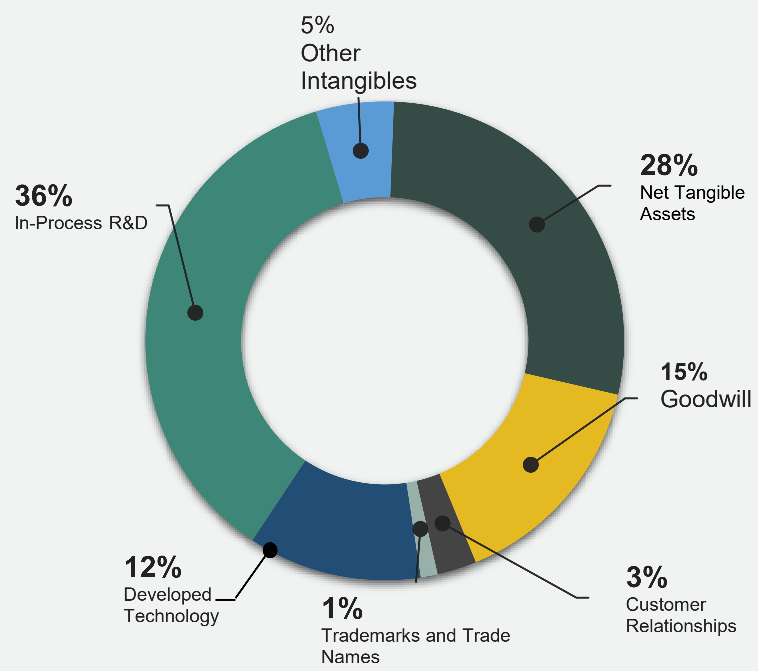
ankura | DATA STUDY

Purchase Price Allocations of Life Sciences Companies

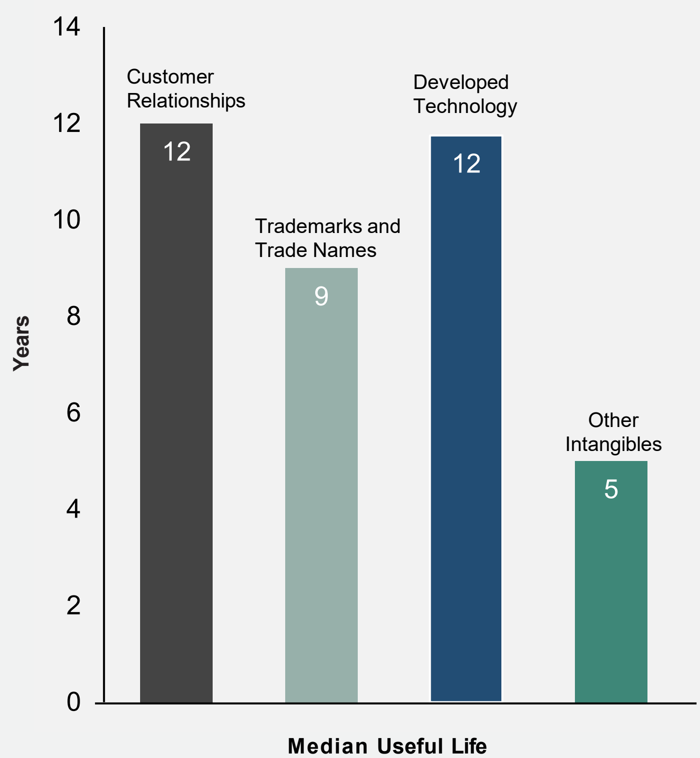
Ankura is pleased to present the findings of our analysis of the allocation of the purchase price for transactions involving Pharmaceutical, Biotechnology, and other Life Sciences companies during 2021 through 2025 by U.S.-based acquirers. Key takeaways are as follows:

Transactions Analyzed	Average Purchase Price Allocated To Goodwill	In-process R&D Had Higher Allocation Percentages Than Developed Technology	Number Of Transactions With Both Acquired IPR&D And Developed Technology And Average Purchase Price Allocation To Both
205	**15%**	**36% vs. 12%**	**15 and 49%**

