



Specialty Industrials



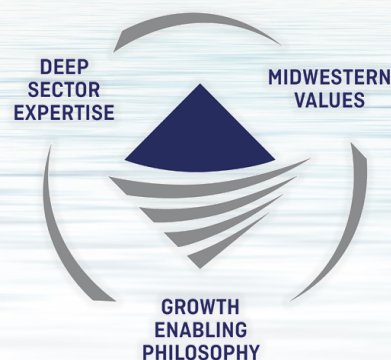
Life Sciences



Advanced Materials



Specialty Chemicals



Core Investment Focus

Pharmaceutical Chemicals

Thesis Overview

Over the past 20 years, Edgewater Capital has developed a highly specialized expertise in the Specialty, Fine, and Pharmaceutical Chemistry sectors. Our knowledge of the technical and business aspects of both product and service oriented pharmaceutical/medicinal chemistry companies makes Edgewater a premier partner to help leverage growth

of your business. Two key thesis areas within our Life Science investing practice revolve around the creation of 1.) An integrated *chemistry-based* Contract Development and Manufacturing Organization (CDMO), and 2.) A value added *one-source* organization for pharmaceutical chemicals. Both thesis areas involve both organic and inorganic growth strategies to create highly differentiated organizations.

While much focus been placed on the biologics sector over the past decade, there remains a very vital need for companies who can support the research, development, and manufacture of Active Pharmaceutical Ingredients and their precursor intermediates (FDA CDER). Market dynamics within the pharma industry have accelerated where the number of mid-sized chemistry-based CDMO's have largely been acquired or merged into other integrated organizations (Scanlan, 2020). Remaining are a large number of entrepreneurial smaller organizations with excellent technical capabilities, however somewhat narrow in scope of products or services. There is now a unique opportunity in the US and EU to leverage the expertise and high demand for products and services in these attractive geographic locations (Van Arnum, 2021).

We are seeking to engage business owners in the key areas within pharmaceutical chemicals who are interested in partnering with Edgewater Capital to grow their businesses and becoming part of a key strategy to create value through investment in people, infrastructure, technology, and with targeted additional acquisitions. Edgewater's deep domain expertise in pharmaceutical chemicals make us the right choice to partner for accelerated growth.



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Thesis 1: Integrated *Chemistry-Based* CDMO

Market dynamics within the pharma industry have accelerated where the number of mid-sized chemistry-based CDMO's have largely been acquired or merged into other integrated organizations. Remaining are a small number of mega CDMO giants, and a large number of entrepreneurial smaller organizations with excellent technical capabilities, however somewhat narrow in scope of products or services (Scanlan, 2020). With the trend towards investment in key assets in the US and EU, exacerbated by the Covid pandemic, there is now a unique opportunity to leverage the expertise and high demand for chemistry-based pharmaceutical services in these attractive geographic locations (Van Arnum, 2021).

Edgewater's strategy is to invest in companies that exhibit deep expertise in specific verticals within pharma chemicals, and facilitate growth through internal investment in people, infrastructure, and technologies, as well as targeted M&A to bridge capability gaps in order to create a premier chemistry based CDMO.

Core Pillars of our *Integrated Chemistry-Based* CDMO Strategy

Chemistry R&D

- Small-scale custom synthesis
- Discovery and Medicinal Chemistry
- Analytical development
- Non-GMP

