April's 8.3 per cent reading and exceeding economists’ forecasts as prices for food, energy and shelter all increased.

The persistent evidence of inflation drove fears that the Federal Reserve will be forced to raise interest rates strongly and steadily in order to slow down economic growth.

On Thursday, markets were rattled after the European Central Bank spelt out its own plans for tightening monetary policy.

The ECB, which has long been one of the world's most accommodative central banks, signalled that it may lift its main deposit rate above zero in September, which would be its first departure from negative interest rates in eight years. It also said that it would end net purchases of member states’ debt, sparking fears about financial stress for the bloc's weaker economies.

As Wall Street equities fell on Friday, the yield on the two-year Treasury note, which moves with interest rate expectations, rose above 3 per cent. The last time the two-year note surpassed this psychologically significant level was in 2008.

Source: https://www.ft.com/content/5c6fa3f-fc87-4fe5-b620-e6847affe782
The case that a recession is looming over the U.S. got stronger Friday, as blistering inflation and historic lows in consumer sentiment painted an increasingly dark economic picture.

As if the consumer price index increase of 8.6% wasn't bad enough news, that release was followed later in the morning by the University of Michigan Index of Consumer Sentiment.

That widely followed gauge of optimism registered a paltry 50.2, the lowest in survey data going back to 1978. That's lower than the depths of the Covid outbreak, lower than the financial crisis, lower even than the last inflation peak back in 1981.

Taken together, the data add up to an outlook that is not good for those hoping the U.S. could skirt its first recession since the brief pandemic downturn of 2020.

“I wouldn’t be surprised if it started in the third quarter of this year,” said Peter Boockvar, chief investment officer at Bleakley Advisory Group. “You can say that we’re in the midst of it right now, in the beginning phase. Only in retrospect will we know for sure, but it should not surprise us at this point.”

How long it will take to get to that official recession is a matter of debate that only time will resolve. But the recent data suggest the moment of reckoning may be closer than many economists are willing to concede.

An ‘Ugly’ Inflation Report Upended Hopes That Price Gains Would Ease

**The New York Times**  June 11, 2022

Friday’s inflation report delivered an unwanted surprise for the White House, Federal Reserve and investors.

While many economists and some administration officials had expected prices to show some signs of cooling, they got the opposite: a re-acceleration in price growth that makes it more likely the Fed is going to have to slam the brakes on the economy as it looks to slow the fastest pace of inflation in 40 years.

As one left-leaning think tank put it, the report was “pretty ugly.”

The news dispelled the notion that inflation may already have peaked and poured more fuel on the Biden administration’s biggest domestic policy vulnerability, politically and economically, as midterm elections approach in the fall.

It also raised the chances that the Fed, which has already started raising borrowing costs to tamp down demand, will have to make a series of larger interest rate increases over the next few months.

The Consumer Price Index data showed mounting evidence that the war in Ukraine was continuing to push the prices of food, gasoline, electric power and other staples higher. Inflation in services, like housing, remained high. Inflation in consumer goods — which administration officials had hoped was slowing as supply chain snarls are worked out in sectors like automobile manufacturing — surged anew after a spring slowdown. Costs for staples like eggs, meat and bread soared, with an index measuring the price of food at home registering its largest annual increase since 1979.

Biotech Investor Sentiment
Heard Last Week: BioInvestor Buzz

Last week’s news at ASCO and ADA was exciting relative to expectations. Electrifying news on novel cancer treatments.

Moves by a number of funds to address structural issues involving negative EV companies started to pick up steam with RA Capital hosting an industry-wide webinar linked to views on restructuring. Activism continues to rise as many companies continue to spend heavily despite having a value below cash.

Conversations with funds during the week were initially positive but by Friday afternoon the tone had turned less than pleasant as a number of specialist healthcare funds continue to experience negative returns.

Frequent discussion of M&A, how many “good targets” are left and what one should expect to see in the weeks and months ahead.

Some of the better performing funds for the year have seen results turn sour. Some of the weaker performing funds have struggled and become increasingly despondent.

Some fund managers increasingly focused on value investing and learning from the classics of how to emerge alive from bear markets.

Many biotechs attended the Jefferies conference in NY last week. Reports from meetings were “routine” and “helpful”. General sense that raising capital is not getting any easier despite positive developments.

Widespread view that the sector needs more positive clinical news to move forward.
Investor Sentiment

Focus on the ‘down and out’ – negative EV companies, how long it will take to work through structural issues of the industry.

Growing push to ‘repatriate’ capital from companies that have more cash on their balance sheets than they need

Frustration with trading dynamics around data releases/material updates (e.g. PMVP)

Relief the industry is contracting finally

Next catalyst of focus: DICE
Cowen’s “Biotech Thermometer”

With an acceleration in the declines of the biotech indices, the NASDAQ, and the S&P 500 during Q2, the mood of long-suffering biotech specialists has fallen further. Toward biotech investing many are experiencing diminished interest, fatigue, feelings of worthlessness, indecisiveness, and a depressed mood. DSM-5 criteria would diagnose someone who experiences those five symptoms in all aspects of life as “clinically depressed”. Perhaps that suggests that the 15+ month biotech bear market that has reduced the XBI by 60% from its peak has made biotech investors “professionally depressed”.

<table>
<thead>
<tr>
<th>Stocks Most Loved By The Buyside</th>
<th>Stocks Least Loved By The Buyside</th>
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<td>ARKG</td>
<td>ARDX</td>
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<td>ARVN</td>
<td>BIIB</td>
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<td>BAVA</td>
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<td>PVMD</td>
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<td>SRPT</td>
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<td>UTHR</td>
<td>MRNA</td>
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<td>VRTX</td>
<td>MTEM</td>
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Stocks We Get Lots Of Incoming Calls On

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<th>AXSM</th>
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<td>BAYA</td>
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<td>BRMN</td>
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<td>MRTK</td>
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<td>PMVP</td>
<td>STOK</td>
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<td>PRAX</td>
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Stocks Where Sentiment Has Improved

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<td>GBT</td>
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<td>TCDI</td>
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<td>TPTK</td>
<td>PRRX</td>
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<td>UTHR</td>
<td>SWTX</td>
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The Cowen Insight

Our Biotech Thermometer is intended to provide clients with a view on institutional investor sentiment toward the biotechnology sector, individual stocks, and upcoming events. We believe a better understanding of sentiment can facilitate more effective investment strategy. The views expressed are based on the team’s interactions with investors during the month of May.

