EXECUTIVE SUMMARY

Global "Life Sciences" Royalty Rates & Deal Terms Survey

2025 APRIL

LIFE SCIENCES

- In coordination with -
Licensing Executives Society International (LESI)

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Introduction - *Royalty Rates and Deal Terms Survey*

The LES (USA & Canada) Life Sciences Sector, in coordination with the Licensing Executive Society International (LESI) Life Sciences Sector and **our generous sponsor, Mintz (Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.)**, is pleased to present the "LES Global Life Sciences" Royalty Rates and Deal Terms Survey - 2024". This landmark report is one of the many benefits of LES membership. It reflects its objective to provide its members with relevant, cutting-edge licensing education and industry information generally not available from other sources.

You will find this report contains many keen insights into some of the most critical areas of deal-making in our industry.

We want to acknowledge and express our appreciation to each LES survey contributor. Because the survey is conducted confidentially, LES does not know who participated. However, we applaud their efforts and willingness to share **deal-related information. Because of these members, we have this survey report on the issue. Thank you, and your organizations, for your participation**.

The Survey Committee was assisted in this effort by Vault Consulting, a survey research firm in the Washington, DC area. Vault is specialized in confidential studies for industry and professional associations. The Vault survey instruments and data processes ensure the confidentiality of all company and deal information reported. Individual company and individual deal data are NEVER reported individually, only in aggregate analyses as part of a larger sample. We appreciate their exemplary work in assisting with the survey and this report.

Finally, we want to acknowledge the contributions of the Survey Committee Members (listed on the following page). Their aggregate efforts made the survey a reality for the professional benefit of our LES (USA & Canada) and LESI Life Sciences Sector members. If you have any questions or suggestions on the survey, please get in touch with any of us at info@les.org.

Mike Perham
Royalty Rate Survey Committee Chair 2024
LES USA / Canada

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Introduction – Core Committee & Key Contributors

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Introduction – By LES Members → For LES Members

- The Licensing Executives Society (U.S.A. and Canada), Inc. (LES) and the Licensing Executive Society International (LESI) are professional societies representing over 10,000 members engaged in the transfer, use, development, manufacture and marketing of intellectual property. With the growing economic importance of licensing and partnerships, LES members are at the leading edge of business, technical and legal aspects of deal making.
- This report summarizes the results of a targeted survey to LES Life Sciences Sector members in Life Sciences industries (i.e., biotechnology, pharmaceuticals, diagnostics, and drug delivery) in an attempt to benchmark important areas of deal-making for Life Sciences licensing professionals.
- In particular, this report illustrates detailed analysis on fixed royalties, tiered royalties, deal terms, valuation methods, and therapeutic areas. It provides a more current perspective on licensing royalty rates and deal terms than the Freedom of Information (FOI) approach allows, and provides information not routinely found in other licensing royalty rate sources or publications. Actual survey results are summarized in aggregate form, presented in Appendix A.
- This survey is the 8th edition of the LES Life Sciences Royalty Rates and Deal Terms Survey, and has been executed on a global scale.
- We trust that this report is a useful tool for our LES Life Sciences members and colleagues who are interested in the dynamic and expanding field of licensing partnerships and intellectual asset management.
- All responses to this survey have been kept strictly confidential. At no point will anyone, other than select Vault Consulting, LLC (Vault) employees, be granted access to respondents' submissions, and then only for data management.
- We welcome you feedback! If you have any questions or comments on this report, please send them to info@les.org

Report Highlights

Profile and Composition of Responses

- 149 total responses were considered complete for analysis and incorporated into this report.
- Survey respondents represented 7 of the 31 Licensing Executive Society International (LESI) Societies.
- Respondents based on number of Deals used in the analysis: 44% Not-for-Profit, 27% Operating Companies, Organizations, 3% Government, and 27% Other. Of the Operating Companies, 68% were Biotech and 20% were Pharmaceutical. For Not-for-Profit Organizations, 72% were academic and 23% were hospital.
- Respondent by Organization Composition: 23% Pharmaceutical Companies (includes Diagnostic and Drug Delivery), 73% Biotech Companies (includes Device), and 5% Other.