Total Industry Purchase Price Allocations:
Proportion of Total Purchase Price

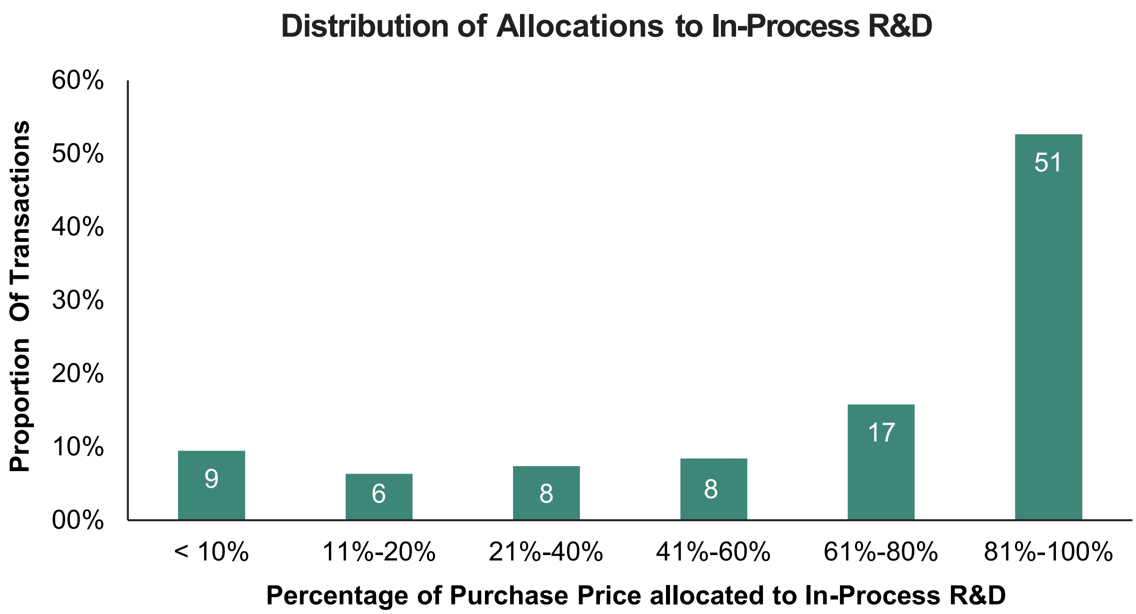


Range of Useful Life of Intangible Assets:
Median Useful Lives of Intangible Assets

