Finding stability and resilience: Healthcare investing in uncertain markets

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PWN Family Office Congress XVII
15-May-26

KP Rx

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Who from the audience...

1. ...has invested in healthcare equities (public or private) in the last 5 years?
2. ...thinks healthcare is too complicated to be a core asset class for family-office capital?
3. ...is comfortable investing directly in private biotech or medtech?
4. ...can confidently explain the difference between a biotech, a medical device and a health technology?
5. ...believes healthcare is structurally riskier than other sectors for private investments?
6. ...thinks AI in healthcare looks broadly the same as AI in other sectors?

Australia Is a Compelling Market for Capital-Efficient, High-Return Venture Investing

Capital efficiency at the core of Australian venture investing

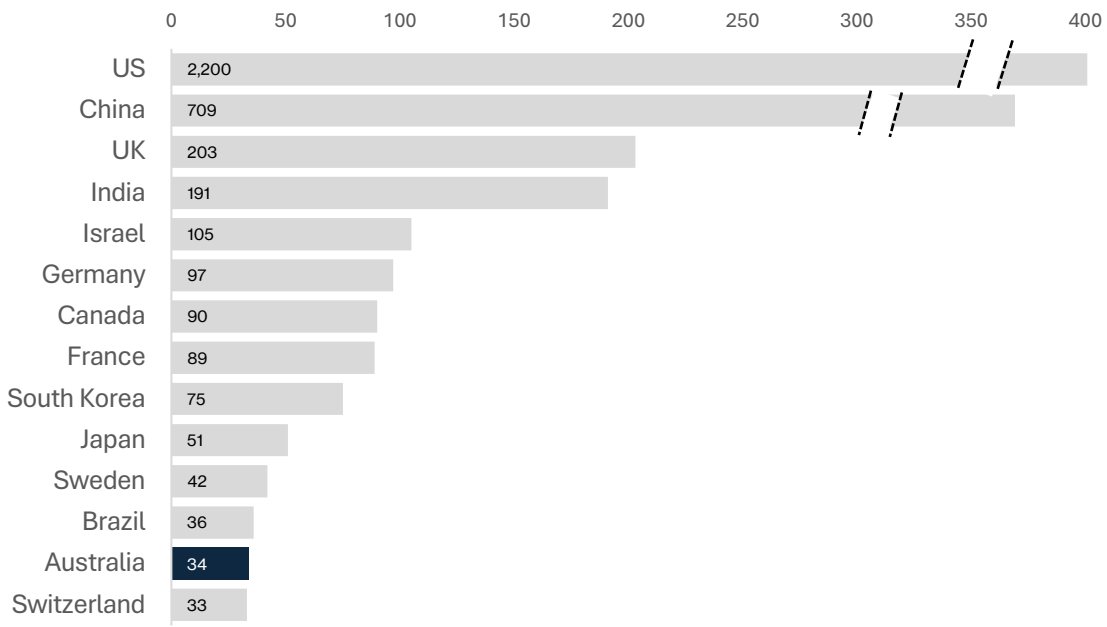
Australian Seed and Series A valuations remain **~20-30%** lower than in the US(1)

Australia is ranked #1 in unicorns created per venture capital dollar invested
(**1.2 unicorns for every US$1b** invested)(1)

Pre-seed and Series A rounds only make **~30-40%** of venture capital investments in Australia (1)

Australian venture capital remains structurally under-invested compared with peer developed markets

Venture Capital investments in major markets since 2000 (US$b)(1)