Deal Statistics

- 47% of companies indicated having 1-2 licenses executed in the past 12 months.
- 86% of reported deals were reported by the licensors.
- 19% of deals were related to Injectable products, 20% Small Molecule Therapy, and 19% Biological Therapeutic.
- Anticancer (Oncology), CNS, Immunological, and Infectious Disease were the most prevalent therapeutic area types submitted.

Report Highlights

Deal Statistics (continued)

- 30% of all deals submitted were still in the Preclinical stage of development (Discovery , IND Track/ Pre-IND, IND Filed, and Pre-IDE).
- 65% of deals were categorized as exclusive.
- 88% of deals included the U.S. and 80% of deals were considered "Global" in scope.
- Peak Annual Sales: 31% of deals x> $US 100 million, with 33% of deals less than $US 100 million. 36% of deals were confidential or not applicable.

Fixed and Tiered Royalties

- Of the 149 deals, 71 deals were of the fixed/flat royalty type, 53 were tiered royalty type, and 25 did not have any royalty components.
- In the majority of deals, fixed/flat royalties are paid on Net Sales (76%) followed by Gross Sales (18%), Units (3%), and Other (3%).

Valuation

While "upfront payment" was the most frequently indicated financial component (68%), "sales milestones" displayed the greatest average $$ amounts.

METHODOLOGY

FOR 2024 LIFE SCIENCES

Deal Terms and
Royalty Rate Survey

Methodology -2024 Survey

- In mid 2024, Vault staff coordinated with a select committee, of experienced LES (USA & Canada) and LESI Life Sciences Sector members, to develop and enhance a survey instrument that would help provide current and relevant data on royalty rate and deal terms for licensing professionals. The survey was designed to focus on the LES Life Sciences Sector; specifically, the global segments of biotechnology, pharmaceuticals, platform technologies, diagnostics and drug delivery.
- After multiple planning meetings by the LES Survey Committee and Vault, Vault tested the survey instrument. Learnings from the pilot survey exercise were incorporated to construct and refine the final online survey instrument.
- Vault worked with the committee to create a survey plan that emphasized Confidentiality and included:
  - ✓ ***Survey promotions,***
  - ✓ ***An online, web-based survey instrument, and***
  - ✓ ***Execution of survey reminder communications to LES and LESI members.***
- The LES Survey Committee provided Vault with a list of 17,534 LES Life Sciences member email addresses. Led by the LES (USA & Canada), this represented LES members, with Life Sciences Sector interest, from the 32 member societies within the Licensing Executive Society International (LESI). Vault emailed each member a unique survey account. All members were sent updates of the progress and reminders throughout the survey collection phase to encourage participation.
- The survey ended in the winter of 2024 with respondents from 54 organizations providing complete information on 149 deals. Quality control and data analysis was conducted in the winter of 2024. A final survey report was issued to LES USA & Canada and LESI members in early 2025.

Methodology –Timelines for recent Surveys

This has been the eighth recent survey of deal terms and royalty rates conducted by LES/LESI.

2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024

2008 Survey

Apr 2007: Initial Committee Recruited
Jan-Feb 2008: Data Collection
Jun 2008: Electronic Report Issued
Oct 2008: Report Presentation (Orlando)
Jun 2009: Les Nouvelles Article

2009 Survey

Oct-Dec 2009: Data Collection
May 2010: Initial Presentation (Boston)
Sept 2010: Report Presentation (Chicago)
Sept 2011: Les Nouvelles Article

2012 Survey

Jun-Aug 2012: Data Collection
Oct 2012: Report Presentation (Toronto)

2014 Survey

Mar-June 2014: Data Collection
Oct 2014: Preliminary Results (San Francisco)

2016 Survey

Aug-Oct 2016: Data Collection
Feb 2017: Report Presentation

2018 Survey

Aug-Oct 2018: Data Collection
Mar 2019: Report Presentation

2021 Survey

Jun - Nov 2021: Data Collection
April 2022: Preliminary Results
October 2022: Report Presentation

2024 Survey

Jun - Nov 2024: Data Collection
April 2025: Preliminary Results
October 2025: Report Presentation

Methodology –Survey Progression

Very minor changes were made in the research materials for the 2024 survey.

