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Novartis' \$12B Shortcut to RNA Delivery

Yale Mergers and Acquisitions Club
Fall 2025 Healthcare Report

I. Executive Summary

In October 2025, Novartis agreed to acquire Avidity Biosciences in an all-cash transaction at \$72.00 per share, valuing Avidity at approximately ~\$12B of fully diluted equity value and implying an enterprise value of approximately ~\$11B at the expected closing date. The offer represented roughly a 46% premium to Avidity's October 24, 2025 closing price. A key feature of the deal structure is focus: prior to closing, Avidity will separate its early-stage precision cardiology programs into SpinCo, leaving Novartis with the neuromuscular portfolio and the underlying Antibody-Oligonucleotide Conjugate (AOC) platform.

This is not a deal where the story is “three assets, three shots, hope for two hits.” The real thesis is sharper: Novartis is buying delivery. Avidity's Antibody-Oligonucleotide Conjugate (AOC) platform is engineered to solve a core problem in RNA therapeutics for neuromuscular disease: getting the payload into muscle reliably. Novartis is paying to secure a platform that can generate repeatable neuromuscular products, not just a single program.

To underwrite the transaction, we used an asset-level, pharma-native valuation approach rather than leaning on a corporate DCF or comparables alone. We modeled three independent assets (DM1, FSHD, and DMD exon 44) with epidemiology-driven revenue builds, probability-weighted cash flows, and rNPV discounting at Novartis's WACC of 6.5%. Our updated sum-of-the-parts rNPV totals approximately \$11.09B.

Publicly, the deal was framed at roughly ~\$11B of headline EV at expected close and about ~\$12B of fully diluted equity value. The fact that our asset-only rNPV lands in the same ballpark is the main takeaway. It gives us a useful sanity check that the consideration is directionally supportable on disciplined assumptions. The remaining gap could reflect things we did not explicitly model, like platform optionality, strategic preemption, or Novartis's ability to accelerate development timelines and scale commercialization versus a standalone biotech.

As the Healthcare group within the Yale M&A Club, our goal is not to reverse-engineer Novartis's internal valuation model down to the last dollar. Our goal is to take the public facts, do our own bottoms-up work, and form an independent view on what really matters for the deal over the long term. In that sense, the rNPV is here to anchor the price and frame the debate, but the memo is primarily about the qualitative underwriting and whether the strategic logic holds.

Even if the price is defensible, this is still a conviction bet. Novartis needs to turn Avidity's delivery capability into a repeatable pipeline engine, not just get one lead asset across the finish line.

II. Deal Contents

A. Overview and Transaction Structure

The acquisition is structured as an all-cash merger, providing immediate liquidity to Avidity shareholders while allowing us to integrate the AOC platform without the complexity of equity issuance. A critical structural detail is the pre-closing spin-out of Avidity's early-stage cardiology assets. This ensures the transaction perimeter is focused exclusively on the neuromuscular portfolio, where Novartis possesses the strongest commercial synergies. By utilizing cash on hand, we avoid the friction of new debt markets, shifting the focus from capital structure mechanics to the long-duration execution of the clinical pipeline.

B. Context

Rare neuromuscular diseases are structurally attractive markets when a therapy works: concentrated specialist prescriber base, high willingness-to-pay, low generic substitution risk in the near term, and sticky patient persistence for chronic therapies. The hard part is not demand creation, it's technological feasibility and clinical proof.

What made Avidity different (and therefore acquirable at scale) is the platform proposition. In RNA therapeutics, delivery is where good ideas go to die. You can have a perfect target and a theoretically elegant mechanism, but if you cannot deliver to the tissue, the drug is just a very expensive concept. Avidity's AOC architecture is designed to attach an oligonucleotide payload to an antibody that targets muscle, creating a repeatable delivery approach rather than a one-off engineering feat.

Once a platform starts to show credible human data, the strategic clock speeds up. At that point, the buyer is not simply weighing "is the drug worth it," but "what is the cost of being late" and "what happens if a competitor owns the platform." Those are inherently non-linear outcomes. This is why platform deals tend to be decisive and premium-priced once validation arrives. The winner gets the engine; everyone else gets to try to build one behind it.

