Ipsen EVP and CBO Philippe Lopes-Fernandes on the company’s deal-making philosophy

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Speaking from Ipsen’s US headquarters in Cambridge, Massachusetts off the back of a whirlwind first 16 months as the firm’s Chief Business Officer, Philippe-Lopes Fernandes outlines his deal-making philosophy, how the iconic French mid-cap represents a reliable partner for innovative biotechs looking to establish a global reach for their programs, and why the seven deals that Ipsen has already secured under his watch are just the beginning.

What were your main motivations to join Ipsen as chief business officer 16 months ago?

I have worked in pharma for over 28 years across France, Portugal, Germany, Switzerland, and the US. Throughout my career, I have had a strong focus on making a real difference and building something tangible, whether in marketing, international finance, or deal-making/M&A roles.

When I was approached by Ipsen for my current position I was immediately interested. This is a hugely promising company with great potential and deeply committed to making a meaningful difference to patients’ lives in oncology, rare diseases and neuroscience. Ipsen is also a company on a transformational journey. Our new CEO David Loew has built a strong team and set a growth vision to take Ipsen forward. Therefore, I was attracted by both the company’s existing strengths as well as its potential transformation in the future.

What is the scope of your current role and what were the key items on your agenda list upon joining Ipsen?

My job is to oversee all Ipsen's partnering efforts and build a robust pipeline at all stages – pre-clinical, early clinical and late-stage – in close partnership with our R&D Head Howard Mayer.

When I joined Ipsen, my first four days were taken up with an important executive meeting. We re-thought our entire strategy for the following five years and how we wanted the company to evolve. This new strategy was presented to the Board in December 2020, which approved it. Since then, we have been working on the implementation of this clear growth roadmap. As part of it, we committed three billion euros until 2024 to boost collaborations with like-minded partners.

At Ipsen, we're really focusing on programs where we believe we can make a difference. Therefore, we focus our R&D efforts on accelerating our internal projects and on actively sourcing the right external assets. My team in Global Partnering and Howard Mayer's External Innovation team in R&D work hand in hand every day.

Our work in licensing and acquiring new programs is critical to building a solid pipeline and ensuring a strong future for Ipsen. This puts a lot of pressure on us and our teams. But I find it exciting and hugely motivating to have such a significant role in shaping the company moving forward.

More and more innovations (and indeed FDA approvals) are coming from biotechs as opposed to bigger companies. How are you navigating this shifting environment?

We are clearly seeing a shift from a big pharma dominated world to one with room for a much more diverse range of companies. Some small biotechs are now looking to bring their products all the way to market without selling up to a large pharma. Others are looking for the right partners to strengthen their projects and make them move more quickly.

However, the right partner for these biotechs is not necessarily one of the global giants, where their project would become just one of a portfolio of hundreds of compounds. These programs need focus and attention to reach their full potential and become treatment options for patients who need them most. This is where a company like Ipsen can be a very strong partner, bringing the right expertise, a global reach, and a greater focus on the programs that we in-license. Each and

every asset that we partner on becomes a priority to Ipsen within our pipeline.

As the representative of a European company sitting in the US, what do you see as the interplay between these two geographies for Ipsen?

Our roots are clearly in France. But Ipsen today is an international company with a global presence. If you look at our 2021 Q3 results, Ipsen delivered a strong 12.3 percent YTD growth. It also elevated its guidance for 2021 for a second time in a row to greater than 11 percent. We had nearly 730 million euros YTD revenues, with North America representing 31 percent of our sales, almost 32 percent coming from our top five European countries, 19 percent from other European countries and the remaining 18 percent from the rest of the world.

Therefore, we have the reach to maximize any product internationally. This is important because a focus on either the US or European market limits a program's potential for growth. Ipsen can reach 115 countries in total; the top 35 with a direct presence, and the rest via top quality distribution partners. However, we facilitate the international expansion of programs with a manageable size. We have the right number of people and a pragmatic and agile focus on the countries where these programs can have maximum impact.

Given the importance of M&A to Ipsen's innovation efforts, how well integrated is your team with the firm's R&D department and how does this influence the acquisition and partnering targets you identify?

There are three elements to a successful partnering approach. The first is to know who we are, where we come from, and what we do well. In our case, we are an international company with a very clear focus on oncology, rare diseases and neuroscience.