With an acceleration in the declines of the biotech indices, the NASDAQ, and the S&P 500 during Q2, the mood of long-suffering biotech specialists has fallen further. Toward biotech investing many are experiencing diminished interest, fatigue, feelings of worthlessness, indecisiveness, and a depressed mood. DSM-5 criteria would diagnose someone who experiences those five symptoms in all aspects of life as “clinically depressed”. Perhaps that suggests that the 15+ month biotech bear market that has reduced the XBI by 60% from its peak has made biotech investors “professionally depressed”.

The reasons for biotech’s weakness are little changed from prior months. High inflation, rising interest rates, and the repricing of risk assets are commonly blamed for the pressure on biotech stocks and the broader markets. These macro concerns continue to keep generals out of biotech.

The biotech sector-specific complaints may simply be the manifestation of the macro environment on the industry's stocks, but the effects have been especially brutal for the small caps which are being repriced lower with high correlation and little regard to differences of fundamentals. Often small stocks sell off on events that in fact value might appear to be positive, as the investors who bought for the event use the liquidity to exit positions. Of course, news flow itself continues to lean on balance negative -- companies were more likely to disappoint than positively surprise. Perhaps this is biotech’s new reality, a product of the number of preclinical companies that came public during recent years together with the rates of success of early-stage programs.
Wisdom on Operating in Difficult Markets
Stanley Druckenmiller on the Current Market

(Bloomberg / June 9, 2022) – “Stanley Druckenmiller has a warning for Wall Street: The sharp decline in the stock market isn’t over just yet.

“My best guess is that we’re six months into a bear market,” Druckenmiller, who runs Duquesne Family Office, said Thursday at the 2022 Sohn Investment Conference. “For those tactically trading, it’s possible the first leg of that has ended. But I think it’s highly, highly probable that the bear market has a ways to run.”

The Nasdaq Composite Index has dropped more than 20% from its previous peak -- the traditional definition of a bear market. While the S&P 500 came within points of that threshold intraday on May 20, a late afternoon rally technically kept the bull market intact for the benchmark, which has since rebounded 3%.

The catalyst for additional losses is that the Federal Reserve has turned aggressive about tackling the highest inflation in decades. That will likely lead to a recession at some point in 2023, Druckenmiller said.

About a year ago, he said the central bank’s policy was totally inappropriate and that “we are in a raging mania in all markets.”

“That period was incredibly costly, because a lot of assets were purchased during that period that a lot of people moving out the risk curve will lose a lot of money on,” said Druckenmiller, 68, who managed money for billionaire George Soros for more than a decade.

Greenlight Capital’s David Einhorn, appearing at the same conference, said inflation is the big problem and that it’s likely to persist, in part because of under-investment in things such as cement, housing, mining oil and paper.

Because US Treasury yields are so much lower than inflation, he said he’s not confident bonds will hold up in a downturn as they have in the past. So he’s largely taking a break from trading for now.

“While I’m not comfortable owning bonds, I’m much less comfortable being short fixed income to the degree I was three to six months ago,” he said. At the same time, “I’ve lived through enough bear markets that if you get aggressive in a bear market on the short side, you can get your head ripped off in rallies.”

“If you’re predicting a soft landing, it’s going against decades of history,” he said.”

Our Favorite Quotes on Operating in Difficult Markets

“All bleeding eventually stops.”
Jeffrey Goller MD

“If you are investing for the long term and there’s volatility created by nothing systematic or idiosyncratic — not because you picked a bad company, and it blew up or something — it’s actually an opportunity.”
Eli Casdin

“Bear markets don’t act like a medicine ball rolling down a smooth hill. Instead, they behave like a basketball bouncing down a rock-strewn mountainside; there’s lots of movement up and sideways before the bottom is reached.”
Thomas Turov

“The time to buy is when there is blood running in the Streets”
Baron Rothschild

“I will tell you how to become rich. Close the doors. Be fearful when others are greedy. Be greedy when others are fearful.”
Warren Buffett

“When a falling stock becomes a screaming buy because it cannot conceivably drop further, try to buy it 30 percent lower.”
Al Rizzo, Investment Advisor

“The time to take the tarts is when they’re being passed. When the money is available, take it. When the hors d’oeuvres are passing, take two.”
Eugene Kleiner

“Always do your hardest financing first.”
Tom Neff, CEO of Fibrogen

Source: Biotechnology Maxims, Wisdom and Assorted Musings, June 2022.
Comments on Difficulty (continued)

“50% of something is much better than 100% of nothing.”
Han, *Fast & Furious*

“Escape is very difficult to negotiate, underwater.”
Darion D'Anjou, *Genetika*

“You say crossover. Oh, you mean, a Series B.”
Prominent VC, April 2022

“Money doesn’t make you happy. I now have $50 million but I was just as happy when I had $48 million.”
Arnold Schwarzenegger

“The biotech CEO with less than three years of burn is a fool.”
Anonymous

“There are two kinds of people who lose money: those who know nothing and those who know everything.”
Henry Kaufman, Speaking of Long-Term Capital Management

“The job of central banks: to take away the punch bowl just as the party is getting going.”
William McChesney Martin, Former Chairman, Federal Reserve

“Missing the bottom on the way up won't cost you anything. It's missing the top on the way down that's always expensive.”
Peter Lynch

Biotech and Life Sciences Market
XBI Down 5.9% Last Week

The XBI closed at 67.0 on Friday on the back of negative inflation news. The 6% decrease erased the progress of the last several weeks.

**Biotech Stocks Down Last Week**

Return: June 3, to June 10, 2022

Nasdaq Biotech Index: +2.8%
Arca XBI Index: -5.9%
Torreya Global Biotech (EV): -4%
S&P 500: -5.0%

Return: Jan 1 to June 10, 2022

Nasdaq Biotech Index: -19.7%
Arca XBI Index: -40.1%
Torreya Global Biotech: -54%
S&P 500: -18.2%

**VIX Up Some**

Jan 3: 16.6%
Feb 11: 27.4%
Mar 11: 30.8%
April 15: 22.7%
April 29: 33.4%
May 20: 29.4%
May 27: 25.7%
June 10: 27.7%

**10-Year Treasury Yield Up**

Jan 3: 1.63%
Jan 28: 1.78%
Feb 25: 1.98%
Apr 29: 2.94%
May 20: 2.78%
May 27: 2.74%
Jun 10: 3.15%

* Change by enterprise value. The market cap equivalent was -2.8% for the week (higher than the XBI).