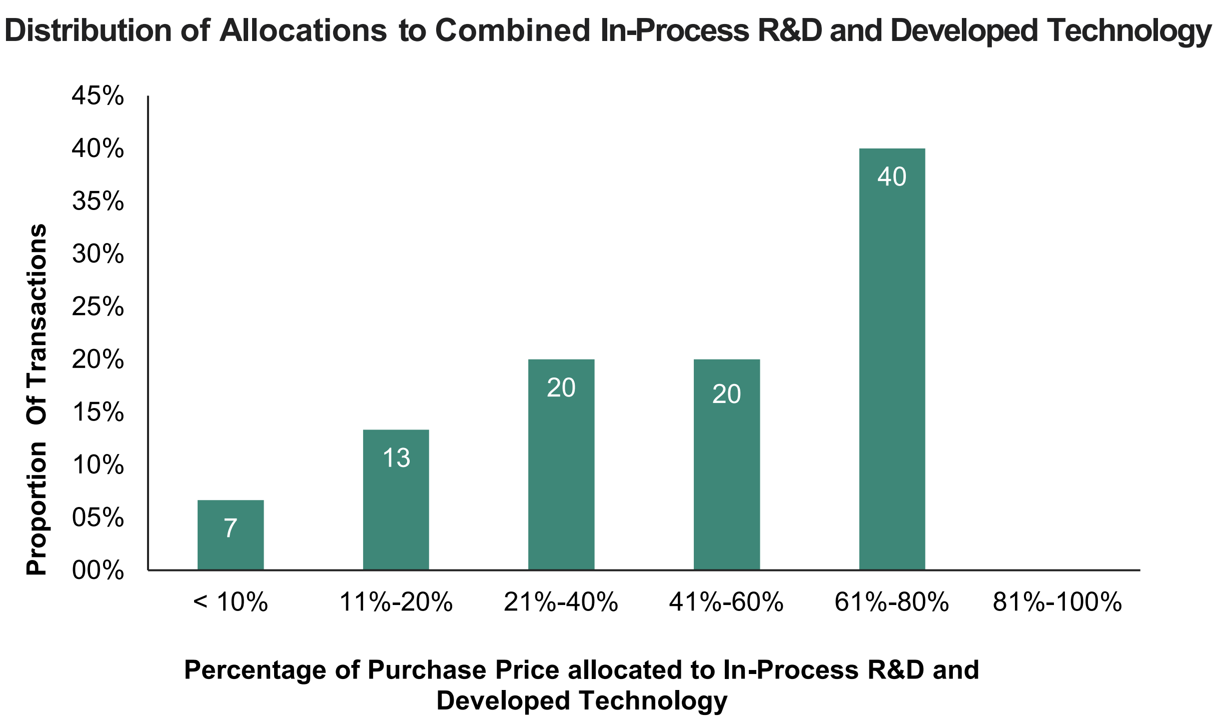


Source: Capital IQ

As noted below, for the period 2021 through 2025, nearly 68% of the transactions analyzed allocated between 61% to 100% of the purchase price to In-Process R&D, while 23% of the transactions allocated between 11% to 60% of the purchase price to In-Process R&D, and the remaining 9% of the transactions allocated less than 10% of the purchase price to In-Process R&D. Per accounting guidance, useful lives of In-Process R&D intangibles were classified as an indefinite-lived.

