



PMPRB Survey

Interim Quantitative Report

December 6, 2019

Research etc.

Background

DISCLAIMER: The following is based on preliminary interim data – findings are subject to change based on full sample. Results are preliminary.

Objectives:

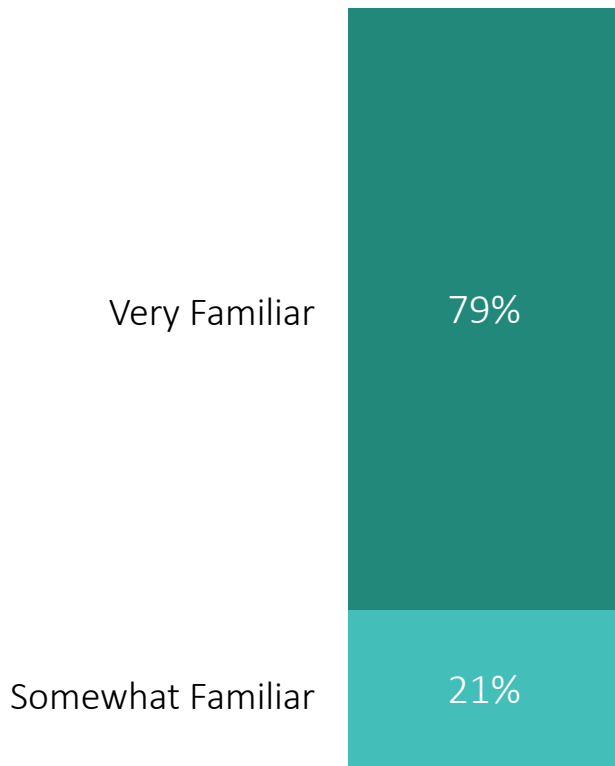
- Understand awareness of and reaction to upcoming changes to price controls in Canada among key decision-makers in global and Canadian pharmaceutical and life sciences.
- Determine their likely response to Canadian price control reforms, including any expected changes in product launch decisions and investments, including clinical trials, other research, employment, patient support programs, etc.
- Confirm or refute the hypothesis that the new pricing regime will have no negative impacts on access to medicines and investments in Canada

Research Methodology:

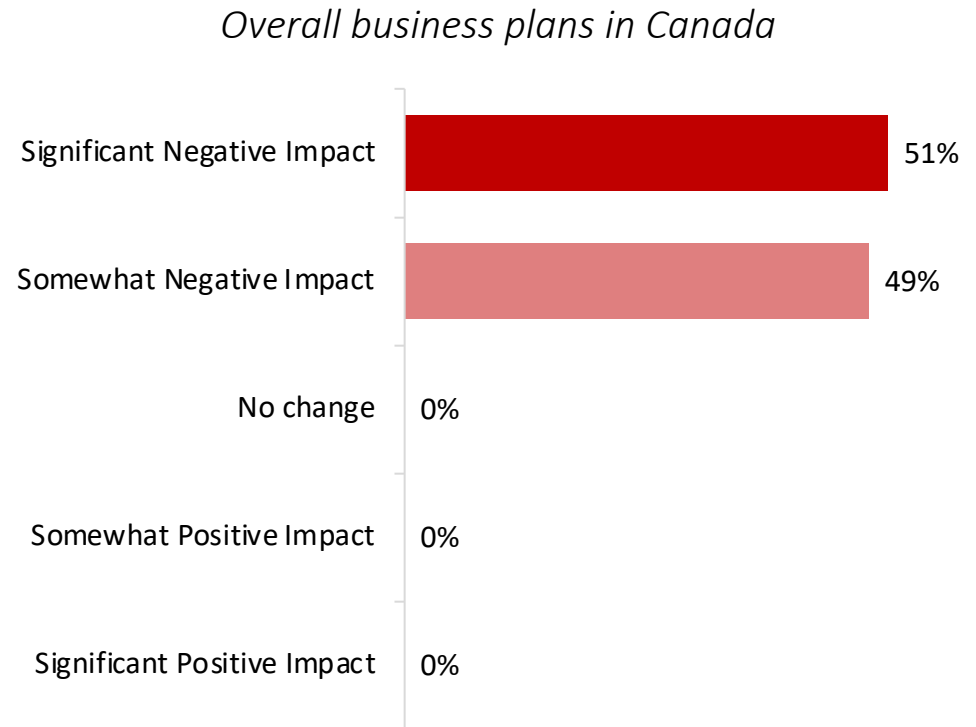
- GMs and decision-makers in global and Canadian roles at pharmaceutical companies were invited to complete a short (5 minute) online survey.
- A total of 23 named decision-makers from pharmaceutical companies completed the survey, over the period from 12th November to 3rd December 2019.

