Creating Value Through Intelligent Borrowing
Part I: The Evolving Landscape of the Life Sciences Debt Market

November 2019
1. **Debt is lightly used by life science companies:**
   - The aggregate net debt to market ratio for life sciences companies is 8.4%
   - The overall debt to market ratio for publicly traded companies in the US and Europe is 32%. Debt usage is significantly less in the life sciences sector than in the remainder of the economy.
   - There are pros and cons to debt leverage, and timing and market insights impact when debt makes sense as part of a life science company’s capital structure.
   - The life sciences debt market is segmented into publicly issued bonds, bank debt, privately placed but liquid offerings and illiquid direct offerings where one or two institutions lend to an issuer with the intention of holding to maturity.
   - This latter type of offering which we call a direct private has been the biggest area of growth in the life sciences sector.

2. **The direct private debt market for life science companies has grown dramatically:**
   - The use of direct privates has risen consistently since 2013, when roughly 1.5 private direct debt deals were announced per month.
   - So far in 2019, we have seen more than 10 private direct deals announced per month, making 2019 an all-time record for the private direct debt market issuances in the life sciences.
   - Dollar volume in the market has grown, on average by 15.2% a year over the last six years.
   - The number of deals done outside the US is up over time.
   - Thus far in 2019, 16% of all direct private deal have involved European borrowers.

3. **As the value of debt is recognized, the landscape of borrowers is evolving:**
   - More life science companies are appreciating the ability to extend cash runways without diluting equity.
   - We find that while over 2/3 of borrowers are commercial stage, 2019 has also seen a record number of non-commercial companies access the direct debt markets.
   - Venture lending is becoming less common than it once was, especially in the world of biotech, where more than 75% of all direct loans are now made to publicly-traded companies rather than to private companies.
Usage of Debt in the Life Sciences
Leverage in the Life Science Sector is Modest Compared to the Rest of the Economy

Debt is used modestly in the life science industry, especially when compared to its sector-sibling, health care services, which is three times more leveraged.

**Economy-wide Comparison**

- The chart at left shows the ratio of total net debt* to market cap for the entire publicly-traded life sciences sector in the US and Europe as of October 2019.
- With an aggregate net debt to market cap ratio of 8.4%, the life sciences sector has one quarter of the leverage as the total economy (32% net debt / market cap).
- This pattern of underutilization is commonly related to the nature of the underlying cash flows (or lack thereof) and high R&D requirements for the majority of companies in the Life Sciences sector.

*Note: We define net debt as total debt less cash less short-term investments.

Source: S&P Capital IQ data from October 5, 2019, Torreya Calculations
Use of Debt Has Been Rising Over Time in the Life Sciences

In a comparison of balance sheets of public companies in the life science sector, Torreya has noticed that leverage has risen modestly over the last five years. In 2018, the life science industry accumulated $388 billion in cash & investments and $792 billion in debt in the US and Europe alone.

Total Debt and Cash in the Life Sciences Sector in US/Europe, 2014-2018 ($ Billions)

<table>
<thead>
<tr>
<th>Item</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; ST Investments</td>
<td>$350</td>
<td>$335</td>
<td>$364</td>
<td>$386</td>
<td>$388</td>
</tr>
<tr>
<td>Total Debt</td>
<td>$516</td>
<td>$655</td>
<td>$703</td>
<td>$759</td>
<td>$792</td>
</tr>
<tr>
<td>Aggregate Market Cap</td>
<td>$3,845</td>
<td>$3,868</td>
<td>$4,481</td>
<td>$4,934</td>
<td>$4,926</td>
</tr>
<tr>
<td>Net Debt / Market Cap</td>
<td>4.3%</td>
<td>8.3%</td>
<td>7.6%</td>
<td>7.5%</td>
<td>8.2%</td>
</tr>
</tbody>
</table>

Source: S&P Capital IQ data from October 5, 2019, Torreya Calculations
Capital Structures Differ by Stage of Development

Life science companies with EBITDA over $100 million have positive ratios of net debt to market cap across the board. In contrast, loss-making companies have negative net debt, on average. This is particularly true for biopharma companies where time to commercialization is the longest.