The second is to identify the right deals for us. Ipsen selects deals not just on how excited we are about the potential of the science, but whether it is truly the right deal for the company. Can we take this program, internalize it, and work with the partner to truly maximise its potential? Is it a good fit with our capabilities? The answers must be yes for us to proceed.

The third is to find out how to do these deals. Within the company, this means strong internal collaboration with the R&D team. Human biology is incredibly complex. So, we need robust internal links with R&D to define our innovation approach and make it a success. For example, I talk to our

R&D Head Howard Mayer every day and my team interacts with the R&D team almost every hour!

However, the beauty of deal-making is that it needs collaboration across the entire organisation. Obviously, R&D is a critical piece, but the commercial, marketing, medical, market access, manufacturing, HR, IT, legal, and finance teams also need to work together towards a common goal of deciding if a deal is right for Ipsen and how we want to do it. I have introduced a move away from cookie-cutter deal-making by looking at a project and deciding how we can make it a success by adjusting the deal structure to the situation.

The industry is increasingly searching for "technology platforms' rather than individual therapeutic drugs. And perhaps mRNA platform on which some of the COVID-19 vaccines has been based has only accentuated that trend. How does this plethora of new approaches influence Ipsen's deal-making?

Companies are increasingly talking about platforms. At Ipsen, we try to really connect with potential partners to understand the story behind their programs. Is it coming from a platform that they created internally? Did they in-license it or did they develop it with academia? We really want to understand how they created their team, what the background of its key players is, how they can complement the expertise that we bring, and what we can do for them.

We like platforms, but we really look at programs. Ipsen does not have a roadmap for a particular modality. Instead, we focus on choosing the deals, programs, and modalities that are right for the company at this stage. For example, we are not currently looking at deals in cell and gene therapy. However, in a couple of years, the story might be very different! Right now, we have a clear focus in oncology, rare diseases and neuroscience, which we will use to do deals that are right for us.

Does the fact that Ipsen does not have limitless deal-making funds (three billion euros) and three focus areas (oncology, rare diseases and neuroscience) help or constrain its strategy?

We believe that with three billion euros in our pockets, we have enough funding to build the robust and sustainable pipeline we need. Of course, we would prefer to have more money, but more does not necessarily equate to more success. Ipsen is going to have to be smart and approach things in the right way. Having a pot of three billion euros – with which a lot can be achieved – forces us to be strategic in our approach and think carefully about whether it makes sense to spend money on

a project. We must constantly ask of deals: can we really make a difference, and will it contribute to building a solid and balanced pipeline?

Pharma CEOs are increasingly bemoaning the high price of potential acquisitions. Do you think current valuations are too high and, if so, what can be done about it?

Some deals are too expensive. What we look at is not the price itself, but whether the price is right for the opportunity. When this is defined, we can then look at how to structure the deal in the best way. We have the possibility to do all types of deals and have done so, conducting M&A, partnerships, and strategic alliances in many shapes and forms.

Moving forward, we are going to continue to use the full toolbox to deliver the right deals. At the end of the day, the right deal is going to be the one where, independent of whether it is M&A or in-licensing, it makes sense for both parties in the way it is structured based on the challenge that is at stake.

Signing a deal is just the beginning of a collaboration that sometimes lasts just a few years, but often lasts for 10, 15, or 20 years. We need to make sure that what we have started has the best chance of being successful. When you look at it in the frame of delivering mid-term and long-term value, suddenly you look at the deal in a different way. We do that by having very open and transparent discussions with the partners to say how we can put our strengths together and deliver this mid- and long-term value.

Since the new team has been in place, Ipsen has been on a deal-making spree with seven different deals struck (IRLAB and Boston Children's Hospital in neuroscience; BAKX, Accent Therapeutics and Queen's University Belfast in oncology; Exicure and Genfit in rare diseases), some of which are pre-clinical and others are at a clinical stage. What is the rationale behind these deals' selection and how will they come to enrich the group's overall strategy?

Our roadmap is to create a pipeline that is balanced in terms of stages of development (early-, mid- and late-stage), risk, and therapeutic areas and we are reviewing deals across all stages daily. The deals you mentioned all fit in the building of this balanced pipeline. They are all with companies where we felt that Ipsen was the right partner to make a difference and bring them to success.