All surveyed are familiar with the new PMPRB changes and expect negative impacts on their business plans in Canada

Q1. Overall, how familiar are you with the new PMPRB changes? (n=23)



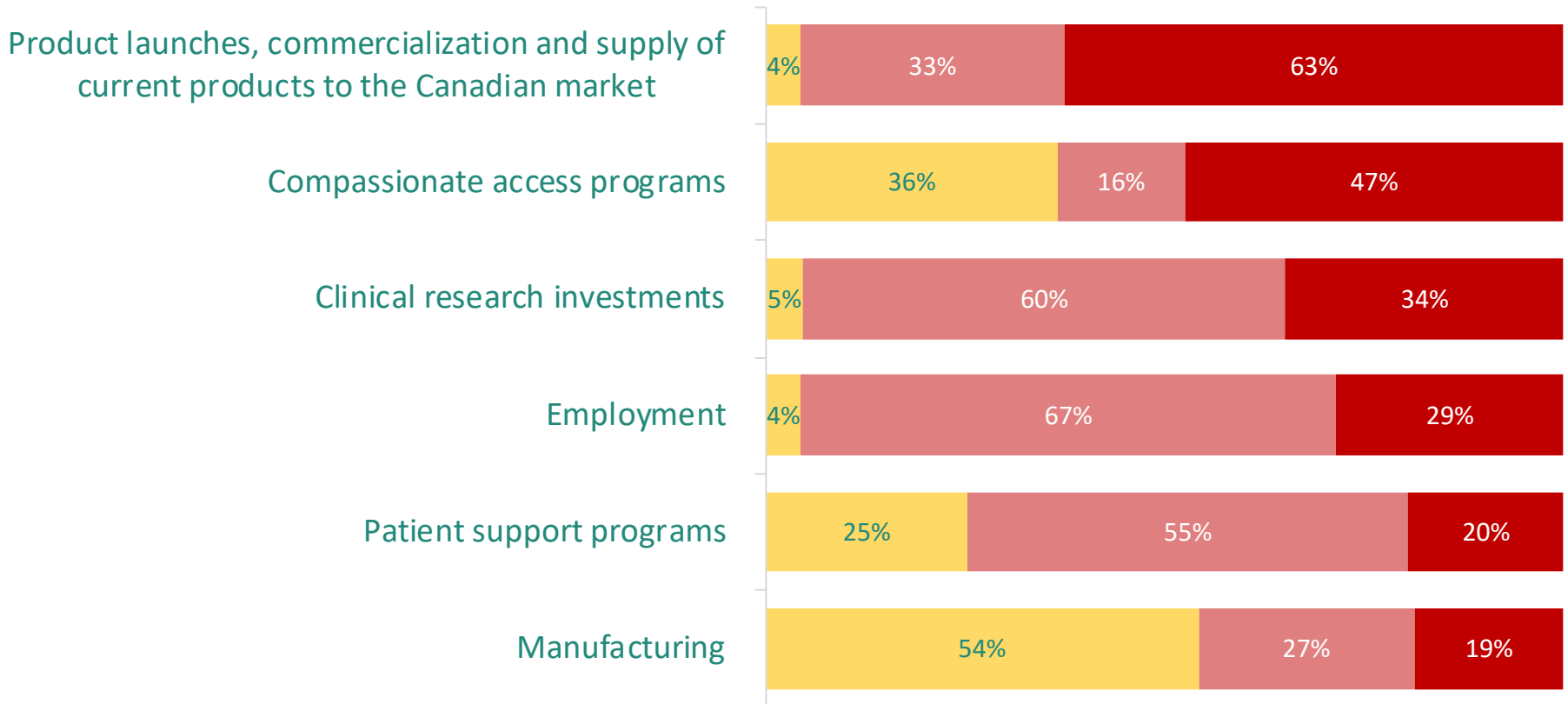
Q2. Please indicate the level of impact that the PMPRB changes will have on your plans in Canada (n=23)



Note: respondents selected "Not Applicable" were excluded from the analysis

The most significant impact business executives expect is in product launches and compassionate access

Q2. Please indicate the level of impact that the PMPRB changes will have on your plans in Canada (n=23)



■ Significant Positive Impact ■ Somewhat Positive Impact ■ No change ■ Somewhat Negative Impact ■ Significant Negative Impact

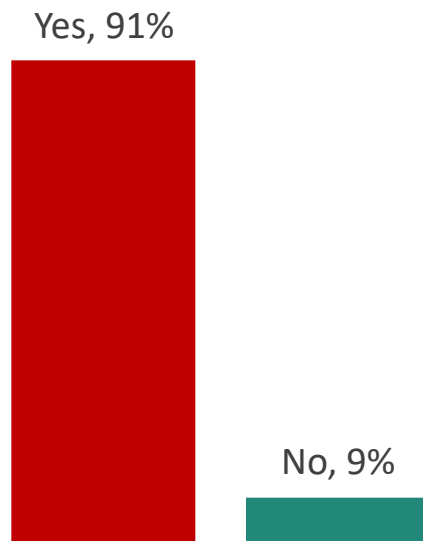
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Sorted by "Significant negative impact"