(1) *Australia Venture & Startup Report 2025 (Jul-25)*

Misconceptions we frequently hear

	Common misconceptions	Nuances
Research and Development	• *R&D in healthcare is more costly and uncertain than other sectors.* • *Clinical risk is binary.*	• Cost and risk are highly manageable. Australia's 43.5% R&D cash rebate and numerous grant options directly reduces dilutive capital needs. • Risk is graduated. Entering post first-in-human, safety is already established.
Regulatory	• *Regulatory risk is high and the FDA/EMA can change rules anytime.* • *All healthcare assets carry similar regulatory risk.*	• Pathways are more predictable than perceived and vary by modality. The FDA provides pre-submission guidance and advance agreement on trial formats. Breakthrough Device Designation further compresses timelines • Highly transparent asset class with clear visibility on market shifts.
Deal economics	• *Early-stage healthcare valuations are too high relative to other sectors.* • *Excessive dilution makes early-stage deal economics unworkable.* • *Exit pathways are uncertain and subject to macro fluctuations.*	• Australian assets are structurally undervalued relative to exit outcomes. Companies are priced at local rates but exit to US strategics at global valuations. • Strategic M&A is driven by R&D productivity pressures at large pharma and medtech, not the macro cycle. • Meaningful dilution rarely extends beyond Series B.

Healthcare involves a broad base of stakeholders and codified regulatory pathways

Many stakeholders, one rulebook

Patients & populations

Aging demographics and chronic disease drive structural demand.

Providers & systems

Hospitals, clinicians, integrated networks. Adoption gatekeepers for new technology.

Innovators

Biotech, medtech, pharma, diagnostics. Where R&D capital compounds.

Payors

Public systems, private insurers, employers. Set the price and reimbursement of innovation.

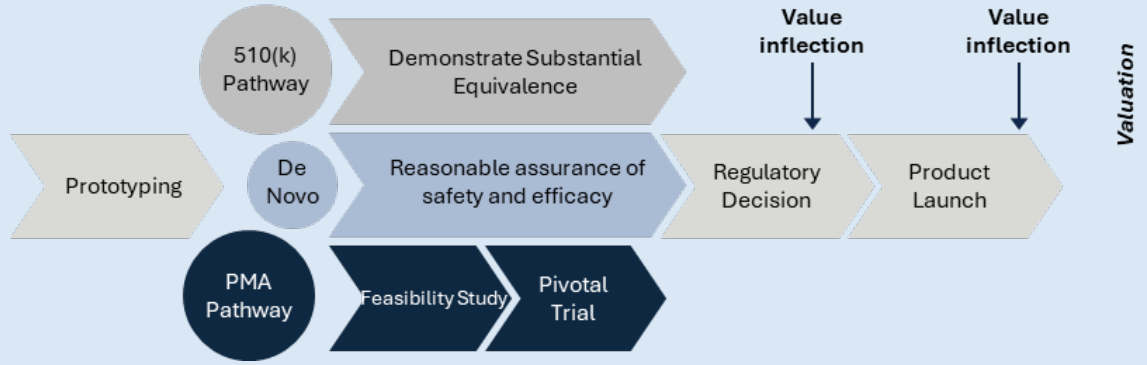
Regulators

FDA, EMA, TGA, NICE. Codified pathways; rules of the road.

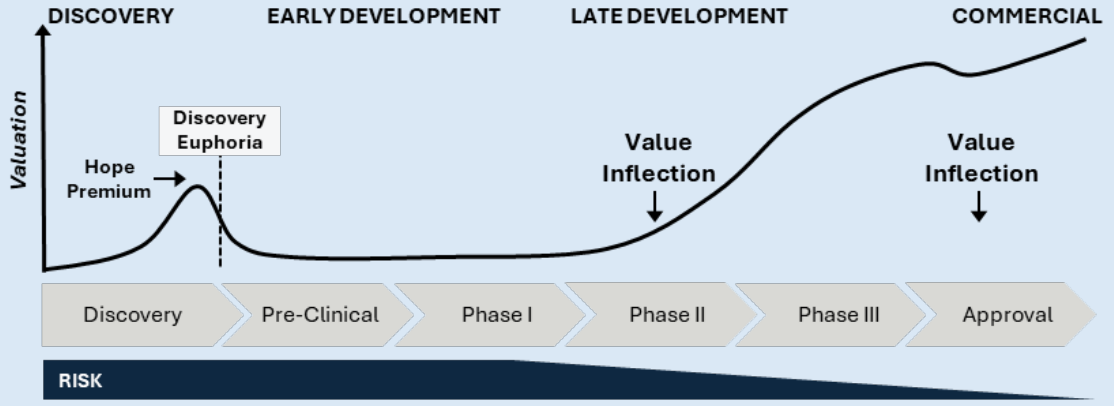
Capital

Venture, strategics, public markets. Funds discovery through to commercialisation.

