

FOUNDERS ADVISORS

Pharma Services
Market Update

Q4 2025

FOUNDERS ADVISORS



I. Trends & Insights | *Macro Trends, Subsector Insights, & Voices from the Field*

II. Public Market Benchmarks | *Stock Performance, Valuation, & KPIs*

III. Market & Buyer Landscape | *Profiling Active Market Participants*

IV. M&A Activity | *Notable Recent Transactions*

V. About Us | *Founders Advisors Overview*

I. Trends & Insights: Macro Trends

Key Trend

Commentary

1

Strong Outsourcing Fundamentals

- The growing complexity, timeline, and costs of the drug development process are leading pharmaceutical companies to increasingly outsource key stages of their research, development, and manufacturing processes
- Pharma companies recognize the need to efficiently move through the development process in order to quickly monetize their products

2

Robust Investor Interest in Companies with a Range of Value-Added Capabilities

- Partners that are able to provide a “one stop shop” present the most value to pharma companies; within the research bucket, for example, those with capabilities across trial phases, therapeutic areas, and geographies present significant value to the pharma industry
- There is increased complexity in managing multiple outsourced vendors, so pharma companies are often preferring the most streamlined process to outsource critical parts of the research, development, and commercialization phases

3

Increasing Technology, Data Analytics, and AI Adoption

- Along similar lines to the strong outsourcing fundamentals, given the need to shorten research and development timelines, cut costs, and reduce failure rates, pharma companies are often turning to technology solutions, including AI adoption, to more efficiently and cost-effectively move through the research and development process

4

Positive Market Sentiment Evidenced by M&A Momentum

- Pharma tech and services companies continue to appeal to investors and fetch premium valuations in the market due to many of the trends referenced above and overall market tailwinds, including rising drug development costs and pharma companies’ strong appetite to outsource
- Traditionally provider-focused PE firms, wary of headline and regulatory risk, are turning towards pharma services investments and creating strong competition in the market for high quality assets

I. Trends & Insights: Trends by Subsector

Pharma Tech



Technology that aids in the research, development, and delivery of pharmaceutical products and services

Select Market Participants



Key Trends

- With the increase in remote work, many stakeholders throughout the research, development, and delivery process now utilize digital engagements, reporting, and monitoring
- The rise in value-based contracts with payors requires pharma companies to track outcomes through data capabilities, leading to an increase demand in technology solutions
- With the rise in R&D costs, pharma companies are turning to tech solutions to decrease costs and increase profitability

CROs



Outsourced research services to pharmaceutical companies during the drug discovery, pre-clinical, and clinical trial stages

Select Market Participants



Key Trends

- Pharma customers tend to have a sticky relationship with their CRO partners, with the largest pharma manufacturers often using only a limited number of CRO partners
- Capabilities across trial phases and geographies is a large differentiator
- Pharma companies of all sizes often find outsourcing beneficial due to the complexity, timeline, and costs of the research process

CDMOs



Outsourced development and manufacturing services to pharmaceutical companies during the clinical and commercial stages

Select Market Participants



Key Trends

- Similar to CRO outsourcing, large and small cap pharma companies utilize outsourcing, due to the high fixed costs of manufacturing and development and need to enter the market efficiently
- Those with end-to-end capabilities, such as discovery and commercialization, in addition to development and manufacturing, often attract large cap pharma companies, while those with higher touch services and offerings typically cater to smaller pharma customers

Commercialization



Solutions that involve commercializing products during the late clinical and post-approval phase

Select Market Participants



Key Trends

- Brand managers are increasingly turning towards outsourced commercialization, in order to efficiently move drugs out of the clinical trial phase and into the monetization phase
- Firms that have the data required to demonstrate return on investment are better able to differentiate themselves and retain and attract clients
- Demand for commercialization services continues to grow, as manufacturers are turning to specialized therapeutics with smaller patient populations

I. Trends & Insights: Voices from the Field

Company

Earnings Call Excerpts



“Booking trends for global biopharmaceutical clients remained healthy in the third quarter and were stable on both a sequential and year-over-year basis. We were encouraged by these overall booking trends...collectively, this reinforces our cautious optimism that booking activity for biotech clients will continue to improve.”