C. Strategic Rationale

If we reduce the strategy to one sentence, it is this: Novartis is paying to own a delivery layer to muscle for RNA therapeutics. The three lead programs matter, but they are the proof, not the prize.

We should be clear about how we interpret this from a business perspective. Novartis can fund development at scale, run global trials, and commercialize rare disease products effectively. What it cannot easily manufacture in-house on demand is the “decade of platform iteration” that turns delivery into a predictable capability. Buying Avidity is a way to purchase accumulated learning. In platform-driven biotech, that accumulated learning often becomes the most valuable asset.

The second leg of the rationale is practical: the neuromuscular portfolio is positioned around large unmet needs with clear clinical endpoints, meaningful patient and advocacy engagement, and a clinical development pathway that Novartis has the infrastructure to run. A program like DM1 is particularly attractive because it offers both medical impact and commercial scale relative to many ultra-rare disorders. FSHD offers similar logic: meaningful patient burden, limited treatment options, and the potential for first-in-class therapy. The DMD exon 44 subset is smaller, but it is strategically relevant as a demonstration of delivery and mechanism within a highly watched disease area.

Finally, we interpret the price premium not only as a valuation premium, but as a time premium. If Novartis believes the platform is important, then waiting while Avidity runs additional studies or partners elsewhere is costly. In a space where scientific credibility compounds, being early matters. Paying now compresses timeline risk and reduces the probability that Novartis ends up in a bidding war later for the same technology at a higher price or worse terms.

II. Valuation

A. Methodology

Avidity is not a traditional operating business with stable revenue, EBITDA, and reinvestment rates. Its value is concentrated in discrete programs with binary risk. A corporate DCF would either (a) hide the real risk under one blended discount rate and one blended growth curve, or (b) become an elaborate fiction where we pretend early pipeline behaves like a mature business. That’s not how pharma actually underwrites pipeline acquisitions.

Instead, we modeled each drug as its own mini-business: patient funnel → pricing → ramp → operating cash flows → risk adjustment → present value.

Following our modeling guide, we did the following for each asset:

- Built a market using epidemiology rather than “TAM language.” We start with prevalence, then apply diagnosis and treatment rates to estimate the addressable pool.
- Assumed orphan-style annual pricing consistent with severe neuromuscular diseases.
- Modeled a multi-year ramp to peak adoption and a finite commercial life.
- Constructed a simplified commercial P&L where the key cash flow drivers are revenue, low COGS, and meaningful but manageable SG&A.
- Explicitly modeled Phase 3 trial costs as real cash outflows pre-launch.
- Applied probability of success to cash flows (risk adjustment), then discounted to present value.

The result is an rNPV that can be summed across assets, which is the appropriate structure for a platform biotech with multiple lead candidates. We adopt a sum-of-the-parts (SOTP) valuation framework, aggregating the individual rNPVs of the three lead programs to serve as a fundamental proxy for enterprise value in this clinical-stage context.

Our model calculates a 6.5% WACC using Novartis inputs: a 7.0% cost of equity, ~3.7% cost of debt, 12.5% tax rate, and a debt weight of ~13%. We used Novartis’s WACC because the cash flows we are valuing become Novartis cash flows post-close. The business will be financed and risk-managed within Novartis’s capital structure and diversified portfolio.

Using a “biotech WACC” would be directionally wrong for a strategic acquirer. A standalone biotech discount rate often tries to price both business risk and financing constraints into one number. Novartis does not face the same financing constraints, and it can diversify pipeline risk across a portfolio. In plain terms: the buyer is not paying with Avidity’s cost of capital; the buyer is paying with its own.

This does not mean the assets are low risk. It means we express clinical risk explicitly through probability-weighting rather than hiding it inside an inflated discount rate. That is both cleaner and more consistent with how pharma teams and boards evaluate pipeline acquisitions.