Supporting Services

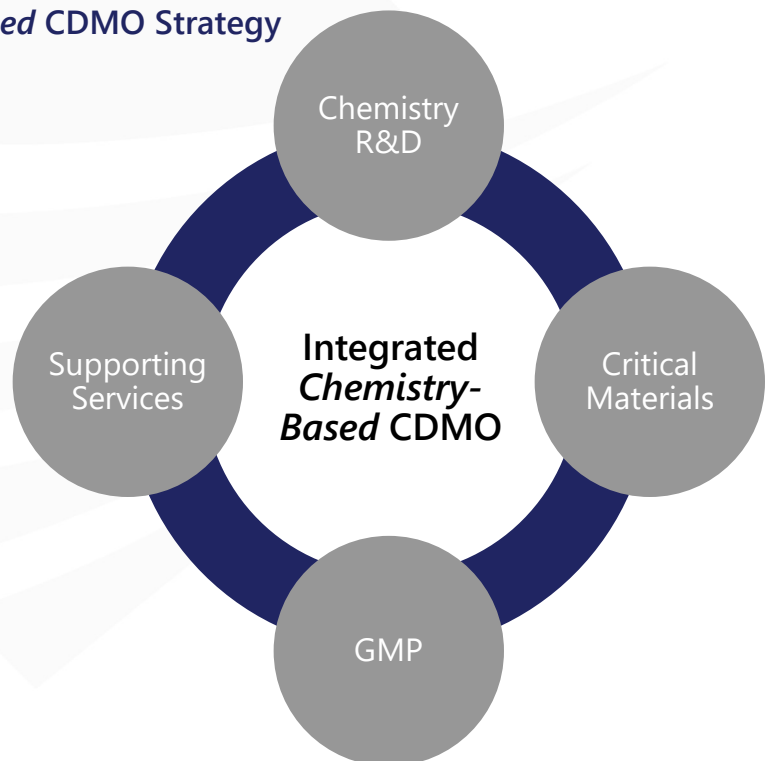
- Solid-state chemistry
- Pre-formulation
- Radio labeling
- Unique analytical techniques

Critical Materials

- Fine Chemicals/Intermediates CMO
- Pilot/Bulk production
- Regulatory Starting Materials
- Non-GMP

GMP Infrastructure

- API synthesis
- Kilolab, pilot, plant, bulk
- Strong Analytical/release capabilities



Edgewater's Integrated Chemistry-Based CDMO strategy aims to build upon companies with deep expertise specific to organic chemistry / APIs. Keeping true to the organic chemistry vertical ensures deep domain expertise maintained across the entire entity.

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Thesis 2: Value added "One Source" for Pharma Chemicals

R&D expenditures in pharma/life sciences is expected to grow 92 percent by 2025 with the medicinal chemistry segment being the largest contributor (Markets and Markets, 2020). The current supplier base to support early R&D in pharma and life sciences is fragmented. These companies are comprised of small to mid-sized suppliers offering more standardized or catalogue-based research chemicals, and other companies offering a blend of standard and custom chemical products. As the complexity of drug molecules is increasing, Edgewater's strategy is to build a product-focused company as a valued added "ONE-SOURCE" for pharma chemicals. The company will be capable of offering certain standardized research chemicals, as well as specialized, more functional materials/reagents such as organometallics (including Boron and Boronic Acids), heterocyclics, fluorinated organics, ligands (for ADC and HAPI), scaffold, and catalysts (for biocatalysts and Flow reactions). The one-source concept will have synergies in packaging, warehousing, distribution, and customer service to provide speed and value to the pharma supply chains from discovery chemicals through larger volume bulk products.

Core Pillars of our *One-Source* Product Company Strategy

Research Chemicals

- Organometallics
- Heterocycles
- Catalysts (Flow Chemistry, Bio-catalysts)
- Ligands for ADC

Chemistry R&D

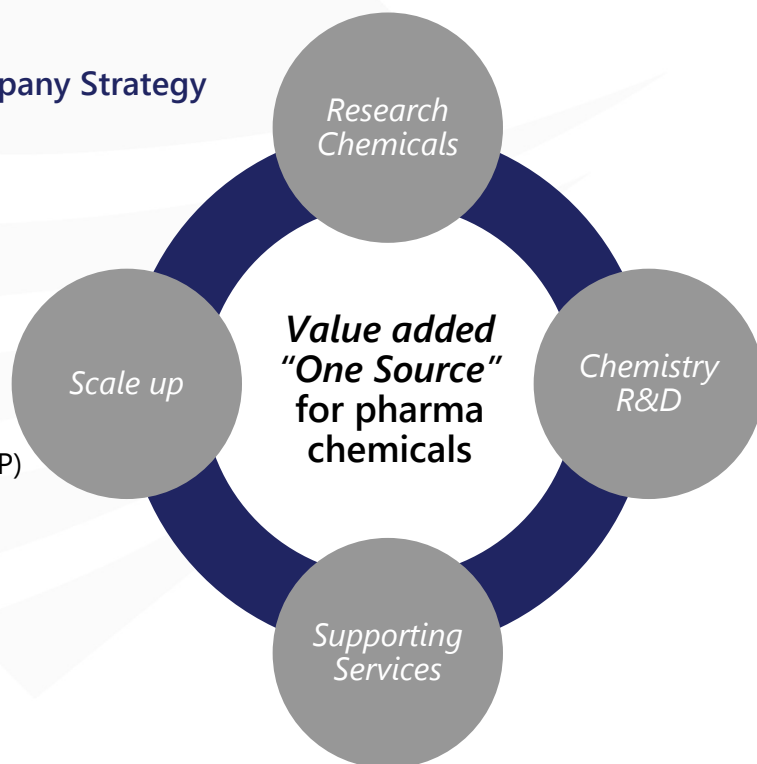
- Bench chemistry / route development
- Small scale Custom Fine Chemicals (non-GMP)
- Scaffold libraries
- Analytical Method Development