Overview of the Medical Device regulatory pathway....



....And the Drug regulatory pathway



Healthcare stands apart from other investable sectors

Dimension	Healthcare	Real estate	Technology	Energy	Consumer	Commentary
Barriers to entry *Patents, data, approvals, channels*	4/4	1/4	2/4	3/4	1/4	Patents, clinical datasets, regulatory approvals and reimbursement listings stack into multi-year moats.
Regulatory clarity *Predictability of the rulebook*	4/4	2/4	1/4	2/4	2/4	Global regulatory pathways are codified, transparent and harmonised. Pre-submission meetings and Breakthrough Designation tighten timelines further. Tech and energy face shifting rulebooks; healthcare runs on a clear map.
Pricing power *Resilience to price compression*	3/4	1/4	2/4	1/4	1/4	Clinical value commands premium pricing at launch. Real estate yields move with rates; energy is commodity-priced; tech prices face intense competitive pressure. Healthcare innovation holds.
Social value *Capital aligned with outcomes*	4/4	2/4	2/4	1/4	1/4	Returns are earned by extending lives and reducing system cost. Outcomes are measurable: years of life saved, hospitalisations avoided, productivity recovered. ESG is built into the product, not bolted on.
Structural tailwinds *Demographics, innovation, demand*	4/4	2/4	3/4	2/4	2/4	Aging demographics, chronic disease burden, automation and AI-enabled diagnostics compound demand for decades. Other sectors are cyclical or commodity-led.

Rating scale: 0 = Weak · 1 = Limited · 2 = Moderate · 3 = Strong · 4 = Differentiated

Source: KP Rx analysis. Ratings reflect KP Rx view of structural attractiveness as an investable asset class for long-duration capital.

Healthcare is not one asset class, each modality has its own catalysts and risk profile

Healthcare modality	Market value	Key industry players	Regulatory risk	Modality risk profile
Medical device *Hardware and instruments used to diagnose, monitor or treat patients.*	**~US$600b**	Medtronic, stryker, Boston Scientific, Abbott	Low to moderate	Weighted toward commercial adoption, including physician uptake, reimbursement, and hospital procurement processes.
Biotech/Drugs *Therapies that act biologically or chemically to treat or prevent disease.*	**~US$1.7tn**	Johnson & Johnson, Pfizer, NOVARTIS	Moderate to high	Concentrated in clinical development and regulatory approval, with outcomes dependent on trial efficacy and safety.
Software/Tools *Digital platforms and research tools supporting healthcare delivery and R&D.*	**~US$400b**	ThermoFisher SCIENTIFIC, BD	Low	Driven by execution and commercial scaling, including product-market fit, integration into workflows, and customer acquisition.

Benefits of investing into regulated sectors

High transparency and visibility. Disclosure requirements give clear insight into clinical progress and the competitive landscape.

Stable and predictable dynamics. Structured approval and reimbursement processes limit sudden market shifts.

Rewards quality assets. Regulatory standards surface the strongest, most differentiated assets.