–James Foster, CEO (11/05/2025)



“...Despite recent improvements in biotech funding, the environment remains mixed regarding the timelines for conversion of opportunities to awards and contracts.”

–Barry Balfe, CEO (10/23/2025)



“...We are seeing a developing trend of large pharma clients increasingly looking to outsource commercial operations for established brands in specific markets. These tend to be large, multi-year engagements, typically spanning across therapies and geographies...”

–Ari Bousbib, CEO (10/28/2025)

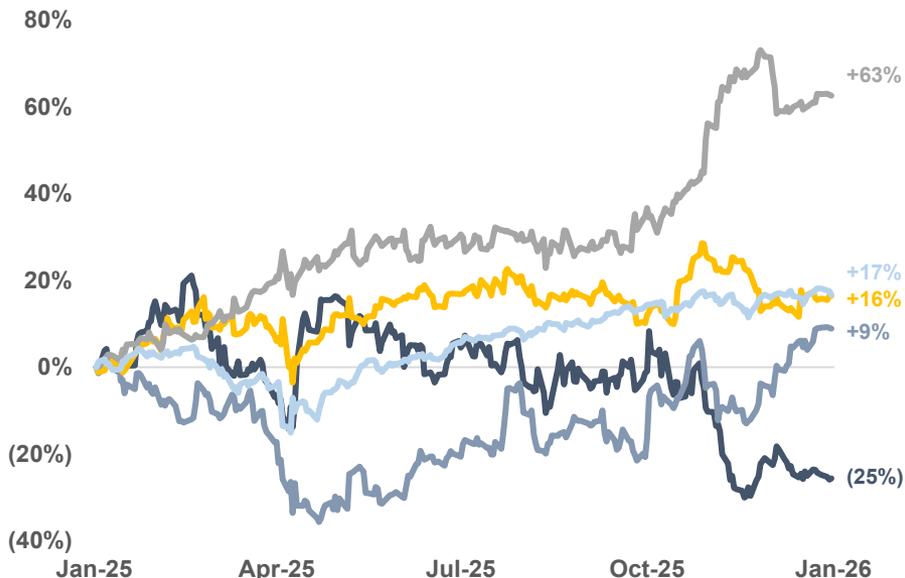


“Large pharma has clearly added clear visibility into pricing frameworks, biotech funding has improved modestly, and our clients have entered their budgeting cycles with more confidence. Proposal activity and conference engagement have both strengthened. That said, we believe uncertainty will persist in the overall environment in the near term.”

–Shawn O'Connor, CEO (12/01/2025)

II. Public Market Benchmarks: Stock Performance

Public Company Stock Performance (LTM)



Public Company Stock Performance (5 Years)