Aggregate Net Debt / Market Cap by EBITDA
Public Life Science Companies in US/Europe, October 2019

Note: The category “other” includes pharma services, life science tools and HCIT.

Source: S&P Capital IQ data from October 5, 2019, Torreya Calculations
Segmentation of the Life Sciences Debt Market
Debt Market Segmentation

Life Sciences Debt Market

**Short-Term Debt**
Due within a year

**Long-Term Debt**
Due in more than one year

Multiple Segments of the Debt Market

- **Bank Debt**
  Flexible revolving credit and term loans. Can be very inexpensive.

- **Commercial Paper**
  Available to highly rated large borrowers.

- **Direct Debt**
  Privately placed debt offered to one or two lenders. Includes venture debt. Rarely traded.

- **Liquid Privates**
  Liquid private debt that is syndicated into the market and tradeable. Aimed at credit funds.

- **Public Bonds**
  Bonds and notes offered to institutions. Can be fully registered or offered via 144a. Can be rated.
## Details on Debt Financing Alternatives

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Private Debt Alternatives</th>
<th>Public Debt Alternatives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bank Debt</td>
<td>Liquid Privates</td>
</tr>
<tr>
<td>Description</td>
<td>▪ Provided by commercial banks</td>
<td>▪ Debt from specialty lender or hedge fund</td>
</tr>
<tr>
<td></td>
<td>▪ Accompanied by significant covenants</td>
<td>▪ Typically syndicated via an investment bank or arranger</td>
</tr>
<tr>
<td></td>
<td>▪ Most senior debt</td>
<td>▪ Multi-tranche second lien bond + senior + a possible mezz piece (typically preferred)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Other possibilities are unitranche or &quot;senior stretch&quot;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Typically comes as a term loan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ May also be in the form of a revolving credit line</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ For syndicated bank loans can be offered in multiple tranches</td>
</tr>
<tr>
<td>Most common flavors</td>
<td>▪ Generally not traded</td>
<td>▪ This debt is often traded between funds</td>
</tr>
<tr>
<td></td>
<td>▪ But syndicated bank debt is increasingly traded over the counter</td>
<td>▪ Market makers are typically large investment banks</td>
</tr>
<tr>
<td>Tradeable?</td>
<td>▪ 3 to 8%</td>
<td>▪ 5% to 12%</td>
</tr>
<tr>
<td>Cost of Capital</td>
<td>▪ 3x to 7x LTM EBITDA; no credit rating required</td>
<td>▪ Venture backing or significant equity value. Cash flow helps.</td>
</tr>
<tr>
<td>Typical Requirements</td>
<td>▪ 1x LTM EBITDA</td>
<td>▪ 3x to 7x LTM EBITDA; no credit rating required</td>
</tr>
<tr>
<td>Maturity</td>
<td>▪ 1 to 7 years.</td>
<td>▪ 1 to 10 years</td>
</tr>
<tr>
<td>Collateral</td>
<td>▪ Secured by all assets</td>
<td>▪ Secured by all assets</td>
</tr>
<tr>
<td></td>
<td>▪ Can be secured on second lien</td>
<td></td>
</tr>
<tr>
<td>Speed of Execution</td>
<td>▪ 1 to 2 months</td>
<td>▪ 2 to 4 weeks</td>
</tr>
</tbody>
</table>
## Structure of Tradeable Private Debt