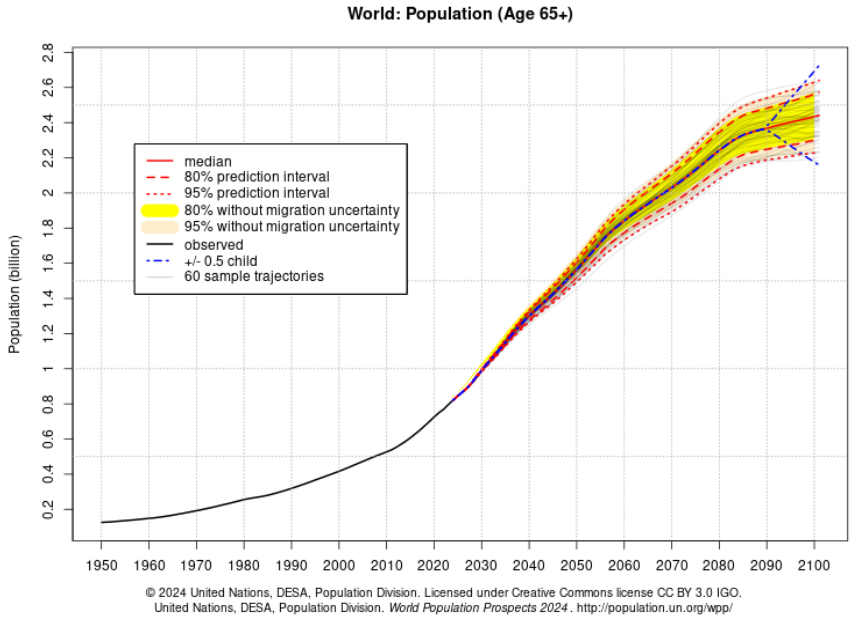
KPRx

Sources: Towards Healthcare, Precedence Research, Fortune Business Insights, Grand View Research, MarketsandMarkets, SNS Insider. Figures in USD, 2025 estimates. Data accessed Apr–May 2026

As the demographic pyramid collapses, innovation becomes a necessity

The global population aged 65+ continues to grow at an unprecedented pace

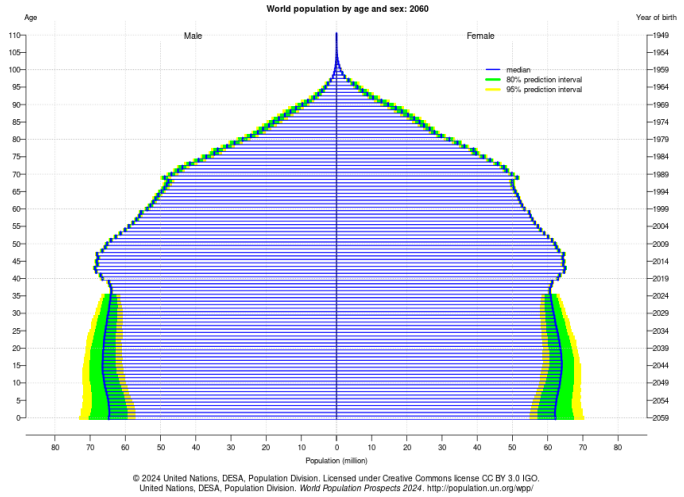
Approximately **~1.8b people** aged **65+** in 2060, compared with ~0.9b today



Inverted age pyramids are placing structural pressure on healthcare systems

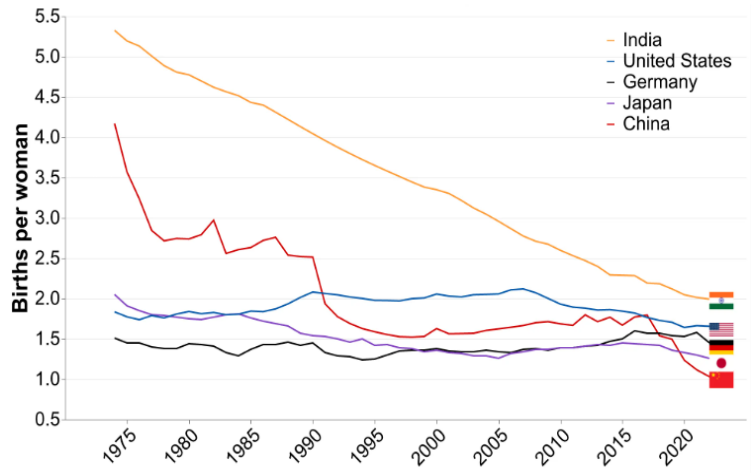
The population aged 65+ will make **~19%** of global population **in 2060** (~11% today)