Pharma Tech CROs CDMOs Distributors S&P 500

Pharma Tech

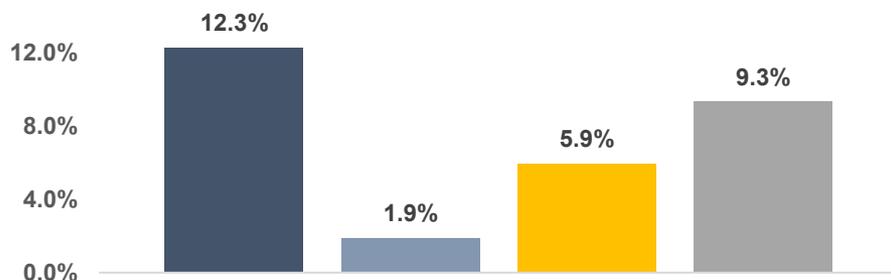
CROs

CDMOs

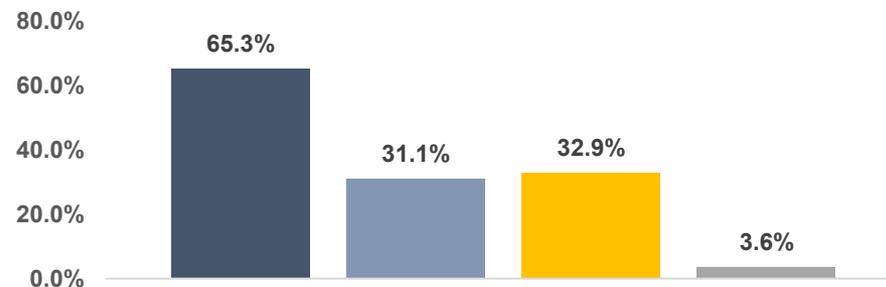
Distributors

II. Public Market Benchmarks: Valuation & KPIs

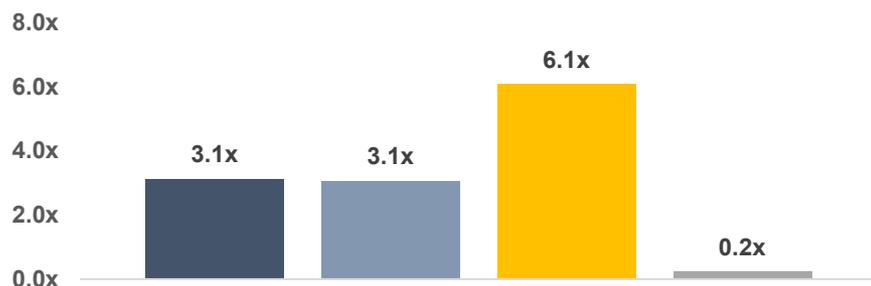
Median LTM Revenue Growth



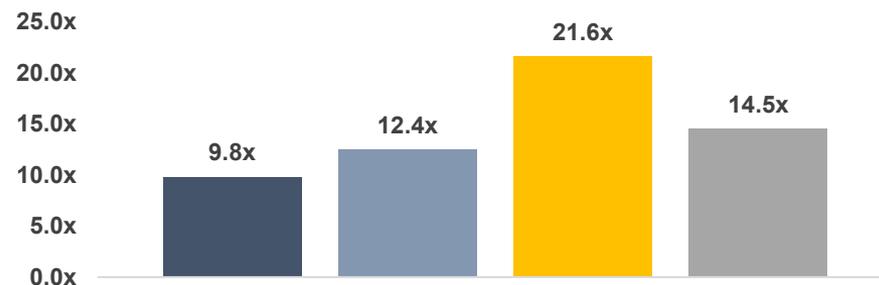
Median LTM EBITDA Margin



Median EV / LTM Revenue



Median EV / LTM EBITDA



Pharma Tech



CROs



CDMOs



Distributors



III. Market & Buyer Landscape: Market Map

Pharma Tech



Clinical Trials / CROs



CDMOs



Commercialization Services



III. Market & Buyer Landscape: Notable PE Investors

Arsenal Capital Partners

Portfolio Companies



FRAZIER HEALTHCARE PARTNERS

Portfolio Companies



LINDEN

Portfolio Companies



novo holdings

Portfolio Companies



WATER STREET

Portfolio Companies



WINDROSE HEALTH INVESTORS

Portfolio Companies



Exited

Source: PitchBook, Company Websites

IV. M&A Activity: Notable Recent Transactions

Select Pharma Services Transactions

Date	Target	Investor	Commentary
16-Dec-25			StellusRx, a tech-enabled, value-based pharmacy care management platform, was acquired by WindRose Health Investors.
08-Dec-25			Total Infusion Care, an infusion services provider, was acquired by BioMatrix Infusion Pharmacy, a portfolio company of Frazier Healthcare Partners.
21-Nov-25			SSI Strategy, a provider of medical, clinical, regulatory, safety, and organizational services during all phases of drug development, was acquired by Clinigen, a portfolio company of Triton.
14-Nov-25			Tarrytown Expocare Pharmacy, a long-term care pharmacy focused on the intellectual and developmental disability and behavioral health communities, was acquired by Carlyle.
07-Nov-25			Klick Group, the world's largest independent commercialization partner for life sciences, was acquired by Linden.
29-Oct-25			Clario, an endpoint data solutions provider for clinical trials, was acquired by Thermo Fisher Scientific.
06-Oct-25			Valkyrie Clinical Trials, a network of oncology-focused clinical research sites, was acquired by Flourish Research, a portfolio company of Genstar Capital.