** Drop by enterprise value. The market cap equivalent is -41.8% for the year.

Source: S&P Capital IQ, Google and Torreya analysis
Total Biotech Sector Value Fell 4% Last Week

The aggregate enterprise value of the world’s biotech sector is **down 71.3%** since it peaked on Feb 8, 2021. Last week the sector EV dropped by 4%.

Source: CapitalIQ
Biggest Gainers and Decliners Last Week by Value

**Biotech**

Last week, the top biotech gainers in value were Mirati (up $818 million in value on M&A rumors), Remegen (up $595 million in value), Innovent (up $456 million in value), Arcellx (up $405mm) and Innocare (up $395mm).

Last week, the top decliners were Apellis (down $471 million), Arrowhead (down $459 million), Relay Tx (down $384 million), Fate Tx (down $371 million) and Zai Lab (down $370 million).

The biggest percent gainers were Arcellx (up 86.6% on positive CAR-t data), Cogent Bio (up 81.8% on positive data for mastocytosis), Alaunos (up 72.2% on T-cell cancer data), Kiromic (up 70.5% on a new contract) and Clene (up 64.1% ahead of ALS data).

The biggest percent decliners were Praxis (down 79% on negative data), American BriVision (down 56.5%), Fulcrum Tx (down 38.3%), Genflow (-34%) and PMV Pharma (down 30.4%)

**Life Sciences Sector**

Last week, the top sector gainers in value were Wuxi Biologics (up $6.4bn), Wuxi Apptec (up $5.1bn), Alibaba Health (up $2bn), Tigermed (up $1.6bn) and H. Lundbeck (up $1.6bn).

Last week, the top decliners were Pfizer (down $18bn), AstraZeneca (down $14.7bn), Roche (down $13.3bn), Thermo Fisher (down $12.2bn) and Abbott (down $12.2bn).

Source: CapitallQ
The number of negative enterprise value life sciences companies is a measure of market distress.

At market close on Friday, June 10th, the market had 199 such companies.

Prior to Friday’s market rout the number of such companies had dropped to 188.

Source: CapitalIQ
The life sciences dropped in value by 2.9% last week ($263 billion). Tools, Biotech, Diagnostics, OTC and Devices were down the most. API was up despite a 6% drop in the S&P 500.

### Value of Public Life Sciences Companies Worldwide by Subsector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Count</th>
<th>Enterprise Value (June 11, 2022, $millions)</th>
<th>Change in Last Week (percent)</th>
<th>Change in Last Month (percent)</th>
<th>Change in Last Year (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>API</td>
<td>82</td>
<td>$90,048</td>
<td>1.0%</td>
<td>-3.9%</td>
<td>-17.4%</td>
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<tr>
<td>Biotech</td>
<td>884</td>
<td>$171,486</td>
<td>-4.2%</td>
<td>14.3%</td>
<td>-65.0%</td>
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<tr>
<td>CDMO</td>
<td>40</td>
<td>$204,283</td>
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<td>9.5%</td>
<td>-28.9%</td>
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<td>Diagnostics</td>
<td>84</td>
<td>$236,005</td>
<td>-3.9%</td>
<td>-0.7%</td>
<td>-35.6%</td>
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<tr>
<td>OTC</td>
<td>32</td>
<td>$28,224</td>
<td>-3.8%</td>
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<tr>
<td>Pharma</td>
<td>719</td>
<td>$5,450,836</td>
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<tr>
<td>Services</td>
<td>42</td>
<td>$240,016</td>
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<td>4.4%</td>
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<tr>
<td>Tools</td>
<td>55</td>
<td>$733,887</td>
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<tr>
<td>Devices</td>
<td>186</td>
<td>$1,613,692</td>
<td>-3.7%</td>
<td>0.6%</td>
<td>-23.1%</td>
</tr>
<tr>
<td>HCIT</td>
<td>11</td>
<td>$28,766</td>
<td>-0.2%</td>
<td>11.6%</td>
<td>-62.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2135</strong></td>
<td><strong>$8,797,244</strong></td>
<td><strong>-2.9%</strong></td>
<td><strong>0.6%</strong></td>
<td><strong>-16.7%</strong></td>
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</table>

Source: CapitalIQ
BACKGROUND
Neoadjuvant chemotherapy and radiation followed by surgical resection of the rectum is a standard treatment for locally advanced rectal cancer. A subset of rectal cancer is caused by a deficiency in mismatch repair. Because mismatch repair–deficient colorectal cancer is responsive to programmed death 1 (PD-1) blockade in the context of metastatic disease, it was hypothesized that checkpoint blockade could be effective in patients with mismatch repair–deficient, locally advanced rectal cancer.

METHODS
We initiated a prospective phase 2 study in which single-agent dostarlimab, an anti–PD-1 monoclonal antibody, was administered every 3 weeks for 6 months in patients with mismatch repair–deficient stage II or III rectal adenocarcinoma. This treatment was to be followed by standard chemoradiotherapy and surgery. Patients who had a clinical complete response after completion of dostarlimab therapy would proceed without chemoradiotherapy and surgery. The primary end points are sustained clinical complete response 12 months after completion of dostarlimab therapy or pathological complete response after completion of dostarlimab therapy with or without chemoradiotherapy and overall response to neoadjuvant dostarlimab therapy with or without chemoradiotherapy.

RESULTS
A total of 12 patients have completed treatment with dostarlimab and have undergone at least 6 months of follow-up. All 12 patients (100%; 95% confidence interval, 74 to 100) had a clinical complete response, with no evidence of tumor on magnetic resonance imaging, ¹⁸F-fluorodeoxyglucose–positron-emission tomography, endoscopic evaluation, digital rectal examination, or biopsy. At the time of this report, no patients had received chemoradiotherapy or undergone surgery, and no cases of progression or recurrence had been reported during follow-up (range, 6 to 25 months). No adverse events of grade 3 or higher have been reported.

CONCLUSIONS
Mismatch repair–deficient, locally advanced rectal cancer was highly sensitive to single-agent PD-1 blockade. Longer follow-up is needed to assess the duration of response.