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Senior Debt / First Lien Bond</th>
<th>Second Lien Bond</th>
<th>Unitranche Alternative</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Flavor of This Product</strong></td>
<td>Senior tranche from bank, specialty lender or hedge fund</td>
<td>Multi-tranche second lien bond + senior + a possible mezz piece (typically preferred)</td>
<td>Hybrid loan structure that combines senior and subordinated debt into one bearing a blended interest rate. Simplifies documentation.</td>
</tr>
<tr>
<td><strong>Cost of Capital</strong></td>
<td>Net income dilution</td>
<td>Net income dilution</td>
<td>Net income dilution</td>
</tr>
<tr>
<td><strong>Dilution</strong></td>
<td>3 to 8%</td>
<td>10 to 15%</td>
<td>8 to 12%</td>
</tr>
<tr>
<td><strong>Accounting Treatment</strong></td>
<td>Debt</td>
<td>Debt</td>
<td>Debt</td>
</tr>
<tr>
<td><strong>Typical Requirements</strong></td>
<td>1x LTM/run-rate EBITDA</td>
<td>3x to 6x LTM/run-rate EBITDA; no credit rating required for bond issue</td>
<td>Up to 6x LTM/run-rate EBITDA</td>
</tr>
<tr>
<td><strong>Maturity</strong></td>
<td>1 to 7 years.</td>
<td>1 to 10 years.</td>
<td>3 to 10 years</td>
</tr>
<tr>
<td><strong>Collateral</strong></td>
<td>Secured by all assets</td>
<td>Secured by second lien on all assets</td>
<td>May be secured or unsecured</td>
</tr>
<tr>
<td><strong>Speed of Execution</strong></td>
<td>1 to 2 months</td>
<td>1 to 3 months</td>
<td>1 to 2 months</td>
</tr>
</tbody>
</table>
Illustrative Direct Loan Structure

Direct debt can serve as an alternative source of capital, allowing a borrower to preserve more equity ownership and lower overall cost of capital.

<table>
<thead>
<tr>
<th>Item</th>
<th>Terms</th>
<th>Additional Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Closing</td>
<td>Typically firm commitment</td>
<td>Sometimes syndicated, depending on lender due diligence</td>
</tr>
<tr>
<td>Maturity</td>
<td>30 - 60 months</td>
<td>Depends on credit analysis</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>8-13% (usually floating rate with a margin over LIBOR but sometimes a simple fixed rate)</td>
<td>All in cost of capital is typically a few points higher than the coupon rate</td>
</tr>
<tr>
<td>Interest-only Period</td>
<td>6 - 12 months</td>
<td>Not always available</td>
</tr>
<tr>
<td>Amortization</td>
<td>Equal monthly payments post interest-only period</td>
<td>Can be linked to bullet payment at end of term</td>
</tr>
<tr>
<td>Warrants</td>
<td>Used about a third of the time. 3 to 7% of loan value</td>
<td></td>
</tr>
<tr>
<td>Security</td>
<td>Perfected priority 1st lien on all assets</td>
<td>IP may be required as security or as springing security interest</td>
</tr>
<tr>
<td>Financial Covenants</td>
<td>May include minimum revenues as % of projections, limitation on further indebtedness and acquisitions</td>
<td>Can be constrictive to additional debt funding, but equity funding encouraged</td>
</tr>
<tr>
<td>Prepayment Penalty</td>
<td>Loan may be pre-paid at 105% of Principal plus accrued interest. Penalty declines over time.</td>
<td></td>
</tr>
<tr>
<td>Commitment Fee and Other</td>
<td>1.5 – 2.0% of total commitment</td>
<td>If no Facility Fee, investor may demand management fee, Term Loan closing fee</td>
</tr>
<tr>
<td>Funding Fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>End of Term Charge due at</td>
<td>2-3% of funded portion of Term Loan</td>
<td>These end of maturity fees are relatively uncommon</td>
</tr>
<tr>
<td>Maturity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>May require an equity financing or be tied to a specific deal. Very common that direct loans are tranch and related to specific events such as FDA approvals</td>
<td>Investors can impose a number of other requirements. A common alternative “flavor” is a mezzanine bond structure that includes royalty kickers or other means of enriching the lenders payoff given the risk taken</td>
</tr>
</tbody>
</table>

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### Illustrative Venture Debt Structure

Venture debt is provided to pre-commercial companies in the life sciences, usually in the presence of a venture capital provider. Sometimes, this debt is provided to public companies without a VC in place.