B. Key Modeling Assumptions and Results

To keep our analysis transparent, we summarize the key assumptions embedded in our asset models. We used a standardized commercialization scaffolding to isolate differences driven by prevalence, eligibility, pricing, and success probability.

DM1 is the primary value driver in our analysis. In our updated model, DM1 is assumed to launch in 2028, with treatable patients of 19,500 and a peak penetration trajectory that reaches 80% by year five of commercialization. At an annual price of \$0.25 million per patient, peak treated patients reach 15,600, implying peak revenue of approximately \$3.90B. Under a 66% probability of success (industry standard assumption for a stage 3 drug) and our standard cost assumptions (COGS at 2%, SG&A at 20% at peak, and taxes at 21%), the model generates substantial peak EBITDA and cash flow. The resulting DM1 rNPV is approximately \$7.35B.

FSHD is the second major value contributor and expands the neuromuscular thesis beyond a single anchor program. In our updated model, FSHD is assumed to launch in 2030, with treatable patients of 10,780. Peak treated patients reach approximately 7,546 at an annual price of \$0.30 million per patient, generating peak revenue of approximately \$2.26B. With a 66% probability of success, the resulting FSHD rNPV is approximately \$3.62B.

DMD exon 44 is smaller commercially in our base case but provides platform relevance and option value. In our updated model, DMD exon 44 launches in 2028, with treatable patients of 438.75 and peak treated patients of approximately 351. At an annual price of \$0.50 million per patient, peak revenue is approximately \$175.5M. Probability of success is modeled at 25% (industry standard assumption for a stage 2 drug), reflecting the higher uncertainty profile, and the resulting rNPV is approximately \$129M.

Summing across assets, our updated total rNPV is approximately \$11.09B. These values reflect our base-case, spreadsheet-driven view of the three programs. The approach is intentionally consistent across assets, with differences coming from patient pool size, eligibility, pricing, and market share assumptions.

C. Valuation Analysis

We anchor our valuation in a Sum-of-the-Parts (SOTP) framework, serving as the fundamental proxy for enterprise value. By aggregating the risk-adjusted Net Present Values (rNPV) of the lead neuromuscular programs, we derive a total intrinsic value of \$11,090.0 million. This figure is underpinned by a 6.5% WACC and industry-standard Probability of Success (PoS) benchmarks: 66% for Phase 3 assets (DM1 and FSHD) and 25% for Phase 2 (DMD44). This disciplined methodology ensures our underwriting reflects a risk-mitigated baseline of the pipeline's commercial potential, independent of transient market premiums.

D. Market Benchmarking

While our SOTP analysis remains the primary underwriting tool, we have benchmarked our valuation against a peer set of RNA and neuromuscular specialists, including Dyne, Sarepta, and Ionis. We find that traditional trading multiples, such as EV/EBITDA, are largely non-meaningful (N/M) for this cohort given their pre-commercial, R&D-intensive profiles. However, a review of precedent transactions in the space reveals a median Price-to-Sales multiple of 19.8x, suggesting that our intrinsic valuation is directionally aligned with recent strategic pharma M&A. Ultimately, these market data points serve as a supportive secondary check, confirming that our \$11.09 billion valuation sits comfortably within the range of sector norms without the volatility inherent in public market pricing.

III. Premium Rationale

Even with our rNPV landing close to implied EV, the market premium is meaningful and must be rationalized. The clean explanation is that rNPV is excellent at valuing what we can explicitly model, but it systematically understates what platform technologies can generate over time, especially when follow-on assets are undisclosed, unstaged, or not yet in the valuation window.

If Novartis believes Avidity's AOC platform can be reused across additional neuromuscular and adjacent indications, then the deal premium is not simply a premium for today's assets. It is an upfront payment for future pipeline that would otherwise take years to build. Paying now also reduces the probability that a competitor secures the platform, which can be strategically costly in a modality cycle.

In addition, Novartis likely believes it can accelerate development timelines, run larger and cleaner global trials, and commercialize more effectively than a standalone biotech. Those execution advantages increase expected value even if they are hard to quantify precisely in a conservative model.