Survey Changes

(2009-2012)

- Separated "**Not Applicable" and "Don't Know"** for several questions
- Refined **"Injectable"** to allow "Subcutaneous/Intramuscular" and "Intravenous"
- Added "Medical Research Institute" for organization type
- Added **"Multiples" and "Internal Rate of Return"** for approaches to Valuation

(2012-2014)

- Added **"Drug Use Deal"** as an option for the Deal Reason
- Clarified that the **revenue reported** should be for the **business unit** conducting the deal
- Provided additional clarification on reporting of **diagnostic stage of development**

(2014-2016)

- Added **"Effective Royalty Rate"** as an option for the method of financial modeling
- Collected information on the number of licenses executed in the past 12 months

(2016-2018)

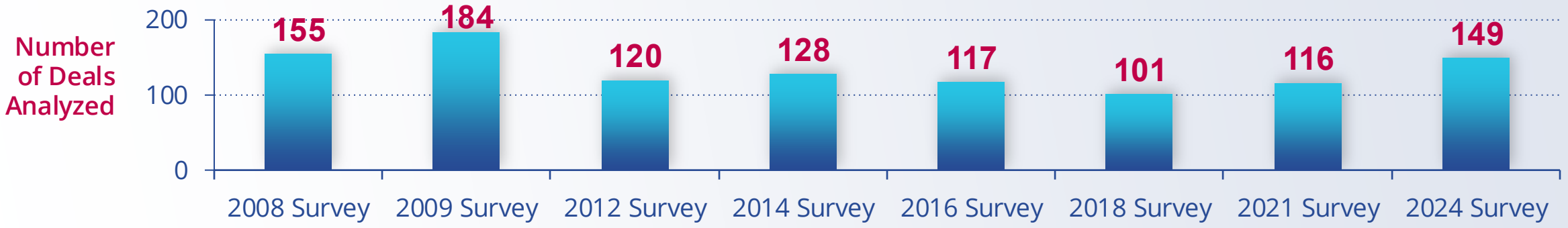
- Collected information on **"Annual Fee"** within the Deal Terms section

(2019-2021)

- Questionnaire was significantly shortened
- Removed Operational and Financial Responsibility, financial modelling, specific valuation, and target split questions.

(2022-2024)

- Added **sublicensing** and **stacking clauses** questions.