On the hunt for next FDA nod, ADC Therapeutics scores high response for Hodgkin lymphoma drug

Following the company’s first drug approval in 2021, ADC Therapeutics is looking for FDA nods, and appears to have landed on phase 2 data for a Hodgkin lymphoma drug that could do just that.

Switzerland-based ADC reported Friday that camidanlumab tesirine (known as Cami) had a 70.1% response rate, including a third of treated patients recording a complete response. The median response time was 13.7 months among the select group of patients with relapsed or refractory Hodgkin lymphoma who had endured a staggering six lines of prior treatment. The latest analysis was on 117 patients in ADC’s open-label, single-arm phase 2 trial and is being presented at the European Hematology Association 2022 Hybrid Congress.

ADC Chief Medical Officer Joseph Camardo, M.D., said the results “offer hope to patients and doctors who need a new option.” He added that the company plans to march this data to regulators for another approval ask.

The most common side effect of the regimen was low blood platelet count, which affected more than 9% of patients, followed by anemia and hypophosphatemia (low phosphorous levels). Fourteen patients received chemotherapy after treatment and nearly 7% of patients developed Guillain-Barré syndrome, a condition in which a patient’s immune cells attack their nerves.

The 11-year-old company, which launched as a spinoff from Spirogen, has hitched its wagon to antibody drug conjugates, which are basically supercharged monoclonal antibodies armed with a cytotoxic agent. Whereas monoclonal antibodies alone help redirect the immune system to fight cancer, ADCs also help kill cancer cells themselves. It’s a budding mechanism for fighting cancer and as of September 2021, 11 ADCs had been approved by the FDA.

bluebird bio Soars as FDA Adcomm Recommends Second Gene Therapy in a Week

Biospace – June 10, 2022: “After two days of eagerly anticipated discussion, the U.S. Food and Drug Administration’s Cell, Tissue and Gene Therapies Advisory Committee voted on bluebird bio’s two lentiviral vector (LVV) gene therapies.

On bluebird’s betibeglogene autotemcel (beti-cel) for beta-thalassemia, the advisory committee was unanimous, voting 13 (yes) to 0 (no) on the question, “Do the benefits of beti-cel outweigh the risks for the treatment of subjects with transfusion-dependent beta-thalassemia?”

Beti-cel, or betibeglogene autotemcel, is a one-time gene therapy for beta-thalassemia in patients who require regular red blood cell transfusions. Phase III studies demonstrated that 89% of patients receiving the therapy achieved transfusion independence. Beti-cel has been approved in Europe and is marketed as Zynteglo, although the company pulled it from the market in late July due to pricing concerns, leaving all of Europe to focus on the U.S.

Andrew Obenshain, chief executive officer of bluebird, stated, “Despite advances in care, people living with the most severe form of beta-thalassemia still require frequent transfusions of healthy red blood cells to survive, tethering them to the healthcare system for life and increasing their risk for severe complications and early death. Today’s advisory committee recommendation is recognition of the substantial body of clinical data that support beti-cel as a potentially curative treatment option for these patients.”

Obenshain went on to thank the beta-thalassemia community members who contributed to Friday’s discussion and said that bluebird is committed to working with the FDA as it completes its review of the BLA for beti-cel.

On Thursday, the advisory committee unanimously endorsed elivaldogene autotemcel (eli-cel), the company’s LVV gene therapy for cerebral adrenoleukodystrophy, 15 to 0. Eli-cel, short for elivaldogene autotemcel, is approved in Europe under the trade name Skysona for early active cerebral adrenoleukodystrophy (CALD) in children ineligible for stem cell transplant from a matching donor. CALD is a serious neurological disorder caused by ABCD1 gene mutations. The disease, rare, progressive and X-linked, is ultimately fatal, with patients entering a vegetative state prior to death. There are no FDA-approved therapies.”


Also see a detailed story on Bluebird’s history and travails that was published in Bloomberg last week by Angelica Peebles.
“Patients with severe forms of sickle cell disease or beta-thalassemia lack enough functioning red blood cells to shuttle ample oxygen through their systems. As a result, they may need recurring blood transfusions throughout their entire lives, on top of a wide range of other serious symptoms.

However, a handful of biotechs are touting one-time treatments that could enable these patients to make more healthy red blood cells and do away with the need for regular transfusions. Among them are CRISPR Therapeutics and Vertex, who at an EHA late-breaking presentation Saturday gave an early glimpse into the longer-term results of their gene-editing therapy, known as CTX001 and recently dubbed exa-cel.

Of 44 patients with transfusion-dependent beta-thalassemia, or TDT for short, 42 had stopped red blood cell transfusions, the biotechs reported. The earliest patient in the Phase II/III trial has not had a transfusion for a little over three years. The two patients who were unable to stop transfusions following the therapy saw substantial (75% and 89%) reductions in the number of transfusions they needed, according to CRISPR and Vertex.

These data come after bluebird bio’s beti-cel for TDT got a unanimous FDA approval recommendation at an adcomm on Friday, despite concerns that its lentivirus delivery method may cause cancer. The biotech had been struggling as of late and laid off one-third of its workforce in April.”

Quest for pill to stall Parkinson’s disease takes step forward

Financial Times, June 8, 2022

The search for a pill that stops Parkinson’s disease progressing has taken a significant step forward, as scientists released the first clinical results for an oral drug targeting an enzyme that plays a key role in the degenerative brain disorder. Researchers from Denali Therapeutics, a Californian biotech company, and academic colleagues showed that the experimental drug — called DNL201 — worked safely in animals and 150 human volunteers. It reduced levels of the LRRK2 enzyme implicated in Parkinson’s. Although the trial, published in Science Translational Medicine, was not designed to assess the effect of DNL201 on Parkinson’s symptoms, experts on neurodegenerative diseases welcomed the demonstration that it crossed the blood-brain barrier efficiently and had the desired biochemical effect on volunteers.

Source: https://www.ft.com/content/b74a3362-15ba-402f-8e45-e155f71aa048
Mutations matter even if proteins stay the same

Although some mutations in a gene alter the amino-acid sequence of the protein that the gene encodes, others — known as synonymous mutations — have no effect on protein sequence. Does it follow, then, that synonymous mutations are unimportant? Writing in Nature, Shen et al. present evidence that synonymous mutations are frequently just as harmful as the non-synonymous mutations that alter proteins, upending a common assumption about molecular evolution.