IV. Risks

The risk stack here is real, and it is pretty concentrated. The biggest swing factor is still clinical risk. Neuromuscular diseases are hard to measure cleanly, and regulators are going to care most about durable functional outcomes and a solid safety profile. If DM1 misses, the valuation takes a meaningful hit because DM1 drives a large share of what we are underwriting.

Beyond that, there is concrete regulatory and CMC risk with a novel AOC modality. Manufacturing consistency at scale matters, and safety issues can show up late, even when early data looks encouraging. Commercial risk also exists, even in orphan indications. Uptake depends on diagnosis rates, specialist comfort, payer dynamics, and how the drug performs in the real world. Pricing power is strong, but it is not unlimited, especially as payers push harder for outcomes-based evidence.

Finally, integration risk is easy to underestimate in platform deals. What Novartis is really buying is not just IP, it is the people and the know-how behind the platform. If they lose key scientists or accidentally slow down the way Avidity iterates, the deal stops looking like a platform acquisition and starts looking like an expensive bet on one cycle of the pipeline.

V. Key takeaways

We view this acquisition as Novartis buying a strategic capability: differentiated muscle delivery for RNA therapeutics. On our updated underwriting, the transaction price is directionally defensible. Our sum-of-the-parts rNPV of approximately \$11.09B is broadly consistent with the deal's headline EV of roughly ~\$11B at expected close. It also provides a reasonable valuation anchor against the ~\$12B fully diluted equity value implied by the public \$72.00 per share consideration. The remaining step-up versus our explicit asset rNPV is plausibly explained by platform optionality we did not model, strategic preemption, and Novartis's execution advantages in development, regulatory, and commercialization.

The deal's success condition is not simply whether one program launches. It is whether Novartis can convert the AOC platform into an engine that produces repeatable neuromuscular products over time.

If DM1 executes and at least one additional program scales meaningfully, the premium will look prudent. If the platform fails to demonstrate repeatability or clinical outcomes disappoint, the acquisition will be remembered less as a platform deal and more as an expensive single-cycle pipeline bet.

Our conclusion is straightforward. Novartis is not paying ~\$12B to buy three isolated programs. They are paying to own a delivery capability, compress timelines, and secure a platform they believe can generate the next wave of neuromuscular medicines. That bet only works if Novartis operates like an owner of the platform, not just an acquirer of the pipeline.

| | | | | | | | | | | | | |
|----------------------|-------------|-------------|------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|
| | (100 | (100 | 380 | 961. | 144 | 192 | 240 | 240 | 240 | 240 | 240 | 240 |
| Unrisked FCF | .0) | .0) | .6 | 3 | 1.9 | 2.5 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 |
| | 100. | 100. | 66. | 66.0 | 66.0 | 66.0 | 66.0 | 66.0 | 66.0 | 66.0 | 66.0 | 66.0 |
| PoS (%) | 0% | 0% | 0% | % | % | % | % | % | % | % | % | % |
| Risk-adjusted | (100 | (100 | 251 | 634. | 951. | 126 | 158 | 158 | 158 | 158 | 158 | 158 |
| FCF | .0) | .0) | .2 | 4 | 7 | 8.9 | 6.1 | 6.1 | 6.1 | 6.1 | 6.1 | 6.1 |
| | 93.9 | 88.2 | 82. | 77.7 | 73.0 | 68.5 | 64.4 | 60.4 | 56.7 | 53.3 | 50.0 | 47.0 |
| Discount factor | % | % | 8% | % | % | % | % | % | % | % | % | % |
| | | | \$2 | | | | | | | | | |
| Present value | (\$9 | (\$8 | 08. | \$49 | \$69 | \$86 | \$1,0 | \$95 | \$89 | \$84 | \$79 | \$74 |
| | 3.9) | 8.2) | 0 | 3.2 | 4.6 | 9.6 | 20.7 | 8.4 | 9.9 | 5.0 | 3.4 | 5.0 |