*Global age pyramid in **2060**[1]*



Current live births per women of **~1.5** in Europe and North America

Plummeting birth rates[2]



(1) Source: https://population.un.org/ [accessed 04-Feb-26]
(2) World Bank

Global Healthcare innovation remains robust, even as capital becomes more selective

Scientific output and clinical development activity continue to grow globally…

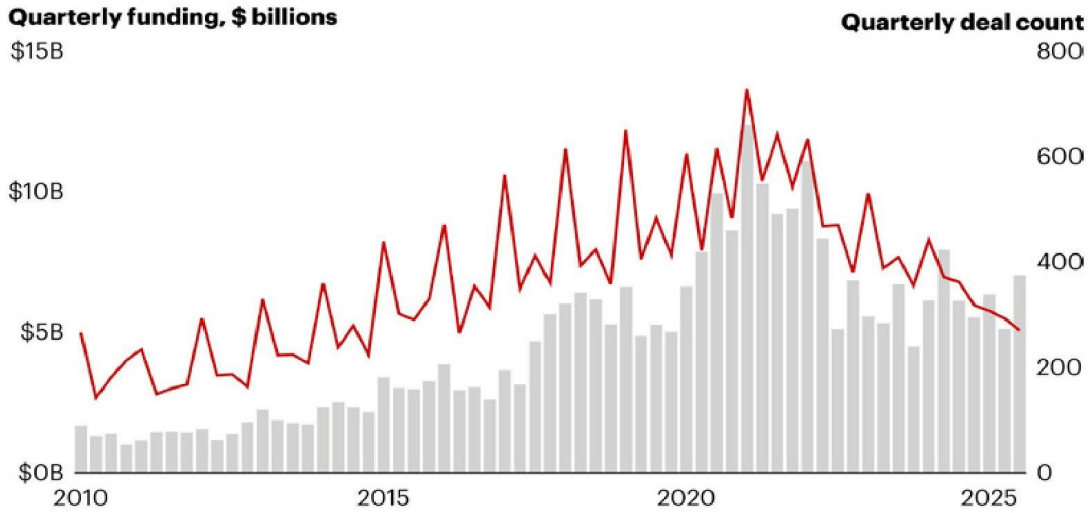
~36,700 clinical trials were initiated globally in 2025[1]

The US FDA approved **46** Novel Drug Therapies in 2025[2]

~50% of FDA Novel Drug Therapy approvals are for rare diseases and about **~36%** have a Breakthrough Therapy Designation[3]

…while fundings have declined materially from peak levels

Biotech quarterly funding and deal count[4]



Tighter financing conditions have left many high-quality early-stage companies undercapitalised despite strong underlying fundamentals

(1) *Clinicaltrials.gov [accessed February 3rd 2026]*
(2) *FDA*
(3) *Advancing Health Through Innovation: New Drug Therapy Approvals 2024*
(4) *Source Bain Global Healthcare Private Equity report 2026*

Innovation in Practice: Recent Investments Translating Science into Scalable Solutions

navi MEDICAL TECHNOLOGIES

Medical device guiding and monitoring safe central line placement in children

- Central Venous Access Devices (CVADs) are commonly used to deliver lifesaving medications and fluids. Accurate placement of the catheter tip is critical. A misplaced tip can lead to serious and potentially life-threatening complications.
- Navi's Neonav® is an FDA-cleared intracavitary ECG technology for real-time, precise catheter positioning in infants and children.
- While ECG navigation is standard of care in adults, until the Neonav®, no product existed that was designed specifically for neonates and paediatric patients.

Significant disease burden with well-defined clinical need

- Immediate addressable market estimated at **A$85–100m.**
- Strong inbound demand for Neonav® with over 20 hospitals requesting evaluations.
- KP Rx conducted extensive due diligence including visiting customers in the US.
- KP Rx providing extensive support for the company to build US infrastructure and build a commercial team.