<table>
<thead>
<tr>
<th>Item</th>
<th>Terms</th>
<th>Additional Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Closing</td>
<td>Typically firm commitment</td>
<td>Sometimes syndicated, depending on lender due diligence</td>
</tr>
<tr>
<td>Maturity</td>
<td>30 - 42 months</td>
<td>Depends on credit analysis</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>10-15%</td>
<td>Can sometimes be bifurcated into cash pay and PIK</td>
</tr>
<tr>
<td>Interest-only Period</td>
<td>6 - 12 months</td>
<td>Not always available</td>
</tr>
<tr>
<td>Amortization</td>
<td>Equal monthly payments post interest-only period</td>
<td>Can be linked to bullet payment at end of term</td>
</tr>
<tr>
<td>Warrants</td>
<td>5-7% of Principal</td>
<td></td>
</tr>
<tr>
<td>Security</td>
<td>Perfected priority 1st lien on all assets</td>
<td>IP may be required as security or as springing security interest</td>
</tr>
<tr>
<td>Financial Covenants</td>
<td>May include minimum revenues as % of projections, limitation on further indebtedness and acquisitions</td>
<td>Can be constractive to additional debt funding, but equity funding encouraged</td>
</tr>
<tr>
<td>Prepayment Penalty</td>
<td>Loan may be pre-paid at 105% of Principal plus accrued interest. Penalty declines over time.</td>
<td></td>
</tr>
<tr>
<td>Commitment Fee and Other Funding Fees</td>
<td>1.5 – 2.0% of total commitment</td>
<td>If no Facility Fee, investor may demand management fee, Term Loan closing fee</td>
</tr>
<tr>
<td>End of Term Charge due at Maturity</td>
<td>4-5% of funded portion of Term Loan</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Banking relationship condition, equity financing etc.</td>
<td>Investor may impose additional conditions. If banking relationship already exists, preferential terms including lower cost of capital may be available</td>
</tr>
</tbody>
</table>
The Evolving Direct Life Sciences Debt Market
Life Science Private Direct Borrowers by Region

The directly placed private debt marketplace has broadened geographically over time. Europe now accounts for 16% of volume, up from 4% in 2013. Other countries including Australia, Canada and Israel account for little overall volume.

**Deal Count by Borrower Headquarters**

<table>
<thead>
<tr>
<th>Year</th>
<th>US</th>
<th>Other</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>69</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>2014</td>
<td>90</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>2015</td>
<td>84</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>2016</td>
<td>116</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>2017</td>
<td>102</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td>2018</td>
<td>112</td>
<td>2</td>
<td>22</td>
</tr>
<tr>
<td>2019</td>
<td>87</td>
<td>2</td>
<td>17</td>
</tr>
</tbody>
</table>

Life Sciences Borrowers by Segment

Specialty Pharma deals accounted for more than $11 billion in deal volume in our database. These companies are typically creditworthy, but require substantial sums at the time of product launch. The direct lending market has been highly active in this area.

Direct Private Life Sciences Debt Volume ($ Millions) by Segment, 2013-2019

- Biotechnology: $5,568
- Medical Device: $6,242
- Specialty Pharma: $11,152
- Diagnostics: $2,768
- Healthcare IT: $1,005
- Pharma Services: $1,145
- Generic Pharma: $3,162
- Pharma Services: $1,145

Source: Torreya Life Sciences Debt Database, Torreya Calculations
Borrowers by Industry Subsector

Specialty Pharma is 37% of the market volume but biotech and devices account for over half of the transactions. Biotech companies have the highest transaction count but the lowest average deal size at $27 million.