| | |
|-------------------|------------|
| | 734 |
| DM1 SUM PV | 5.5 |

| Assumption | Base | Units |
|--------------------|------|--------------|
| | 600 | |
| US prevalence | 00 | Patients |
| Diagnosed (%) | 50 | % |
| Eligible for | | % of |
| treatment (%) | 65 | diagnosed |
| Annual price per | 0.2 | \$mm/patient |
| patient | 5 | t/year |
| Peak penetration | 80 | % of |
| (%) | % | diagnosed |
| COGS (% of | | |
| revenue) | 2 | % |
| SG&A (% of | | |
| revenue at peak) | 20 | % |
| Tax rate (%) | 21 | % |
| Probability of | | |
| success (PoS, %) | 66 | % |
| WACC (%) | 6.5 | % |
| Phase 3 total cost | 300 | \$mm |

Table 2: DMD44 rNPV

| | | | | | | | | | | | | |
|------------|---|---|---|---|---|---|---|---|---|----|----|----|
| Year Index | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|------------|---|---|---|---|---|---|---|---|---|----|----|----|

| | Lau | | | | | | | | | | | |
|---------------------------------|----------------|----------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Pre-Launch | | nch | | Ramp | | | Peak | | | | |
| | 202 6 | 202 7 | 202 8 | 202 9 | 203 0 | 203 2031 | 203 2 | 203 3 | 203 4 | 203 5 | 203 6 | 203 7 |
| Treatable patients | 439 | 439 | 439 | 439 | 439 | 439 | 439 | 439 | 439 | 439 | 439 | 439 |
| Penetration (%) | 0.0 | 0.0 | 16.0 | 32. | 48. | 64.0 | 80. | 80. | 80. | 80. | 80. | 80. |
| Treated patients | 0 | 0 | 70 | 140 | 211 | 281 | 351 | 351 | 351 | 351 | 351 | 351 |
| Annual price per patient (\$mm) | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Revenue | \$0.0 | \$0.0 | \$35.1 | \$70.2 | \$105.3 | \$140.4 | \$175.5 | \$175.5 | \$175.5 | \$175.5 | \$175.5 | \$175.5 |
| COGS (% of revenue) | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| COGS | 0 | 0 | 0.70 | 1.4 | 2.1 | 2.80 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 |
| SG&A (% of revenue) | 20.0 | 20.0 | 20.0 | 20. | 20. | 20.0 | 20. | 20. | 20. | 20. | 20. | 20. |
| SG&A | 0 | 0 | 7.02 | 14.04 | 21.06 | 28.08 | 35.1 | 35.1 | 35.1 | 35.1 | 35.1 | 35.1 |
| EBITDA | 0 | 0 | 27.3 | 54.78 | 82.54 | 109.82 | 136.136 | 136.136 | 136.136 | 136.136 | 136.136 | 136.136 |
| Taxes | 0.0 | 0.0 | 5.7 | 11.4 | 17.2 | 23.0 | 28.7 | 28.7 | 28.7 | 28.7 | 28.7 | 28.7 |
| R&D | 0.1 | 0.1 | 0.1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unlevered FCF | (\$0.1) | (\$0.1) | \$21.5 | \$43.3 | \$64.9 | \$86.5 | \$108.1 | \$108.1 | \$108.1 | \$108.1 | \$108.1 | \$108.1 |
| Unrisked FCF | (0.1) | (0.1) | 21.5 | 43.3 | 64.9 | 86.5 | 108.1 | 108.1 | 108.1 | 108.1 | 108.1 | 108.1 |
| PoS (%) | 100. | 100. | 25.0 | 25. | 25. | 25.0 | 25. | 25. | 25. | 25. | 25. | 25. |
| Risk-adjusted FCF | (0.1) | (0.1) | 5.4 | 10.8 | 16.2 | 21.6 | 27.7 | 27.7 | 27.7 | 27.7 | 27.7 | 27.7 |
| Discount factor | 93.9 | 88.2 | 82.8 | 77. | 73. | 68.5 | 64. | 60. | 56. | 53. | 50. | 47. |

| | | | | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | | 0.0 | 14.0 | 28.0 | 42.0 | 56.0 | 70.0 | 70.0 | 70.0 |
| Penetration (%) | 0.0% | 0.0% | 0.0% | % | % | % | % | % | % | % | % |
| | | | | | 1,50 | 3,01 | 4,52 | 6,03 | 7,54 | 7,54 | 7,54 |
| Treated patients | 0 | 0 | 0 | 0 | 9 | 8 | 8 | 7 | 6 | 6 | 6 |
| Annual price per patient (\$mm) | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| | | | | \$0. | \$452 | \$905 | \$1,3 | \$1,8 | \$2,2 | \$2,2 | \$2,2 |
| Revenue | \$0.0 | \$0.0 | \$0.0 | 0 | .8 | .5 | 58.3 | 11.0 | 63.8 | 63.8 | 63.8 |
| | | | | | | | | | | | |
| COGS (% of revenue) | 2.0% | 2.0% | 2.0% | % | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| | | | | | 9.05 | 18.1 | 27.1 | 36.2 | 45.2 | 45.2 | 45.2 |
| COGS | 0 | 0 | 0 | 0 | 52 | 104 | 656 | 208 | 76 | 76 | 76 |
| SG&A (% of revenue) | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| | | | | | 90.5 | 181. | 271. | 362. | 452. | 452. | 452. |
| SG&A | 0 | 0 | 0 | 0 | 52 | 104 | 656 | 208 | 76 | 76 | 76 |
| | | | | | 353. | 706. | 1059 | 1412 | 1765 | 1765 | 1765 |
| EBITDA | 0 | 0 | 0 | 0 | 1528 | 3056 | .458 | .611 | .764 | .764 | .764 |
| | | | | | | 148. | 222. | 296. | 370. | 370. | 370. |
| Taxes | 0.0 | 0.0 | 0.0 | 0.0 | 74.2 | 3 | 5 | 6 | 8 | 8 | 8 |
| R&D | 100 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (\$10 | (\$10 | (\$10 | \$0. | \$279 | \$558 | \$837 | \$1,1 | \$1,3 | \$1,3 | \$1,3 |
| Unlevered FCF | 0.0) | 0.0) | 0.0) | 0 | .0 | .0 | .0 | 16.0 | 95.0 | 95.0 | 95.0 |
| | | | | | | | | | | | |
| Unrisked FCF | (100 .0) | (100 .0) | (100 .0) | 0.0 | 279. | 558. | 837. | 1116 | 1395 | 1395 | 1395 |
| | | | | | 0 | 0 | 0 | .0 | .0 | .0 | .0 |
| PoS (%) | 100.0% | 100.0% | 100.0% | 100.0% | 66.0% | 66.0% | 66.0% | 66.0% | 66.0% | 66.0% | 66.0% |
| | | | | | 184. | 368. | 552. | 736. | 920. | 920. | 920. |
| Risk-adjusted FCF | (100 .0) | (100 .0) | (100 .0) | 0.0 | 1 | 3 | 4 | 5 | 7 | 7 | 7 |
| | | | | | 73.0 | 68.5 | 64.4 | 60.4 | 56.7 | 53.3 | 41.4 |
| Discount factor | 93.9% | 88.2% | 82.8% | 77.0% | 7% | 7% | 7% | 7% | 7% | 7% | 7% |
| | (\$93 | (\$88 | (\$82 | \$0. | \$134 | \$252 | \$355 | \$445 | \$522 | \$490 | \$381 |
| Present value | .9) | .2) | .8) | 0 | .4 | .4 | .5 | .0 | .3 | .5 | .2 |

361

FSHD SUM PV

5.5

| Assumption | Base | Units |
|---------------------------------|------|--------------------|
| | 2200 | |
| US prevalence | 0 | Patients |
| Diagnosed (%) | 70 | % |
| Eligible for treatment (%) | 70 | % of diagnosed |
| Annual price per patient | 0.3 | \$mm/patient/ye ar |
| Peak penetration (%) | 40 | % of diagnosed |
| COGS (% of revenue) | 2 | % |
| SG&A (% of revenue at peak) | 20 | % |
| Tax rate (%) | 21 | % |
| Probability of success (PoS, %) | 66 | % |
| WACC (%) | 6.5 | % |
| Phase 3 total cost | 300 | \$mm |