Synonymous mutations are possible because of the way in which DNA encodes proteins. In a gene, each set of three DNA bases forms a block called a codon, which encodes one amino acid or a stop signal. There are about three times as many codons as amino acids, so there is redundancy in the genetic code — most amino acids are encoded by more than one codon. Synonymous mutations change a codon into another one that encodes the same amino acid.

Even though synonymous mutations do not change the sequence of a protein, they are still associated with changes in mRNA levels of a gene, hence impacting expression levels of a protein (and, potentially, other biologic activity).

Source: [https://www.nature.com/articles/s41586-022-04823-w](https://www.nature.com/articles/s41586-022-04823-w)
With Cerner deal closed, Oracle chair pitches sweeping vision for health records and artificial intelligence

“Oracle chairman and chief technology officer Larry Ellison vowed to prioritize the cloud giant’s health care business on Thursday, painting a vivid picture of health care’s future: Seamless access to medical records, artificial intelligence models to diagnose disease, and detailed tracking to streamline care delivery.

Days after Oracle closed its roughly $28 billion deal to acquire health record software company Cerner, Ellison described plans for a national electronic health record system that would pull from thousands of separate hospitals.

That database would serve dual purposes: to ensure doctors could pull up individual records even if a patient had switched hospitals, and to provide anonymized health data that could be used to build AI models and drive public health responses. It was just one of many lofty concepts Ellison pitched at Thursday’s Future of Health Care event, including a wide-ranging software system supporting health system operations that pulls in and crunches input from patients, providers, administrators, developers, and researchers.”

Source: https://www.statnews.com/2022/06/09/oracle-cerner-health-records-cloud-2/
# PharmExec Published Top 50 Pharma List

To review the full list go to [https://www.pharmexec.com/view/2022-pharm-exec-top-50-companies](https://www.pharmexec.com/view/2022-pharm-exec-top-50-companies)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>2021 Rx Sales*</th>
<th>2021 R&amp;D Spend*</th>
<th>2021 Top-Selling Drugs*</th>
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<tbody>
<tr>
<td>1</td>
<td>Pfizer</td>
<td>$72,043</td>
<td>$13,829</td>
<td>Celebrex, Provigil, Xeloda</td>
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<tr>
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<td>AbbVie</td>
<td>$55,041</td>
<td>$6,518</td>
<td>Humira, Imbruvica, Skyrizi</td>
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<td>$9,041</td>
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<td>Roche</td>
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<td>$13,080</td>
<td>Ovacos, Perjeta, Actemra</td>
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<tr>
<td>6</td>
<td>Bristol Myers Squibb</td>
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<td>$9,531</td>
<td>Opdivo, Opdivo Igs, Epitope</td>
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<td>7</td>
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<td>$12,245</td>
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<td>$6,150</td>
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<td>$6,573</td>
<td>Tikmep, Stelagix, Tenaxly</td>
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</table>

*numbers USD in billions


How the listings were compiled: 2021 Rx Sales and R&D Spend figures were provided by the companies. Market intelligence from EvaluatePharma’s EvaluateRx service, www.evaluate.com, Pharm Exec would like to thank EvaluatePharma for assisting in the development of this year’s Pharma 50 listing.

PLEASE NOTE: 2021 figures represent prescription pharmaceutical sales from the named company only, and exclude revenues from royalties, co-promotions, etc., as well as sales from non-prescription pharmaceuticals. Figures in green are EvaluateConsensus Estimates, and are based upon actual reported sales data when available. For companies whose Rx Sales and R&D Spend figures were not available, the EvaluateConsensus Estimate was used. Additionally, some companies reported sales for the previous year, meaning the financial year ending December 31, 2021, rather than the financial year ending March 31, 2022. For these companies, the fiscal year ending March 31, 2021, was used. Historic averages were used in the conversion of companies’ native currency to USD.
Who needs Humira? AbbVie projected to be the top pharma company by sales in 2028: analysts

“Reports of the demise of AbbVie—concurrent with the loss of exclusivity for its mega-blockbuster drug Humira—have been greatly exaggerated.

At least that’s the consensus view of sell-side analysts polled by Evaluate Pharma, who predict that the Illinois-based pharma giant will generate more prescription sales than any company in the industry in 2028.

They see AbbVie’s $65.7 billion in expected 2028 sales closely followed by Roche at $65 billion. Johnson & Johnson ($62.3 billion), Merck ($59.7 billion) and Pfizer ($57.1 billion) round out the top 5 in their projections.

Ranking AbbVie at the top is a big switch for some analysts who warned of dire consequences for the company as Humira tumbles over the patent cliff. So far, the versatile autoimmune therapy weathered biosimilar competition in Europe to post $20.8 billion in global sales in 2021.

Next year brings a more ominous threat as AbbVie will have to face biosimilar competitors in the U.S. But the company is in position to absorb the hit thanks to newer autoimmune drugs Skyrizi and Rinvoq, a duo it expects to generate $15 billion combined in 2025.”

A federal program that has sped hundreds of new drugs to cancer patients and others is facing the biggest makeover of its three-decade history as Congress considers ways to avoid approval of drugs that don’t work.

Congress is poised to amend the Food and Drug Administration’s accelerated-approval program to address complaints that it has sometimes led to the use of costly, ineffective drugs. Proposals in the House and Senate would give the FDA more authority to make sure companies conduct the large follow-up studies needed to confirm that a fast-tracked drug works, and to pull from the market any therapy that doesn’t.

The changes, if enacted, would be among the most significant to the accelerated-approval program since its creation in 1992, according to industry officials and people who study the FDA.

The House passed a bill on Wednesday that would make the changes. The legislation has to pass by September to avoid funding gaps for the FDA.

The activity comes after the FDA’s accelerated approval of an Alzheimer’s drug from Biogen Inc., Aduhelm, drew criticism from many doctors and researchers and some of the agency’s own advisers, who questioned whether the therapy helped.

Citing the doubts, many hospitals refused to give Aduhelm while several health insurers, including Medicare, restricted use. Biogen said last month that it would effectively stop marketing the drug.