Neonav® system in the hospital

Progress since KP Rx investment and Target Return

- Neonav® is now FDA-cleared (510(k) clearance), enabling its use in US hospitals.
- Navi now in multiple evaluations at US hospital customers. Multiple other pilots ongoing in the US.

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(1) *Zhou, L., Xu, H., Liang, J., Xu, M., & Yu, J. (2017). Effectiveness of intracavitary electrocardiogram guidance in peripherally inserted central catheter tip placement in neonates.*
(2) *CVAD: Central Venous Access Devices | MOIC: Multiple on Invested Capital | ECG: Electrocardiogram*
(3) *Illustrative scenarios only, based on internal assumptions; not a forecast or guarantee of returns. MOIC: Multiple on Invested Capital| IRR: Internal Rate of Return*

Innovation in Practice: Recent Investments Translating Science into Scalable Solutions (continued)

kitea HEALTH

Wireless implantable sensors for continuous intracranial pressure monitoring

- Hydrocephalus is a disorder that causes cerebrospinal fluid (CSF) build-up in the brain which results in increased pressure and death if not treated.
- Hydrocephalus is treated with a silicon shunt to divert CSF. These shunts fail frequently which often present with vague symptoms—especially in children. Shunt failure is a medical emergency.
- Kitea's device is a glass-encased micro-implant (~0.3g) which is placed inside the brain to monitor real-time intracranial pressure from home.

Significant disease burden with well-defined clinical need

- **~33,000 shunts** are implanted annually in the US. (1) (2)
- **~30%-40%** shunt failure after two years. (3)
- 21 patients implanted with Kitea's device (as of Jan-26) with no adverse events.
- Conducted extensive work with the company to refine regulatory and reimbursement strategy.

Kitea's brain implant

Progress since KP Rx investment and Target Return

- FDA confirmed a Class II regulatory route instead of the initially expected Class III process dramatically reducing cost and time to market.
- Further market testing showed target device pricing to be 10x-times higher than initially anticipated.

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(1) Koleva M, De Jesus O. Hydrocephalus. [Updated 2023 Aug 23]. In: StatPearls [Internet]. Treasure Island (FL): StatPearls Publishing; 2025 Jan-. Available from: https://www.ncbi.nlm.nih.gov/books/NBK560875/
(2) Hydrocephalus FAQs - Pediatric Neurosurgery | UCLA Health
(3) Source Company. Isaacs AM, Yang R, et al. Characteristics of shunt failure in 38,095 adult shunt insertion surgeries: a systematic review and meta-analysis. Neurosurg Focus. 2023
(4) Illustrative scenarios only, based on internal assumptions; not a forecast or guarantee of returns. MOIC: Multiple on Invested Capital| IRR: Internal Rate of Return


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Why Specialist Healthcare VC Wins. Healthcare Venture Is Not Generalist

What specialisation makes possible

Deeper diligence

Generalist funds often miss nuances in clinical relevance or regulatory hurdles that specialists catch through rigorous, domain-specific assessment.

Informed, active ownership

Specialised experience provides more credible board-level engagement compared to generalist funds, which may lack the technical depth to support complex clinical or commercial milestones.

Underwriting of development risk

Specialisation allows for more accurate identification of true value inflection points often missed by non-specialised funds that may struggle with the non-linear or binary nature of healthcare development risks.

Strong ecosystem access

Established relationships with clinicians, regulators, and strategic partners helps accelerate validation and strategic positioning.

How specialisation improves outcomes for investors

Downside risk management

Portfolio construction across stages and modalities reduces binary exposure and improves downside protection.

Access to high-quality assets at favourable terms

Specialist credibility often leads to earlier access to less-crowded opportunities at attractive entry valuations than what is available to generalists.

Appropriate timing of value inflection exposure

Capital is more effectively deployed ahead of key clinical and regulatory milestones, capturing asymmetric upside that generalists might miss due to poor timing.

Reliable exit pathways

Assets are developed with strategic relevance in mind, increasing optionality across M&A, licensing, and IPO outcomes.