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Table 4: Sum of NPVs

| rNPV (mm) | |
|--------------|-----------------|
| DM1 | 7,345.5 |
| DMD4 | |
| 4 | 129.0 |
| FSHD | 3,615.5 |
| Total | 11,090.0 |

Table 5: Precedent Transactions

| Transactions | | | | | |
|--------------|--------------------------|-------------|-------------------|----------|-------|
| Date | Target | Value (\$M) | Buyer | EV/Sales | P/S |
| | | | | | N/M |
| 10/26/2025 | Avidity Biosciences | \$ 12,000 | Novartis | N/M | |
| 01/13/2025 | Intra-Cellular Therapies | \$ 14,600 | J&J | 24.3x | 24.3x |
| 07/09/2025 | Verona Pharma | \$ 10,000 | Merck | 35.1x | 35.1x |
| 06/02/2025 | Blueprint Medicines | \$ 9,500 | Sanofi BioMari | 19.8x | 19.8x |
| 12/19/2025 | Amicus Therapeutics | \$ 4,800 | n | 8.0x | 8.0x |
| 11/07/2025 | Metsera | \$ 10,000 | Pfizer | N/M | N/M |

| | | | | | | |
|------------|----------------------|----|-------|--------|------|------|
| 11/19/2025 | Cidara Therapeutics | \$ | 9,200 | Merck | N/M | N/M |
| 12/24/2025 | Dynavax Technologies | \$ | 2,200 | Sanofi | 8.8x | 8.8x |

| | |
|----------------|-------------|
| Average | 19.2 |
| | x |
| Median | 19.8 |
| | x |

Table 6: Comparable Companies

| Comparable Company Analysis | | | | | | | | | | |
|-----------------------------|--------|------------|------------------|----------|---------------|--------------|----------|-----------|-----|------|
| Company Name | Ticker | Price (\$) | Market Cap (\$M) | EV (\$M) | Revenue (\$M) | EBITDA (\$M) | EV/Sales | EV/EBITDA | P/E | P/S |
| Avidity Biosciences | RNA | \$72 | \$10,870 | \$9,040 | \$21 | N/M | 433.2x | N/M | 0x | 3.5x |
| Dyne Therapeutics | DYNE | \$20 | \$2,873 | \$1,822 | \$0 | N/M | N/M | N/M | 0x | N/M |
| Sarepta Therapeutics | SRPT | \$22 | \$2,389 | \$2,906 | \$2,413 | \$324 | 1.2x | 9.0x | 0x | 0x |
| Arrowhead Pharmaceuticals | ARWR | \$66 | \$9,188 | \$8,815 | \$829 | \$164 | 10.6x | 53.8x | 0x | 0.1x |
| Ionis Pharmaceuticals | IONS | \$79 | \$12,774 | \$13,042 | \$966 | N/M | 13.5x | N/M | 0x | 0.1x |
| Wave Life Sciences | WVE | \$17 | \$3,130 | \$2,954 | \$109 | N/M | 27.1x | N/M | 0x | 0.2x |

| | | |
|----------------|-------------|-------------|
| Average | 19.2 | 19.8 |
| | x | x |
| Median | 13.5 | 19.0 |
| | x | x |

Table 7: WACC

| Weighted Average Cost of Capital (WACC) | |
|---|-------------|
| Equity (mm) | 194,550 |
| Debt (mm) | 29,455 |
| Cost of Debt | 3.7% |
| Tax Rate | 12.5% |
| D/(D+E) | 13.1% |
| After Tax Cost of Debt | 3.3% |
| Risk Free Rate (10-Yr Treasury Yield) | 4.6% |
| Expected Market Return | 10.1% |
| Market Risk Premium | 5.5% |
| Levered Beta | 0.44 |
| E/(D+E) | 86.9% |
| Cost of Equity | 7.0% |
| WACC | 6.5% |