“Patients want chances that are legitimate. They don’t want to pay tens of thousands of dollars for something that isn’t a very promising treatment,” said Dr. Aaron Kesselheim, a professor of medicine at Harvard Medical School, who resigned from an FDA advisory committee over the agency’s Aduhelm decision.

The industry’s big trade groups, the Pharmaceutical Research and Manufacturers of America and the Biotechnology Innovation Organization, praised the pathway for speeding access to lifesaving medicines. PhRMA said it supports the program’s “usage in its existing form.”

Source: https://www.wsj.com/articles/fda-set-to-get-more-power-to-pull-accelerated-drugs-that-dont-work-11654862400
GSK’s rebrand is inspired by the human immune system

Pharmaceutical company GSK has revealed a rebrand, as it refocuses its efforts in the area of “biopharma innovation”.

London-based consultancy Wolff Olins is behind the new look, which includes an updated logo, bespoke typeface, and motion assets.

The rebrand follows GSK’s announcement earlier this year that its consumer-facing products – which include Sensodyne and Panadol – will be housed under a separate brand entitled Haleon. In May, the British pharmaceutical company also changed its name from GlaxoSmithKline to simply GSK. “GSK is moving towards our most significant corporate change in 20 years with the demerger of our Consumer Healthcare business, Haleon,” says GSK CEO Emma Walmsley. “GSK will now be purely focused on biopharma innovation,” she adds, outlining ambitions for development in the health, science and technology sector.

In an attempt to meet GSK’s redefined goals, Wolff Olins looked to the imagery from the biosciences sector. Wolff Olins global executive creative director Emma Barratt explains that the hope was to embrace “extraordinary adaptability” in multiple forms – from the human immune system, to technological possibilities and GSK’s own staff.

This meant that the identity had to “retain a feeling of constant innovation” but also be balanced with a “need for warmth”, Barratt says. These include curved forms which “evoke the highly adaptable nature of the human immune system”; they can be seen on multiple touchpoints including staff apparel and printed materials.

Source: https://www.designweek.co.uk/issues/7-13-june-2022/gsk-rebrand/
Public Equity Offerings
Last week was the fifth week running without an biopharma IPO anywhere on the planet.
Last week saw $278 million in follow-on volume in the equity capital markets. This was a relatively weak showing.
DBV Completes $194 Million PIPE

DBV Technologies (Euronext: DBV – ISIN: FR0010417345 – Nasdaq Global Select Market: DBVT), a clinical-stage biopharmaceutical company, today announced an aggregate $194 million private investment in public equity (PIPE) financing (corresponding to €181 million on the basis of an exchange rate of $1.0739 = €1.00 published by the European Central Bank on June 8, 2022) from the sale of 32,855,669 ordinary shares, as well as pre-funded warrants to purchase up to 28,276,331 ordinary shares. The ordinary shares will be sold to the purchasers at a price per ordinary share of €3.00 (corresponding to $3.22), and the pre-funded warrants will be sold to the purchasers at a pre-funded price of €2.90 (corresponding to $3.11) per pre-funded warrant, which equals the per share price for the ordinary shares less the remaining €0.10 exercise price for each such pre-funded warrant. Gross proceeds from the PIPE financing total approximately $194 million (corresponding to €181 million), before deducting private placement expenses. The closing of the PIPE financing is subject to customary closing conditions and is expected to close on June 13, 2022.

Goldman Sachs Bank Europe SE and SVB Securities LLC acted as placement agents in the private placement.

Private Capital Markets Environment
We saw $1.8 billion in private venture equity placements completed last week. This was the strongest week since Altos announced in January.
Resilience Announces $625 Million Series D Financing to Expand Network, Bring Innovative Technologies to Biomanufacturing

SAN DIEGO--(BUSINESS WIRE)--National Resilience, Inc. (Resilience), a technology-focused biomanufacturing company dedicated to broadening access to complex medicines, today announced it has raised $625 million in a Series D financing, in addition to a previously unannounced $600 million Series C financing completed in August 2021.

The company will use the funding to continue to invest in building its infrastructure network through strategic collaborations, acquisitions, organic growth and international expansion, and by developing innovative biomanufacturing technologies to ensure the medicines of today and tomorrow can be made quickly, safely and at scale. Resilience is also investing in advanced R&D, including stable cell lines for viral vector production, distributed manufacturing for autologous cell therapy and cell-free and continuous manufacturing for biologics.

Resilience, which focuses on five therapeutic modalities – biologics, vaccines, nucleic acids and cell and gene therapies – currently has 10 facilities across North America, with more than 1 million square feet of manufacturing space and more than 1,600 employees. The company’s network, which is expected to add capacity and capabilities this year with projects underway at several existing sites, is agile enough to scale customer projects from process and analytical development through preclinical to large scale commercial drug substance and drug product manufacturing.

The latest up-round financing was led by new and existing investors, including venture capital funds, public mutual funds, pension funds, biopharma companies, sovereign wealth funds and private family offices, among others. In total, Resilience has secured more than $2 billion in equity financing since its founding in 2020.

“We have an ambitious goal to reinvent biomanufacturing by bringing new processes and technologies to an industry that hasn’t kept pace with the explosive innovation in drug discovery. While we recognize that our goal is neither quick nor easy, we are driven by our mission to democratize access to medicines. These new funds will help support our next phase of growth, as we continue to innovate biomanufacturing across all our modalities, expand our footprint to serve customers, sign strategic collaborations and support the developers of a new generation of complex medicines.”

Rahul Singvhi
CEO, National Resilience

Mineralys Therapeutics Closes $118 Million Oversubscribed Series B Financing to Advance the Development of Novel, Targeted Treatment for Hypertension

PHILADELPHIA, June 8, 2022/PRNewswire/ -- Mineralys Therapeutics, Inc., a private, clinical-stage biopharmaceutical company committed to developing a best-in-class, novel therapy for the treatment of hypertension, today announced the completion of an oversubscribed and upsized $118 million Series B financing.

Mineralys plans to use the proceeds to continue to advance MLS-101, a highly selective aldosterone synthase inhibitor. MLS-101 is currently being evaluated in a Phase 2 clinical trial, called Target-HTN, for patients with uncontrolled hypertension. The Company anticipates releasing the top-line results of Target-HTN later this year.