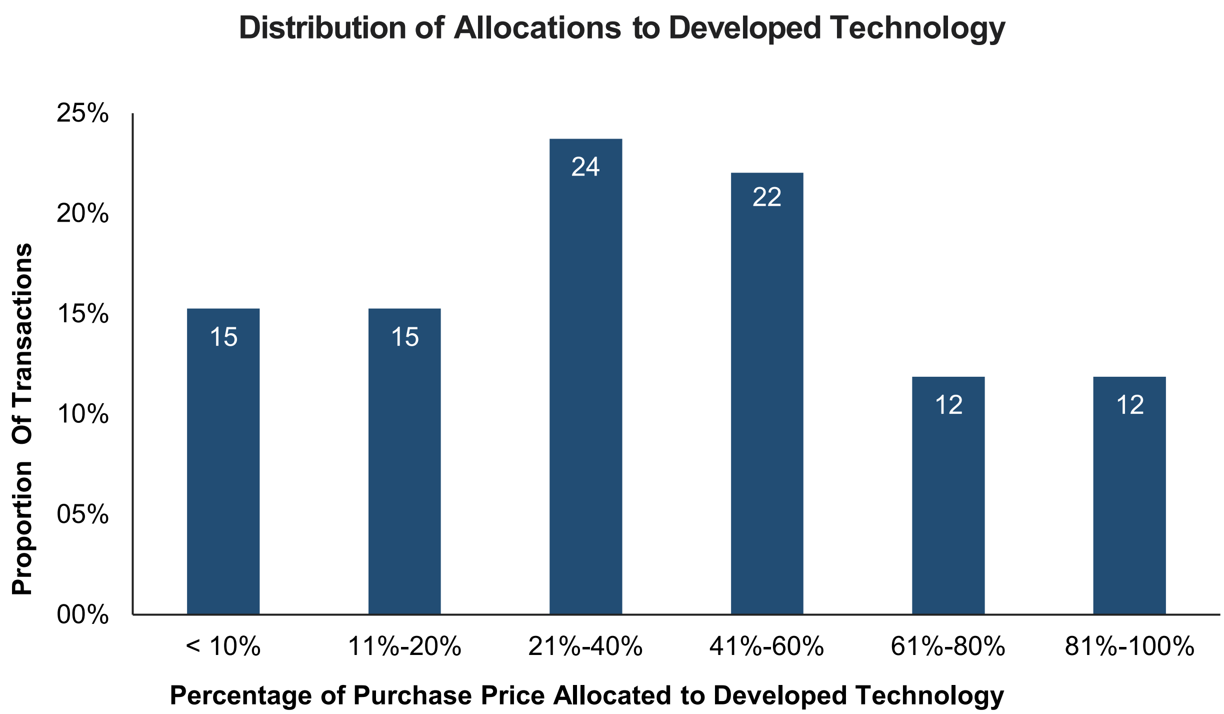


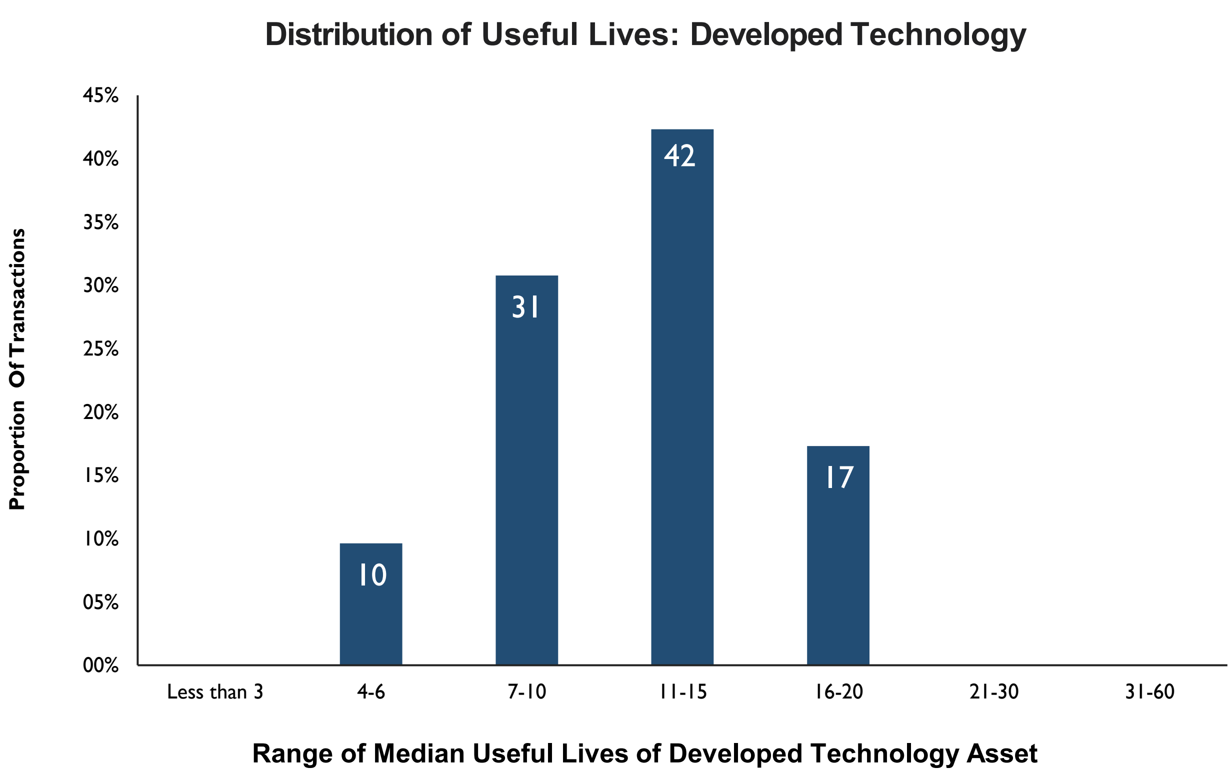
As noted below, for the period 2021 through 2025, where both In-Process R&D and Developed Technology were identified, nearly 40% of the transactions analyzed allocated between 61% to 100% of the purchase price to both assets combined, while 53% of the transactions allocated between 11% to 60% of the purchase price to both In-Process R&D and Developed Technology, and the remaining 7% of the transactions allocated less than 10% of the purchase price to In-Process R&D and Developed Technology combined.