As part of the exclusive long-term partnership with GENFIT, we are advancing research for a late-stage, first-in-class PPAR alpha and delta agonist elafibranor. This is being evaluated in a global

Phase III trial for people living with primary biliary cholangitis, with topline data expected early 2023.

For IRLAB, we really liked the indication and thought that their data was very interesting. Phase IIb data will be read out in 2022, and we are very optimistic in being able to deliver something strong. Then, we will move into Phase III trials together and eventually will bring the product to market for people living with Parkinson's disease and experiencing levodopa induced dyskinesias.

BAKX, Exicure, Accent, Queen's University Belfast and Boston Children's Hospital, on the other hand, are early-stage programs. For all of them, there are solid reasons to believe that their approaches are interesting and that they can become clinical and commercial programs. There is still a lot of work to be done to ensure this transition; human biology and moving from cell to human is always complex. Nevertheless, I am immensely proud of all these deals and the strength they have added to our pipeline, particularly in the pre-clinical stage.

The exclusive worldwide partnership with BAKX Therapeutics strengthens our pre-clinical oncology pipeline with novel therapeutics (BKX-001) targeted to the BCL-2 associated protein (BAX), an effector of apoptosis (cell death). For people living with leukaemia, lymphoma, and solid tumours, this could bring additional innovative treatment options.

To further explore cancer therapies based on innovative research in apoptosis, we have also secured a partnership with Queen's University Belfast for rights to a pre-clinical stage, first-in-class FLIP inhibitor program.

Through the exclusive worldwide collaboration with Exicure, we are targeting Spherical Nucleic Acids (SNAs™). There are two programs currently under discovery evaluation, one for Huntington's disease and one for Angelman syndrome. Both of them reinforce our commitment to patients and physicians in rare neurodegenerative disorders.

Our exclusive worldwide partnership with Accent Therapeutics on RNA modifying protein METTL3, strengthens Ipsen's expansion into hematological malignancies, with a focus on acute myeloid leukemia.

We are also reinforcing our innovation efforts with academic partnerships for example with Boston Children's Hospital on an innovative neurotoxin.

Looking to the future, we are going to continue adding in further partnerships. My team is looking at Phase I and II programs as well as Phase III and commercial programs to continue strengthening the pipeline. This is just the beginning.

Although NASDAQ-listed, IRLAB is a Swedish company; do you feel that there is more reasonable cost/value ratio to be gained from investing in European science compared to that in the US?

While there are very interesting scientific programs that are developed in Europe and there tends to be a good translation from the science to the pre-clinical and clinical stages, companies need to quickly adopt a global approach to maximise their programs. This is where a partner like Ipsen can help. Many biotech companies in the US begin by ignoring the rest of the world with the intention that, at some point, a partner will come on board to take care of these other markets. This is not feasible in Europe; companies there need to rapidly look to the US, China, and Japan, for which a global partner is often necessary.

European science is not necessarily cheaper, but some companies – especially those on NASDAQ – are over-valued. CEOs of European companies know very well that they are acting in a global market and will look for the right price for their alliance.

What has your approach to these deals been in terms of geographic coverage and scope? Biotechs often want to retain rights in certain key geographies…

We generally prefer global rights. The US market clearly has a lot of value, but the world is a small family these days. Actions in the US influence Europe. Actions in China influence the US, and so on. Therefore, having a consistent and coordinated approach across all these geographies is important and allows for the maximisation of all programs' potential.

To balance this strategic intent with the desire of an innovative biotech to keep some rights in the US, for example, requires a lot of discussion. However, the truth is that looking at the world as one big market is crucial.

With seven deals in the bag, five in pre-clinical, one in Phase II and one in Phase III, what are you now looking for in terms of deal-making in the coming months?

We are going to continue to focus on adding on across all stages of development and in oncology, rare diseases and neuroscience. My team is very happy to have scored these deals in such a short window of time. This is a huge change from the previous strike rate of one or two deals per year,

but this is only the beginning. We are not making deals for the sake of it or simply to make the numbers bigger, but to continue building a solid pipeline with several projects across all stages of development, with good paths to market for many products.

Therefore, we need to do much more and we need to do it now. This is why I transformed the way Ipsen was doing partnering to make sure that, together with Howard and the rest of the R&D organization as well as with other key functions, the entire company was pulling in the same direction.