Appendix A

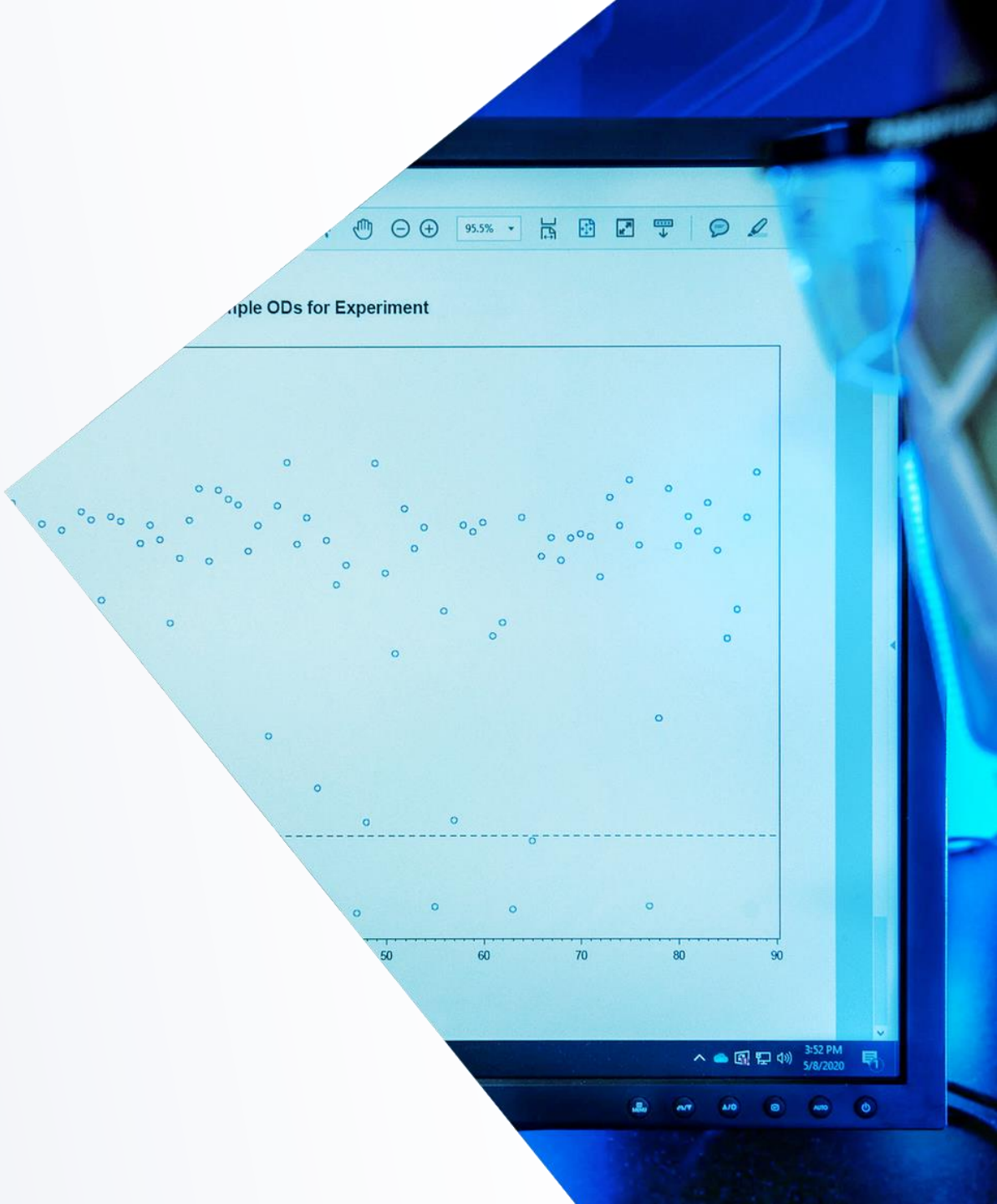
Survey Questionnaire:

2024 LES Global Life Sciences Royalty Rate and Deal Terms Survey

APPENDIX A

SURVEY QUESTIONNAIRE

2024 LES Global Life Sciences
Royalty Rate and Deal Terms Survey



Appendix A - Survey Questionnaire

2024 LES Global Life Sciences Royalty Rates & Deal Terms Survey

LES would like to gather details about completed licensing deals since January 2021. Please submit as many deals as you are willing to share. You will be given the opportunity to submit additional deals at the end of this questionnaire. You may enter all the deals in one session or you may enter them individually through the survey's deadline.

A. How many unique licensing deals will you be adding today? _____

B. What type of organization are you? *(select one)*
- Not-for-profit *(answer question B1)*
- Government
- Operating Company *(answer question B2)*
- Other (Please specify) _____

B1. What type of Not-for-Profit?
- Academic (incl. medical/veterinary/dental schools/University)
- Hospital (not affiliated with medical/veterinary/dental schools)
- Medical Research Institute
- Foundation/NGO (not affiliated with any of the three above)
- Patient Advocacy Group
- Other (Please specify) _____

Appendix A - Survey Questionnaire

B2. What type of Operating Company?