Source: Capital IQ

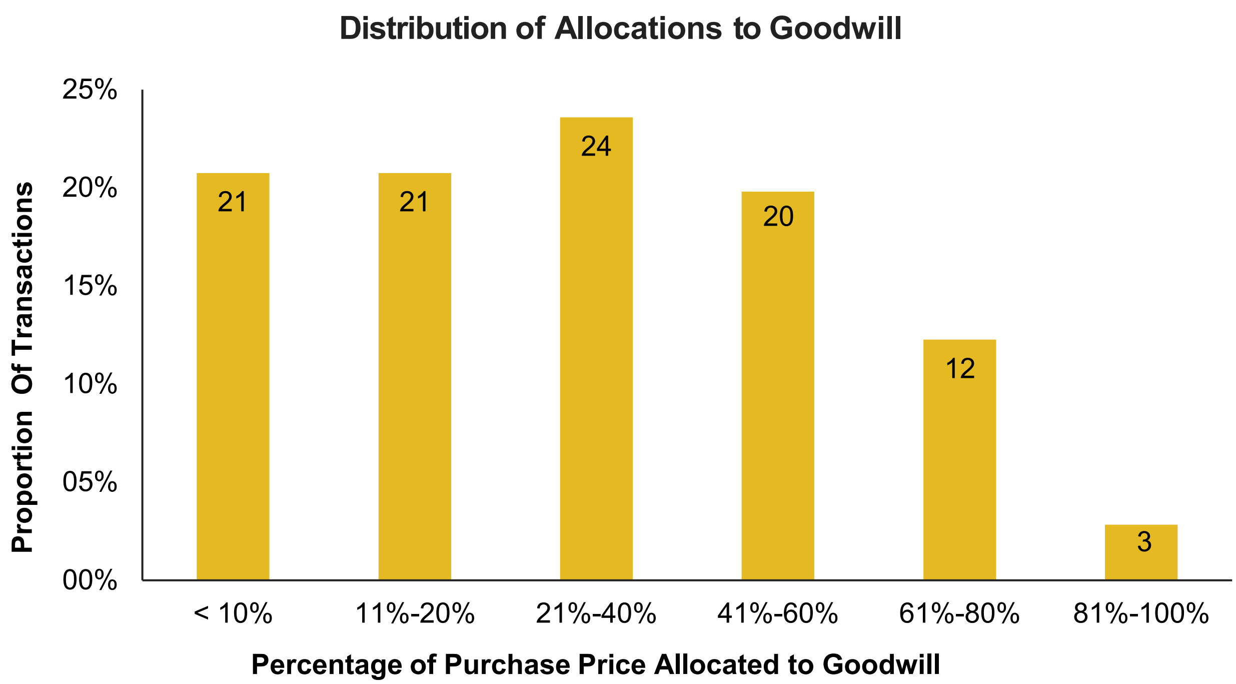
As noted below, for the period 2021 through 2025, 24% of the transactions analyzed allocated between 61% to 100% of the purchase price to Developed Technology, while 61% of the transactions allocated between 11% to 60% of the purchase price to Developed Technology, and the remaining 15% of the transactions allocated less than 10% of the purchase price to Developed Technology. Further, useful lives of Developed Technology intangibles ranged between 4-20 years, with most falling between 11-15 years.