Supporting Services

- i.e. Fermentation derived chemistries
- Global distribution network
- Strong analytical/release capabilities

Scale up

- Pilot/Bulk production (Non-GMP)
- Regulatory Starting Materials (RSM)



Edgewater's "One Source" thesis aims to build an organization that supports discovery and process chemistry in Pharma R&D, as well as pilot to small bulk commercial supply. Our strategy leverages our partners' deep expertise in the development, scale-up, and distribution of difficult to source Research Chemicals to bring added value to pharma supply chains from discovery to commercial phases.

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About Edgewater Capital Partners

Edgewater Capital Partners, headquartered in Cleveland, Ohio, is a sector focused private equity firm investing in lower, middle-market performance materials businesses. We have extensive experience and expertise in niche manufacturers of specialty chemicals, pharmaceuticals, and engineered substances. Twenty years of industry specific investing has allowed us to develop a deep understanding of the complexities and nuances common to performance materials businesses. As a result, we believe expertise in our target markets enables us to quickly and comprehensively understand a company's value proposition, customer relationships, and perceived or misunderstood risks.

About the Life Sciences Practice

Edgewater's Life Science Practice is focused on companies that create value by providing critical products or services towards the development or manufacture of pharmaceuticals, biopharmaceuticals, diagnostics and medical devices. The dynamic and rapidly growing target verticals are focused on companies providing pharmaceutical fine chemicals, pharmaceutical services (CRO, CDMO, CMO, and niche specialist players), and companies offering differentiated reagents, materials, and technologies to the pharma industry.

About Brian Scanlan

Brian leads Edgewater's Life Science practice and is engaged with several portfolio companies in advisory roles spanning commercial, operational, and Board advisory. Brian has spent nearly three decades in the pharmaceutical services sector, developing and growing companies offering highly differentiated technologies and services. He is also the Founder and Managing Partner of Freedom Bioscience Partners, a consultancy firm focused on M&A and strategic business advisory to the pharmaceutical and fine chemical industries. Prior to launching Freedom, Brian served as CEO at Cambridge Major Laboratories, a global pharma contract development and manufacturing organization (CDMO) focused on active pharmaceutical ingredients, solid state chemistry, and analytical services.

Brian holds a BS in Chemistry from Northern Illinois University and an MBA from the Illinois Institute of Technology. He can be contacted at bscanlan@edgewatercapital.com or (216) 292-3838.

About Harry Rathore

Dr. Rathore holds a Ph.D. in Medicinal Chemistry from the Oregon State University and an MBA from Babson college. He has over three decades of experience in leading innovative and highly-technical chemistry organizations in the pharmaceutical and specialty chemical sectors. Early in his career, Harry founded pharmaceutical chemical company, Polyorganix which was later acquired by Borregaard Synthesis, where he remained in an executive capacity for several years. His professional career also includes key executive roles at leading global companies, such as Lonza AG and Alcami Corporation. Previously, Dr. Rathore served as a board member of Borregaard Synthesis, Seven Life Sciences, and ZCL Chemicals. He currently serves as a board member of Ascensus Specialties.

Most recently, Harry served as CEO of Callery Corporation, an Edgewater Capital portfolio company specialized in the development and production of Borane and Alkali metal alkoxide reagents.

References

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- 3.) Van Arnum, P. (2021, February 24). *Pharma Pulse: Re-shoring Drug Mfg*. DCAT Value Chain Insights. <https://www.dcatvci.org/7001-the-pharma-pulse-re-shoring-drug-manufacturing>.
- 4.) Markets and Markets. (2020). *Drug Discovery Services Market*. <https://www.marketsandmarkets.com/Market-Reports/drug-discovery-services-market-138732129.html>.