- Biotechnology
- Pharmaceutical
- Diagnostic (IVD manufacturer or reference laboratory)
- Medical Device (other than diagnostics)
- Health Information Technology / Analytics
- Life sciences research tools
- Drug Delivery
- Other (Please specify) _____

C. In the past 12 months, how many licenses were executed by your company/organization?

- 1 – 2 licenses
- 3 – 5 licenses
- 6 – 10 licenses
- 11 – 20 licenses
- More than 20 licenses
- Unsure

D. **What was your organization's annual sales revenue (in US dollars) (*e.g.* pharmaceuticals, diagnostics, etc.) in 2023?** *(select one)*

- Not-for-profit or Government organization
- Pre-commercial operating company
- $0 – $100 million
- $101 – $250 million
- $251 – $500 million
- $501 million – $1 billion
- $1 – $5 billion
- $5+ billion
- Unsure

1. **Was this license exclusive or non-exclusive in the territory?** *(select one)*

- Exclusive
- Non-exclusive
- Other (please specify) _____

2. Were you the: *(select one)*

- Licensor
- Licensee

Appendix A - Survey Questionnaire

3. The MAJOR reason for this deal was: (please select one)

- ○ SMALL MOLECULE THERAPEUTIC DEAL
- ○ BIOLOGIC THERAPEUTIC DEAL
- ○ DRUG DELIVERY DEAL
- ○ DRUG/DEVICE COMBINATION PRODUCT DEAL
- ○ MEDICAL DEVICE DEAL
- ○ DIAGNOSTICS DEAL
- ○ LIFE SCIENCES TOOL DEAL
- ○ OTHER (Please specify) _____

4. What is the Field of Use? (select all that apply)

- ○ Research Purposes
- ○ Human
- ○ Veterinary
- ○ Agriculture Biotech
- ○ Other (please specify) _____
- ○ Not applicable/Unsure

5. What was the type of the counterpart organization? (select one)

- ○ Not-for-Profit (answer question 5a)
- ○ Government
- ○ Operating Company (answer question 5b)
- ○ Other (Please specify) _____

Appendix A - Survey Questionnaire

5a. What type of Not-for-Profit?

- Academic (incl. medical/veterinary/dental schools)
- Hospital (not affiliated with medical/veterinary/dental schools)
- Medical Research Institute
- Foundation/NGO (not affiliated with any of the three above)
- Patient Advocacy Group
- Other (Please specify) _____

5b. What type of Operating Company?

- Biotechnology
- Pharmaceutical
- Diagnostic (IVD manufacturer or reference laboratory)
- Medical Device (other than diagnostics)
- Health Information Technology / Analytics
- Life sciences research tools
- Other (Please specify) _____

6. **What was the counterpart organization's estimated annual sales revenue (in US dollars) in 2023?** *(select one)*

- Not-for-Profit or Government organization
- Pre-commercial Operating Company
- $0 – $100 million
- $101 – $250 million
- $251 – $500 million
- $501 million – $1 billion
- $1 – $5 billion
- $5+ billion
- Unsure/Confidential

Appendix A - Survey Questionnaire

7. At closing for Therapeutic/*In vivo* diagnostic, what was the most advanced stage of development of the product for the principal indication? *(select one)*

- ○ Discovery
- ○ IND Track/Pre-IND
- ○ IND Filed
- ○ Phase 1 (patients enrolling)
- ○ Phase 1 (completed)
- ○ Phase 2 (patients enrolling)
- ○ Phase 2 (completed)
- ○ Phase 3 (patients enrolling)
- ○ Phase 3 (completed)
- ○ Registered/NDA submitted
- ○ Approved/Launched
- ○ Not Applicable/Unsure

8. At closing for Other Diagnostic or Medical Device, what was the most advanced stage of development of the product for the principal indication? *(select one)*

- ○ Discovery stage
- ○ Preclinical
- ○ EUA (Emergency Use Authorization)
- ○ RUO (Research Use Only)
- ○ Pre-IDE (Investigational Device Exemption)
- ○ IDE submitted
- ○ Clinical Stage In Progress
- ○ Clinical Stage Completed
- ○ Registration/510(k)/PMA premarket authorization (**or equivalent**) submitted
- ○ Approved/Launched
- ○ Not Applicable/Unsure