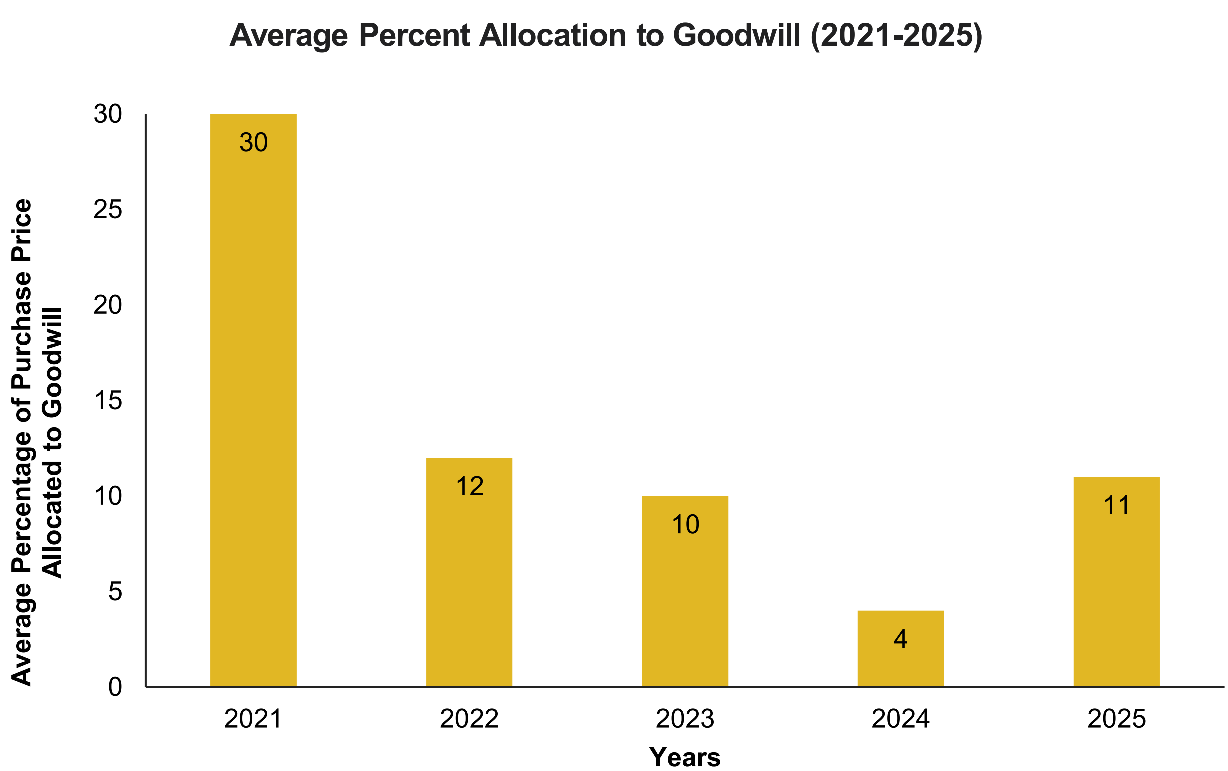




Source: Capital IQ

For the period 2021 through 2025, 15% of the transactions analyzed allocated between 61% to 100% of the purchase price to Goodwill, while 64% of the transactions allocated between 11% to 60% of the purchase price to Goodwill, and the remaining 21% of the transactions allocated less than 10% of the purchase price to Goodwill. Further, the average allocation to Goodwill has declined from 30% to 11% annually over the period 2021 through 2025.





Source: Capital IQ

Ankura also analyzed the transactions for individual fiscal years from 2021 till 2025 and observed results similar to consolidated fiscal years during 2021 through 2025. Below are the key takeaways based on the observed results for analyzed transactions for the individual years 2021, 2022, 2023, 2024, and 2025, respectively.

For the Year 2021

Transactions Analyzed	Average Purchase Price Allocated To Goodwill Was	In-process R&D Had Higher Allocation Percentages Than Developed Technology Had	Useful Life Of Developed Technology Intangibles
60	30%	34% vs. 10%	12 YEARS

For the Year 2022

Transactions Analyzed	Average Purchase Price Allocated To Goodwill Was	In-process R&D Had Higher Allocation Percentages Than Developed Technology Had	Useful Life Of Developed Technology Intangibles
41	12%	33% vs. 17%	10 YEARS

For the Year 2023

Transactions Analyzed	Average Purchase Price Allocated To Goodwill Was	In-process R&D Had Higher Allocation Percentages Than Developed Technology Had	Useful Life Of Developed Technology Intangibles
40	10%	26% vs. 9%	16 YEARS

For the Year 2024

Transactions Analyzed	Average Purchase Price Allocated To Goodwill Was	In-process R&D Had Higher Allocation Percentages Than Developed Technology Had	Useful Life Of Developed Technology Intangibles
43	04%	50% vs. 15%	10 YEARS

For the Year 2025

Transactions Analyzed	Average Purchase Price Allocated To Goodwill Was	In-process R&D Had Higher Allocation Percentages Than Developed Technology Had	Useful Life Of Developed Technology Intangibles
21	11%	40% vs. 6%	10 YEARS