<table>
<thead>
<tr>
<th>Area</th>
<th>Item</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019 (a)</th>
<th>Total</th>
<th>Average Deal ($mm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biotechnology</td>
<td>Volume ($mm)</td>
<td>$400</td>
<td>$577</td>
<td>$399</td>
<td>$923</td>
<td>$715</td>
<td>$1,375</td>
<td>$1,558</td>
<td>$5,949</td>
<td>$27</td>
</tr>
<tr>
<td></td>
<td>Deal Count</td>
<td>20</td>
<td>33</td>
<td>20</td>
<td>36</td>
<td>33</td>
<td>36</td>
<td>39</td>
<td>217</td>
<td></td>
</tr>
<tr>
<td>Specialty Pharma</td>
<td>Volume ($mm)</td>
<td>$470</td>
<td>$1,195</td>
<td>$1,385</td>
<td>$1,937</td>
<td>$1,829</td>
<td>$2,898</td>
<td>$2,232</td>
<td>$11,946</td>
<td>$93</td>
</tr>
<tr>
<td></td>
<td>Deal Count</td>
<td>9</td>
<td>9</td>
<td>12</td>
<td>24</td>
<td>20</td>
<td>32</td>
<td>23</td>
<td>129</td>
<td></td>
</tr>
<tr>
<td>Generic Pharma</td>
<td>Volume ($mm)</td>
<td>$310</td>
<td>$282</td>
<td>$1,284</td>
<td>$337</td>
<td>$430</td>
<td>$435</td>
<td>$100</td>
<td>$3,177</td>
<td>$127</td>
</tr>
<tr>
<td></td>
<td>Deal Count</td>
<td>3</td>
<td>2</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Medical Devices</td>
<td>Volume ($mm)</td>
<td>$564</td>
<td>$407</td>
<td>$982</td>
<td>$974</td>
<td>$1,162</td>
<td>$1,294</td>
<td>$1,040</td>
<td>$6,423</td>
<td>$31</td>
</tr>
<tr>
<td></td>
<td>Deal Count</td>
<td>21</td>
<td>25</td>
<td>27</td>
<td>39</td>
<td>38</td>
<td>38</td>
<td>20</td>
<td>208</td>
<td></td>
</tr>
<tr>
<td>Diagnostics</td>
<td>Volume ($mm)</td>
<td>$177</td>
<td>$572</td>
<td>$526</td>
<td>$199</td>
<td>$422</td>
<td>$570</td>
<td>$402</td>
<td>$2,867</td>
<td>$38</td>
</tr>
<tr>
<td></td>
<td>Deal Count</td>
<td>9</td>
<td>17</td>
<td>16</td>
<td>5</td>
<td>9</td>
<td>11</td>
<td>9</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Volume ($mm)</td>
<td>$669</td>
<td>$378</td>
<td>$262</td>
<td>$617</td>
<td>$809</td>
<td>$613</td>
<td>$798</td>
<td>$4,146</td>
<td>$41</td>
</tr>
<tr>
<td></td>
<td>Deal Count</td>
<td>12</td>
<td>15</td>
<td>13</td>
<td>16</td>
<td>16</td>
<td>15</td>
<td>14</td>
<td>101</td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td>Volume ($mm)</td>
<td>$2,189</td>
<td>$2,834</td>
<td>$4,439</td>
<td>$4,063</td>
<td>$4,652</td>
<td>$5,810</td>
<td>$4,571</td>
<td>$34,909</td>
<td>$46</td>
</tr>
<tr>
<td></td>
<td>Deal Count</td>
<td>74</td>
<td>101</td>
<td>94</td>
<td>125</td>
<td>120</td>
<td>136</td>
<td>106</td>
<td>756</td>
<td></td>
</tr>
</tbody>
</table>

Notes: 2019 activity as of Oct 4, 2019. This was annualized for comparison purposes. The other segment includes animal health, OTC, healthcare IT and pharma services.

Source: Torreya Life Sciences Debt Database, Torreya Calculations
Torreya Capital Markets Team and Capabilities
Torreya’s Capital Markets Capabilities
Torreya Partners has fundraising capabilities across the capital structure and will support your company through the entire deal making process.

Where We Can Help:

**Private Equity**
- Development Funding
- Growth Capital
- Minority Recap
- Majority Buyout

**Structured Debt**
- Acquisition Financing
- Commercial Ramp / Launch Financing
- Recapitalizations

**Royalty Monetizations**
- Outright Royalty Sales
- Structured/Partial Sales
- Synthetic Royalty Creation

How We Can Help:

**Preparation**
- Review of licensing contracts
- Valuation analysis
- Management of third-party market reports
- Preparation of all marketing materials and Dataroom

**Marketing / Execution**
- Full intermediation and management of marketing and auction process
- Qualification and selection of potential buyers
- Management of the CDA execution
- Working with legal counsel on documentation