Small biotechs have legitimate concerns about the bureaucracy involved in partnering with Big Pharma. How do you ensure that Ipsen's culture is a good fit for potential acquisition targets or partners?

The beauty of Ipsen is that we are *not* big pharma. We are the right-sized pharma, with only 5,700 global employees and with strong results. We can address different markets, have multiple programs in development, and deliver in the right way. However, we do not have enough people or time to get stuck in bureaucracy.

We have many discussions with biotech and pharma company representatives, who quickly see that we have an ambitious goal for the company's future transformation as well as passionate people who can drive forward our partners' programs.

These past couple of years of the COVID-19 pandemic have been very strange for the whole world, but pharma companies – including Ipsen – have managed to continue striking deals remotely. However, we were always keen to return to face-to-face interaction as soon as possible so that our teams could get to know each other and engage with one another more deeply. As I mentioned earlier, signing a deal is the first step of a long collaboration, so we put a lot of work in to ensure that the cultural fit is right.

Several biotech leaders have backed out of deals because the connection with the potential acquirer was simply not good, meaning that the human component an is important element. What are your thoughts?

Any executive working in a small biotech will tell you that they put tremendous effort into their work and lived through both soaring highs and crushing lows. Good results one week could be

followed by bad results, leaving them unsure of how to proceed their program or finance their future development.

This is why when Ipsen partners with a biotech we look not just to the data they have generated, but we also want to understand what they have been through, how they got there, and the pitfalls they have overcome. There will always be issues, but Ipsen is a true partner through both the highs and the lows and has a level of persistence that is unique in our industry.

In the heavily regulated field of pharma and biopharma, is there still scope for creativity in terms of conducting and structuring deal-making?

Although pharma is a very complex and highly regulated world, there is definitely room for creativity. Over the past five to ten years, the pace of innovation has increased tremendously. Things that were previously science fiction are now a reality. This will only increase over the next few years, with more innovations coming online and solving big issues for patients around the world.

However, the way we address innovation also needs to evolve. More companies, as well as regulatory agencies, are adjusting to that. The FDA and EMA, for example, have changed their approaches and now allow for faster approvals when they see good data, which is terrific in terms of bringing the right innovation to patients in the fastest and safest way possible. When we do deals, there needs to be a reflection not just on the deal structure, but also the governance, asking how these can allow for the agility and creativity that the program deserves.

Given the increasing importance of health equity and diversity today, how do these issues play into Ipsen's partnering and deal-making efforts?

The world is defined turning in that direction. On the question of population diversity, there are two important elements to consider. The first is diversity of population; having a population made up of different ethnicities. However, there is also diversity *within* populations. We are increasingly looking at very targeted programs that no longer address a broad indication, for example like lung cancer, but rather a specific mutation within it. Sometimes this specific mutation is split by ethnicity, sometimes it is not. These targeted therapies are going to solve patients' diseases in a much better way, not just in terms of efficacy but also the safety that the patient deserves. This represents a huge evolution in the pharmaceutical approach, but also means that designing the

right studies and taking the right approach for a global patient population is becoming much more complex.

What about diversity on the boards of the companies you do deals with? Is that something you consider?

It is, primarily because, in a complex world, diversity brings more solutions. If you only have people that give you the answer that you expect, you are going to miss some critical pieces of information due to not being challenged correctly. This is especially relevant in pharma, given the complexity of human biology. Very often, we need to make decisions based on less than 50 percent of the information we would like. This is done by putting our heads together in the executive team along with the right experts and saying, based on our expertise and analysis, whether a program is the right one to address this issue for patients. Having diversity in the room, not just of ethnicity or of gender, but also of academic and career background is extremely helpful and a great asset. While diversity is somewhat of a buzzword nowadays, it has a clear, concrete benefit.

Do you have a final message for PharmaBoardroom's executive audience?

I have been talking with my teams a lot about not just establishing a pipeline but establishing it at pace. This is crucial because we do not have time to wait. Establishing a pipeline means we need multiple programs. Let's not forget that at the end of all of these, there are patients, both those participating in trials and those waiting for the trials to finish and the product to be brought to market.

As the pace of innovation itself increases, we need to commensurately increase the pace at which these innovations are brought to market, together with regulatory agencies, payers, and all other stakeholders across the world. Our commitment is to bring the maximum amount of innovation to patients as quickly as possible.

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