Appendix A - Survey Questionnaire

9. At closing for Life Sciences Tool or Other Deal, what was the most advanced stage of development of the product for the principal indication? *(select one)*

- Proof-of-concept completed
- Prototype
- Final product in development (including manufacturing development)
- Ready for commercialization
- Commercialized product
- Not Applicable/Unsure

10. If Pharmaceutical: What is the expected route of the administration/delivery method in the license? *(select all that apply)*

- Injectable – subcutaneous or intramuscular
- Injectable - intravenous
- Nasal
- Oral
- Topical/Transdermal
- Other (please specify) _____
- Not Applicable/Unsure

Appendix A - Survey Questionnaire

11. For Therapeutic/*In vivo* diagnostic: Please choose the type or category of product that was the subject of this deal. *(select one)*

- ○ Cytokine
- ○ Diagnostic based on a type of product other than those listed
- ○ Device
- ○ Gene therapy
- ○ Hormone
- ○ Monoclonal antibody
- ○ Natural product
- ○ Peptide/protein
- ○ Platform Technology
- ○ RNAi/antisense (or similar)
- ○ Stem Cell
- ○ Small molecule
- ○ Vaccine
- ○ Other (please specify) _____
- ○ Not Applicable/Unsure

12. Please select the principal therapeutic (or diagnostic) area for which the product was licensed. *(select one)*

- ○ Blood & Clotting
- ○ Cardiovascular
- ○ CNS-Neurological/Neurodegenerative
- ○ CNS-Pain
- ○ CNS-Psychiatric
- ○ CNS-Other (Please specify) _____
- ○ Dermatology
- ○ Gastrointestinal
- ○ Immunological
- ○ Inflammation/musculoskeletal
- ○ Infectious Disease-Bacterial
- ○ Infectious Disease-Viral
- ○ Infectious Disease-Other (Please specify) _____
- ○ Metabolic/Endocrine
- ○ Oncology
- ○ Ophthalmology
- ○ Respiratory
- ○ Urological/renal
- ○ Other (please specify) _____
- ○ Not Applicable/Unsure

Appendix A - Survey Questionnaire

13. Did this deal have flat or tiered royalties? *(select one)*

- Flat *(go to question 13a)*
- Tiered or Conditional Royalties
- No Royalty or Profit Sharing Component *(go to question 21)*

13a. What was the *flat royalty rate* for this deal? _____ % *(go to question 13b then question 21)*

13b. Are the royalties paid on: *(go to question 21)*

- Gross Sales
- Net Sales
- Units
- Other (Please specify)

14. Does the royalty rate change over time for non-sales level related events? If so, please check all that apply:

- No change to the royalty over time
- Generic competition *(Selecting this displays question 15 and question 20)*
- Loss of exclusivity (IP only, not necessarily generic competition) *(Selecting this displays question 15 and question 20)*
- Regulatory change (e.g. labeling)
- New indications
- Other (Please specify) _____

15. You indicated Generic Competition and/or Loss of Exclusivity above. What is the percent reduction in <u>royalty</u> resulting from these events?

- _____% reduction of royalty *(go to question 15a)*
- Not Applicable/Unsure

15a. Please explain reduction in royalty: _____

Appendix A - Survey Questionnaire

16. Are there tiered royalties based on Sales levels?

- ○ Yes
- ○ No (go to question 18)

17. Please provide the complete royalty tier structure that most closely resembled your deal.

For each tier (up to 6) select the maximum sales to which this tier applied, and the royalty rate for that tier. Tier 1 indicates the bottom tier. Your TOP tier will NOT have maximum sales so please provide the royalty and enter "INFINITY" for maximum sales.

Example:

Tier 1	100	5%
Tier 2	200	10%
Tier 3	INFINITY	15%

	Max. Sales (US$ millions) or Units (millions) if applicable	Royalty for this Tier (%)
Tier 1	.....	.....
Tier 2	.....	.....
Tier 3	.....	.....
Tier 4	.....	.....
Tier 5	.....	.....
Tier 6	.....	.....