**Transaction Structuring**
- Initial analysis of alternative financing structures
- Analysis and advice regarding structural negotiation with buyers and buyers’ counsel
- Syndication with multiple bidders as necessary

**Process Management**
- Management of bid process letters, diligence collection, data room assembly, and unforeseen buyer concerns
- Coordination of multi-faceted deal team
- Deal closing logistics

**The Team**
- Tom Babich
  Head of Capital Markets, NY
- Anna A. Makki
  Managing Director, NY
- John Bradley
  Managing Director, NY
- Nicola Benatti
  Associate, NY
- Shane Moriarty
  Analyst, NY
Torreya Is a Leader in Arranging Non-Dilutive Financing in Healthcare

Selected transactions since 2015:

- **4WEB MEDICAL**
  - Growth financing with
  - SWK HOLDINGS
  - June 2019

- **Rubicon RESEARCH**
  - Majority recap by
  - GENERAL ATLANTIC
  - $125 million
  - April 2019

- **MUSTANG BIO**
  - Venture debt raise with
  - Horizon Technology Finance
  - $20 million
  - April 2019

- **saama**
  - Financing with
  - PERCEPTIVE ADVISORS
  - $40 million
  - March 2019

- **4WEB MEDICAL**
  - Term loan from
  - CRG
  - $70 million
  - January 2019

- **Tris PHARMA**
  - Debt recapitalization from
  - DEERFIELD
  - $125 million
  - September 2018

- **Hylands**
  - Term loan from
  - HAYFIN
  - $40 million
  - June 2018

- **ONXEO**
  - Partial royalty monetization with
  - SWK HOLDINGS
  - $7.5 million
  - June 2018

- **psivida corp**
  - Acquisition financing term loan
  - MidCap Financial
  - $20 million
  - January 2018

- **XOMA**
  - Sale of royalties to
  - HEALTHCARE Royalty Partners
  - Up to $22 million
  - December 2016

- **opiant**
  - Sale of royalties to
  - SWK HOLDINGS
  - $17.5 million
  - December 2016

- **SciDose**
  - Partial sale of royalty and milestones
  - HEALTHCARE Royalty Partners
  - $40 million
  - September 2016

- **Crown Laboratories, Inc.**
  - Debt financing from
  - HAYFIN
  - $20 million
  - September 2015

- **DEERFIELD**
  - Sale of royalties to
  - HEALTHCARE Royalty Partners
  - $17.5 million
  - December 2016

- **Healthcare Royalty Partners**
  - Royalty-backed financing facility for an undisclosed specific pharma company with
  - $100 million
  - February 2016
Closing Remarks

At Torreya, we are engaged in providing strategic advice to companies in the life sciences industry. Torreya has a five person capital markets team covering the life sciences debt marketplace including public bonds, bank debt, tradeable privates and direct privates. We have compiled internally a comprehensive debt database of directly placed debt issuances by life sciences companies in the US, Canada, Europe, Australia and Israel, and used this database to analyze trends in the debt market between 2013-2019. This report is the first in a four part series examining the current debt marketplace:

• Part I examines the usage of debt for life science companies
• Part II examines the rationale for using debt
• Part III addresses the lender landscape
• Part IV discusses term sheet structuring.

The analysis and remarks in this report were compiled by Torreya in the Fall of 2019. We have focused on ideas and trends that we observed in both our database analysis (described above) as well as our practice and conversation with our clients in recent years.

All opinions and forecasts are our own and may prove to be inaccurate. All errors and omissions are our own and the information in this report, particularly on private companies, may be inaccurate, dated or, at best, directional. All content in this report is subject to the disclaimer on the last page of the presentation.

Please contact the Torreya Capital Markets team if you have any questions or comments:

**Tom Babich**  
Head of Capital Markets  
tom.babich@torreya.com  
Cell: 1-646-919-5797  
Office: 1-212-257-5811

**Anna A. Makki**  
Managing Director, NY  
anna.makki@torreya.com  
Cell: 1-917-518-8604  
Office: 1-212-257-5825

**John Bradley**  
Managing Director, NY  
john Bradley@torreya.com  
Cell: 1-917-297-8699  
Office: 1-212-257-5805
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