The round was led by RA Capital Management and Andera Partners. Additional new investors included RTW Investments, Rock Springs Capital, SR One Capital Management, Sectoral Asset Management, Ysios Capital, HealthCor Management and Boulder Ventures. Existing investors, including founding investment firm Catalys Pacific, Samsara Biocapital, HBM Healthcare Investments and Adams Street Partners also participated. As part of the Series B financing, Olivier Litzka, PhD, Partner, Andera Partners and Derek DiRocco, Partner, RA Capital Management will join the Mineralys Board of Directors.

“We are excited to have co-led this financing with Andera partners and look forward to helping Mineralys progress on the promise of MLS-101 for the treatment of hypertension,” said Derek DiRocco, Partner, RA Capital Management. “RA Capital shares Mineralys' commitment and belief in the need to bring important new treatments to address the burden and impact of hypertension.”

“MLS-101 has the potential to be a paradigm-shifting treatment by normalizing plasma aldosterone levels, selectively, without the untoward effects of blocking the mineralocorticoid receptor. This financing will allow us to further our clinical program to unlock the value of MLS-101. We are pleased to be joined by a strong, international group of investors who share our vision of creating a targeted approach to address the growing epidemic of abnormal aldosterone overproduction that is linked to uncontrolled hypertension and related cardiorenal disorders.”

Jon Congleton
CEO, Mineralys Therapeutics

Code Biotherapeutics Raises Upsized and Oversubscribed $75 Million in Series A Financing to Develop Therapies for Debilitating Genetic Diseases

GREATER PHILADELPHIA, Pa.--(BUSINESS WIRE)--Code Biotherapeutics, Inc. (Code Bio), a biotechnology company pioneering targeted non-viral delivery of genetic medicines, today announced its upsized and oversubscribed Series A financing of $75 million to advance programs to treat and cure rare and prevalent genetic diseases. Northpond Ventures led the financing round with participation from Amgen Ventures, Hatteras Venture Partners and UCB Ventures alongside existing investors New Enterprise Associates, 4BIO Capital, CureDuchenne Ventures, the JDRF T1D Fund, UPMC Enterprises, and Takeda Ventures. The funding enables the company to advance its two lead programs in DMD and T1D toward IND-enabling studies, expand its pipeline and platform applications, and expand its manufacturing and operations.

Code Bio’s 3DNA® platform has demonstrated the potential to deliver various genetic medicines to multiple cell types in a tissue-targeted, re-dosable manner, which enables its use across a broad range of genetic disorders. The 3DNA® platform is designed to fully unlock the potential of genetic medicines and overcome key limitations of other delivery approaches.

As part of the financing, Diana Bernstein, Ph.D., Vice President at Northpond Ventures, will join Code Bio’s board of directors.

"Code Bio’s targeted 3DNA® delivery platform is positioned to extend the utility of genetic medicines beyond what’s currently possible with viral gene delivery in support of the development of transformative therapies," said Dr. Bernstein. "The potential of this technology aligns with our purpose as a science-driven venture capital firm with a mission of supporting innovations that hold promise for patients suffering from serious and life-threatening diseases."

"We’re energized by the confidence these high-caliber, top-tier investors are demonstrating through their support as we drive our discovery programs forward and strive to rapidly deliver on the promise our proprietary synthetic DNA-based, non-viral genetic medicines delivery platform holds."

Brian McVeigh
CEO, Code Bio

Forbion raises $500M to back growing biotechs amid industry slump

June 10, 2022

“European venture capital firm Forbion on Thursday announced the initial close of a new 470 million euro, or about $500 million, fund meant to support the growth of later-stage biotech companies.

The fund, the second Forbion has raised since 2020, will invest in advanced companies, mostly in Europe, that are either nearing an initial public offering or are publicly traded and undervalued. It’s backed by a variety of institutional investors as well as pharmaceutical company Eli Lilly.

Forbion exceeded its original goal and expects to fully close the fund at $639 million during the summer. Its first growth fund topped out at $428 million.

Forbion’s new fund will provide a helping hand to the biotech sector at a time when startups have had trouble going public and many publicly traded companies are struggling to stay afloat.

The firm aims to make 15 Investments worth up to $74 million apiece. Forbion is specifically looking for European companies with “mature clinical development-stage assets,” according to a statement. The market for such investments is “large and remains significantly underserved,” Forbion co-founder and managing director Sander Slootweg added.”

What are the biotech investment themes that will shape the industry?

“The past three years have seen a boom in venture capital (VC) funding in the biotechnology sector. Our research shows that VC companies invested in 2,200 biotech start-ups worldwide in 2016; by 2021, that number had grown to 3,100. We also found that biotech companies raised more than $34 billion globally in 2021, more than doubling the 2020 total of $16 billion.

In the biotech sector, VC funding peaked in the first quarter of 2021 and has declined slightly since (Exhibit 1). Despite recent dips in the valuations of newly public companies and a slight decline in VC funding over the past four quarters, VC companies continue to plow money into biotech. The exuberance of these seasoned early-stage investors signals that they see the potential for significant breakthroughs in how drugs are discovered, targeted, and delivered. Start-ups with cutting-edge platform technologies—which constitute a base or infrastructure on which other therapies can be developed—have benefited the most.

McKinsey Study on Venture Capital (continued)

We analyzed VC and private-equity funding from seed to series C in privately held biotech companies with deal sizes greater than $10 million from 2019 to 2021. For historical context, we also analyzed seed and series A deals in 2017 and 2018. We categorized companies by their differentiating platform technologies; for biotech companies working in multiple therapeutic areas on various platforms, we categorized them first by platform and then by therapy type. Our analysis excluded medical products, research tools, and contract research and services companies.

Investment in next-generation biotech platforms

From 2019 to 2021, VC companies invested more than $52 billion in therapeutic-based biotech companies globally. Two-thirds of that went to start-ups with platform technologies (Exhibit 2).

VC investors appear focused on emerging technologies that can tailor treatments to individual patients and deliver them to the target site with great accuracy. Six platforms are generating significant investor excitement:

Cell therapy 2.0 can more precisely address diseased tissues or cells or address a wider range of disease (such as solid tumors).

Next-generation gene therapies can edit and modulate DNA and RNA and have the potential to cure genetic diseases.

Precision medicine can diagnose conditions earlier than other diagnostic tools can and tailor therapies to patients‘ specific genetic profiles.

Drug discovery enabled by machine learning (ML) can cut through vast swaths of data to speed the discovery and development of new drugs.