Appendix A - Survey Questionnaire

18. Are sublicensing rights included in the deal?

- ○ Yes
- ○ No (go to question 22)

19. Are there flat or tiered percentages of sublicensing proceeds excluding standard carve-outs such as running royalties, equity investments, and R&D funding?

- ○ Flat (go to question 20)
- ○ Tiered (go to question 21)

20. What percentage of non-running royalty sublicensing fees are payable to the Licensor?

- ○ _____%

21. What are the highest and lowest percentages of non-running royalty sublicensing fees due to the Licensor?

- ○ Highest: _____%
- ○ Lowest: _____%

22. Does the license contain an anti-stacking clause?

- ○ Yes
- ○ No (go to question 24)

Appendix A - Survey Questionnaire

23. What are the highest and lowest discounts applied to the running royalty due to the anti-stacking clause?

- Highest: _____%
- Lowest: _____%

24. Was there a profit-sharing component?

- Yes
- No (go to question 27)

25. What was the ratio of profit sharing?

- Licensor _____%
- Licensee _____%

100%

26. You indicated Generic Competition and/or Loss of Exclusivity above. What is the percent reduction in profit sharing resulting from these events?

(Answer if Q14 is Generic or Loss of exclusivity and Q18 is Yes)

- _____% reduction of profit sharing (go to question 26a)
- Not Applicable/Unsure

26a. Please explain reduction in profit sharing:

Appendix A - Survey Questionnaire

27. What was the total value (for example "Biobucks") of the following financial components of the deal terms? (US$ Millions)

	Total Potential Value (US millions)	Don't Know	Not Applicable
Payment of of Upfront Fee at Signing	$	○	○
Payment of Technology Access Fee	$	○	○
Equity Investment(s)	$	○	○
Research and Development Funding	$	○	○
Development milestone payments	$	○	○
Sales milestone payments	$	○	○
Annual Fee	$	○	○
Other Fee(s)	$	○	○

Appendix A - Survey Questionnaire

28. Which **territories were included** in the deal? ***(Check all the apply - If the deal is in a region you do not need to check all of the countries in that region)***

For example:

- If the deal is Global, you only need to select Global.
- If the deal is in All of Europe and All of Asia but is not in any other territory, you only need to select All of Europe and All of Asia.
- If the deal is only in USA, Japan, and China, you only need to select USA, Japan, and China.

- **Global**
  - **All of Europe**
    - EU-5
    - EU-27
    - Russia
    - CIS
    - Scandinavia
    - BeneLux
    - Other Europe
  - **All of Asia**
    - Japan
    - Greater China
    - India
    - Korea
    - Southeast Asia
    - Middle East
    - Other Asia
- **All of North America**
  - USA
  - Canada
  - Mexico
  - Other North America
- **All of South America**
  - Argentina
  - Brazil
  - Chile
  - Other South America
- **All of Africa**
  - Egypt
  - South Africa
  - Other Africa
- **All of Pacific**
  - Australia
  - New Zealand
  - Philippines
  - Other Pacific
- **Not Applicable/Unsure. Please explain**

_____

Appendix A - Survey Questionnaire

29. Please indicate the estimated Total peak sales for all territories.

- $0 – $100 million
- $101 – $250 million
- $251 – $500 million
- $501 million – $1 billion
- $1 – $5 billion
- $5+ billion
- Don't know/confidential
- Not Applicable/Unsure

30. Did this deal include shared commercialization rights for the licensor in the territory (e.g., co-promotion or co-marketing rights)? *(select one)*

- Yes
- No
- Option for licensor to "opt-in"
- Don't Know
- Not Applicable/Unsure

31. You have completed (X) out of the (N) deals you planned on entering. Would you like to finish now or continue? *(select one)*

- Continue
- Finished

LES plans to conduct this survey again in the future. What improvements or additional questions would you like to see in future iterations of this survey?

Thank you

2024 Global LIFE SCIENCES
Royalty Rates & Deal Terms Survey

LES USA & Canada

• In coordination with •

Licensing Executives Society International (LESI)