V. About Us: Founders Healthcare Team

Healthcare Senior Leaders



Michael White | Managing Director, Head of Healthcare

Michael White is a Managing Director and the Head of Founders' Healthcare Practice. He has over 20 years of experience advising healthcare clients on a range of strategic alternatives, including IPOs, public and private equity and debt capital raises, joint ventures, licensings, and buy-side and sell-side mergers and acquisitions. Michael also served as CFO of Carbalyn Therapeutics, a specialty pharmaceutical company. Michael holds an MBA from the University of Chicago Booth School of Business and a Bachelor of Science in International Finance from the University of Alabama.



Thomas Dixon | Managing Director

Thomas Dixon is a Managing Director on the Healthcare team. Thomas joined Founders in 2024, bringing his diverse experience to the Firm, which includes serving as a development officer at four distinct, PE-backed healthcare platforms and as a Principal at one of the nation's largest healthcare consultancies. Thomas holds an MBA from the University of Minnesota and a B.B.A. in Marketing from the University of Oklahoma.

Select Recent Transactions



Healthcare Junior Team



Courtney Jones | Associate

Courtney joined Founders in 2024 as an Associate. Courtney's primary responsibilities include supporting principals in client service and execution of deals through industry research, preparing financial analyses and marketing materials, and facilitating due diligence. Prior to joining Founders, Courtney worked at Harris Williams as an Investment Banking Analyst in the healthcare division. Courtney received her Bachelor of Science in Accounting from Washington and Lee University.



Wells Watts | Analyst

Wells joined Founders in 2024 as an Analyst in the Healthcare Practice. Wells's primary responsibilities include supporting principals in client service and execution of deals through conducting industry and company research, preparing financial analyses, and facilitating due diligence. Wells graduated summa cum laude from Auburn University with a Bachelor of Science in Finance.



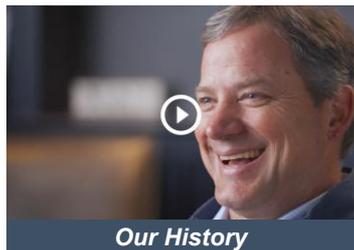
James Nichols | Analyst

James joined Founders in 2025 as an Analyst in the Healthcare Practice where his responsibilities include supporting principals in client service and execution of deals by conducting industry and company research, preparing financial analyses, and facilitating due diligence. James graduated from the University of Georgia with a B.B.A. in Finance.

V. About Us: Founders Advisors Overview

FIRM OVERVIEW

Founders is a mergers, acquisitions, and strategic advisory services firm that has served middle-market companies since 2003. With a nationwide footprint, we pride ourselves in employing a values based and highly personalized relational approach through our five industry-focused advisory teams. Today, Founders employs over 45 professionals and has offices in Birmingham, AL (headquarters), Dallas, TX, and Nashville, TN.



Our History



Our Culture



The Future of Our Firm

OUR WHEELHOUSE

The majority of our clients are founder-owned and operated companies across five industry groups that collaborate together. We listen to our clients and take the time to truly understand each client's unique situation and desired outcomes. Founders has been a trusted advisor to hundreds of middle market business owners, supporting their growth through tailored financing structures and ownership transition transactions

CAPABILITIES & FIRM HIGHLIGHTS



Sell-Side
Advisory



Strategic
Advisory



Capital
Raises



Targeted
Buyside



Spin-Offs /
Divestitures

\$55B+

Founders Managing
Directors' Transacted
Enterprise Value*

100+

Founders' Completed
Engagements
Since 2013

21%

Average Increase in
Initial Bid to Closing

Industries Covered

Business Services

Technology

Consumer

Healthcare

Industrials

PURPOSE

Be Servant Leaders who
value relationships and
results

FIRM VALUES

ORDER

Maintain focus on doing the right things at the right time

SERVICE

Go the extra mile for our clients, co-workers, & community

GROWTH

Reflect, evaluate, and plan for improvement

EXCELLENCE

All we do, we do well

HEALTH

Be and stay healthy, personally, and as a team

COMMUNITY

Be team-focused; we're better together

FOUNDERS

ADVISORS

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