Improved capital efficiency at the fund level

Efficient risk underwriting reduces the risk of capital loss and improves fund-level return consistency.

What venture capital investors look for when investing in medtech

Compelling, clearly defined clinical need

- Well-defined patient population with meaningful unmet need.
- Clear articulation of current standard of care and its limitations.
- Demonstrable clinical and/or economic value improvement.
- Evidence of real-world clinical insight (KOL input, site engagement).

Robust and differentiated clinical evidence

- Clinically meaningful endpoints aligned with intended use.
- Early proof-of-concept data with credible study design.
- Clear plan toward pivotal validation.
- Evidence that differentiates from existing and emerging competitors (not just for regulatory submission).

Defensible IP, regulatory and market pathway

- Freedom to operate and credible patent strategy.
- Clearly defined regulatory pathway and realistic timeline.
- Reimbursement strategy aligned with value proposition.
- Defined path to commercial scalability.

Execution-ready teams

- Founder-market fit and domain credibility.
- Balanced coverage across clinical, regulatory, technical, and commercial.
- Track record of execution or relevant prior scaling experience.
- Ability to attract talent, advisors, and capital.

Venture capital invest where strong clinical insight, credible evidence, defensible positioning, and capable teams converge

Common pitfalls we see and how they derail otherwise great technologies

	Avoidable execution traps	Consequences
Clinical validation	• Designing trials for minimum regulatory clearance. • Underpowering clinical studies to save cash. • Not understanding requirements for reimbursement. • Relying on pilot or surrogate data without a credible pivotal roadmap.	• Weak differentiation, limited reimbursement leverage, muted valuation uplift. • Inconclusive data, repeat trials, extended timelines, higher total cost. • Approved product with limited adoption or pricing power.
Commercial development	• Building commercial infrastructure before clinical validation. • Assuming regulatory approval automatically drives adoption. • Failing to identify economic buyer vs clinical user.	• High burn with no product-market fit. • No reimbursement, unclear buyer, stalled sales. • Misaligned value proposition and long sales cycles.
Capital raising	• Raising capital disconnected from value-creating milestones. • Raising too little capital at too high a valuation. • Sometimes the highest PMV is not always best.	• Runway ends before risk is reduced. • Down rounds, painful bridges, or loss of negotiating leverage.

Healthcare delivery is shifting toward automation - driven by robotics and AI-enabled intelligence

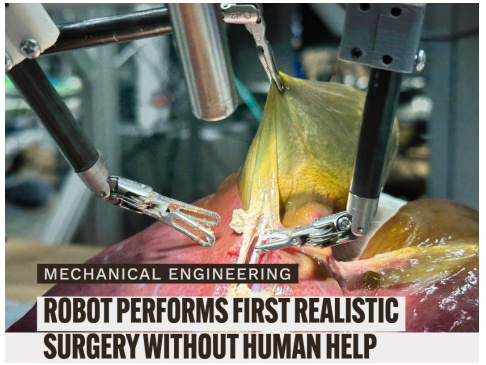
The rise of robotics is expanding use cases across healthcare

Jul-26: Robot autonomously performed a complex phase of gallbladder surgery on a realistic model.

Human-level adaptability:
System handled variability and unexpected events **without human guidance.**

Trained from surgeon videos:
Learned by observing expert procedures and following voice prompts.

Milestone in autonomy:
Shift from task-specific robots to **systems that understand and adapt during surgery.**



AI platforms are unlocking productivity across a broad range of healthcare applications

Jan-26: Utah announced a first-of-its-kind partnership with AI health platform Doctronic **to pilot autonomous prescription** renewals for chronic conditions.

AI participation in clinical decisions: The program allows an AI system to **legally participate in medication renewal decisions**.

Targeting routine prescription refill burden: With refills accounting for ~80 % of medication activity, the AI aims to improve access, reduce delays and help patients stay on treatment.

Regulatory oversight + evaluation: The pilot will rigorously evaluate clinical safety, patient experience, adherence, workflow and cost impacts while keeping clinicians integral to care.