Strategies are being developed for “undruggable” targets, including hard-to-hit proteins and hard-to-treat diseases.

New delivery methods can send novel therapies to the entire affected tissue precisely and safely.

Six biotech platform technologies with transformative potential

In each biotech platform that has received investment interest, emerging tools have the potential to address challenges and push current technical boundaries (Exhibit 3).*

[ note – articles continues and runs for 10 page – link below]
Mergers and Acquisitions Environment

Last week saw very little M&A volume.

Biopharma M&A Volume Trend ($ million), Weekly, May 2020 to June 2022

Source: S&P, Capital IQ
Seattle biotech Kineta will go public in deal with neurosciences company Yumanity Therapeutics

**Geekwire – June 6, 2022** – Seattle biotech company Kineta is going public through a merger with Yumanity Therapeutics, a neurosciences company based in Boston. Yumanity will also sell part of its pipeline to Johnson & Johnson’s Janssen division for $26 million in a set of deals announced Monday.

The merged company will be called Kineta and will be led by the current Kineta management team, including Kineta CEO Shawn Iadonato and president Craig Philips.

Kineta’s existing shareholders are expected to hold 85% of the combined company.

At the close of the merger, the combined company also expects to raise additional financing through a PIPE (private investment in public equity). The undisclosed sum will provide Kineta with cash to fund operations into early 2024, said Iadonato in a call with investors Monday.

Yumanity’s stock closed at $1.99/share Monday, a 41% increase over the previous day’s close. The deals are expected to close at the end of 2022, subject to approval by shareholders.

Yumanity was founded in 2016 and went public in 2020 through a reverse merger with another company, cystic fibrosis biotech Proteostasis Therapeutics.

But this year, the FDA placed a partial clinical hold on Yumanity’s lead product candidate, which was being assessed for Parkinson’s disease. That candidate will transfer to Johnson & Johnson, along with other Yumanity discovery-stage neurosciences candidates being developed without a partner.

Yumanity is also developing treatments for amyotrophic lateral sclerosis and frontotemporal lobar dementia in partnership with Merck; that program will transfer to Kineta. Kineta will retain the scientists working on that program in a small lab in Boston, but the new merged company will remain based in Seattle, according to a Kineta spokesperson.

Signs point to biotech M&A heating up, Wells Fargo says. Here’s where to look

CNBC / June 9, 2022. The pace of biotech deals is likely to pick up, but investors should think about smaller targets, said Wells Fargo analyst Mohit Bansal.

The analyst called out both enticing valuations for small- and mid-cap biotech companies, which are now trading at an enterprise value of about one times cash, on average, and a tough regulatory environment for his view.

“Big BioPharma needs growth, and the 5 major US companies with the biggest need have $400B+ cash available from now to 2025, and revenue need of $65B+,” Bansal wrote in a research note Thursday, referring to Amgen, Bristol Myers Squibb, Gilead Sciences, Merck and Pfizer.

An upcoming workshop being hosted by the Federal Trade Commission and Department of Justice on Tuesday and Wednesday is likely to discourage big M&A deals, he said. Antitrust enforcement in the pharmaceutical industry will be a focal point at this event.

But Bansal expects smaller transactions of less than $20 billion could still happen. This has already been the case with Pfizer scooping up migraine drug maker Biohaven in May and Bristol Myers signing a deal to buy Turning Point Therapeutics last week to boost its oncology portfolio.

Past recessions have prompted other combinations in the sector like Pfizer’s acquisition of Wyeth, Merck’s tie-up with Schering-Plough and Roche’s purchase of Genentech, which all occurred in 2009, he said.

Adding to pressure is a dearth of IPOs and follow-on equity offerings this year that could prove to be another catalyst as some smaller biotechs will start to run short on cash later in 2022.

Bansal didn’t name any potential targets in his research note, but CNBC Pro reported Saturday that analysts have identified companies such as Vertex Pharmaceuticals, Seagen, Horizon Therapeutics, Incyte and Neurocrine Biosciences as potential targets.

Ares hands back control of company it seized from Novalpypina buyout fund

Financial Times, June 11, 2022

“Ares Management is to hand back control of a French drugmaker it seized from the crisis-hit €1bn private equity fund that owns spyware maker NSO Group, paving the way for a sale that could return cash to investors. The US private markets giant has reached a “mutually agreeable resolution” over Laboratoire XO with Berkeley Research Group, the US consultancy in charge of the €1bn fund, the pair told the Financial Times. It brings an end to one part of the turmoil surrounding the fund, which was raised by now-defunct buyout group Novalpina Capital and bought LXO in 2020. Ares took over LXO in May after refusing to extend a change-of-control waiver in relation to a €100mn loan it had made to the company through its credit business. That debt will be repaid with interest under the agreement. The fund has been embroiled in multiple court cases since a bitter dispute between Novalpina’s co-founders Stephen Peel, Stefan Kowski and Bastian Lueken led investors to eject the trio last year. They put BRG in charge with a mandate to wind the fund down and return their cash. LXO was the crown jewel of the Novalpina fund and its seizure was a blow to BRG. The fund owns two other companies: NSO Group, which is facing lawsuits from Meta and Apple and has been blacklisted by the US over its Pegasus hacking tool, and Olympic Entertainment Group, an eastern European casino business.

The agreement paves the way for BRG to ultimately sell the pharmaceutical company, which makes the hypertension drug Loxen. Stanley Capital Partners, a private equity firm that counts British Olympic rower Simon Cottle as a founding partner, has expressed interest in buying it, three people with knowledge of the matter said. Cottle is a friend of Stephen Peel, one of Novalpina’s ousted co-founders, three people close to the men said, though it was not clear whether they had spoken about the deal. BRG won injunctions against Ares in the UK and Luxembourg courts after Ares took control of LXO last month. The UK injunction temporarily stopped Ares from selling its shares in LXO. Taking the keys can be a last resort for direct lenders because — unless negotiated with the consent of an owner that no longer wants to be involved — it sometimes opens up the risk of litigation and threatens to hamper relations with the large institutions that private capital groups seek to tap for funds. In a joint statement BRG and Ares — which was LXO’s only lender — said the settlement was “a positive outcome for the company and all other parties involved”.

Source: https://www.ft.com/content/eff7b157-59db-4c25-a5a0-32284b916ab7
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