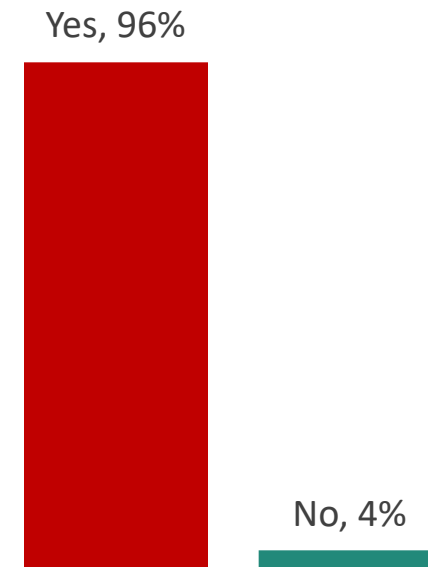
Virtually every executive expects PMPRB changes to result in “No launch” decisions and delayed launches in Canada

Q3. Do you foresee any of the following? (n=23)

“No launch” decisions for medicines in Canada?



Delayed launches for medicines in Canada?

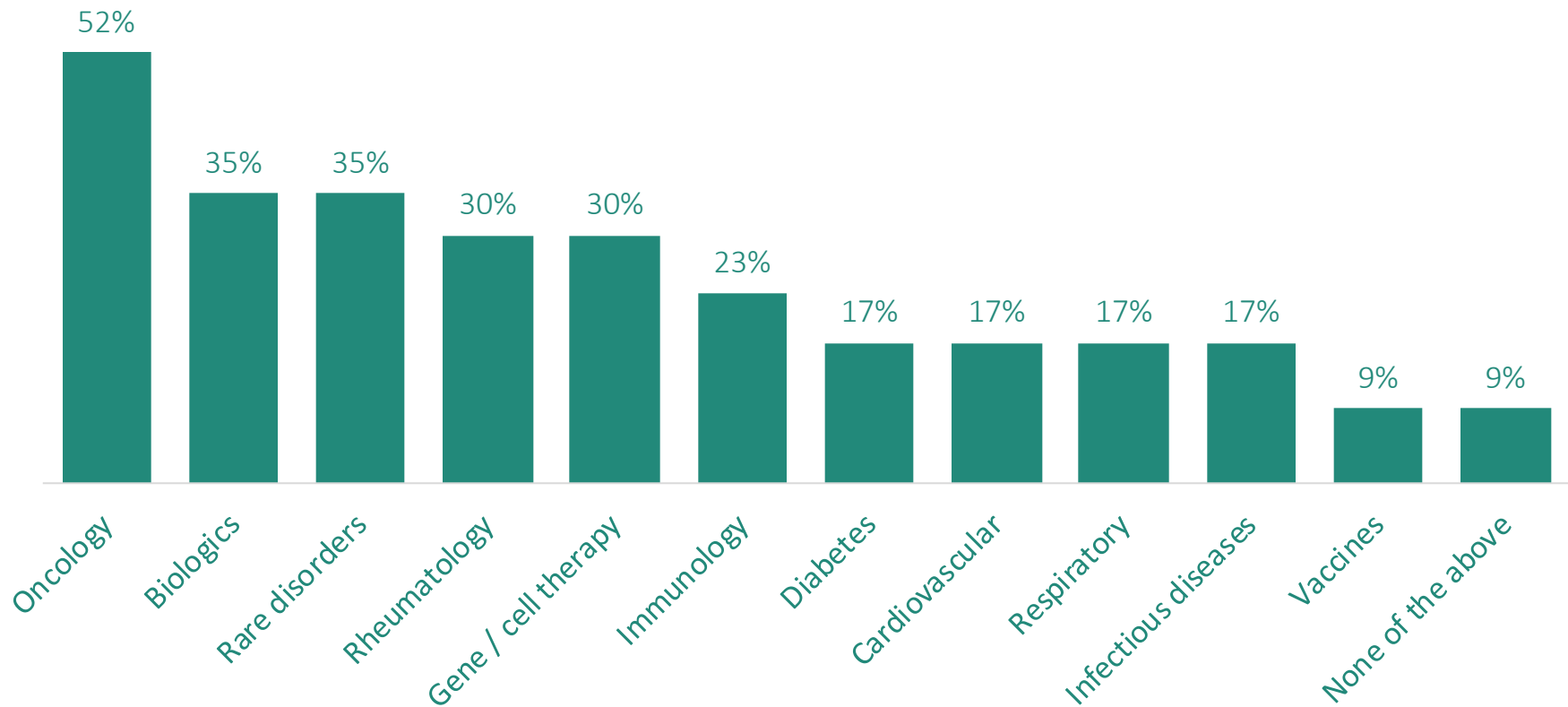


Q3. If yes to delayed: By how many months?
Most respondents expect 12-24 months delay

Note: respondents selected “Not Applicable” were excluded from the analysis

Oncology followed by biologics, rare disease, rheumatology and gene therapy are expected to be most affected by the changes

Q5. Which of your therapeutic areas in Canada, if any, are likely to be impacted as a result of the new PMPRB changes? (n=23)



Leaders in their own words explain the impacts of the PMPRB changes (1/2)

Some products will not be launched at all in Canada. Even upcoming indications of currently approved products may not be launched in Canada.

We already have major challenges convincing our global headquarters to invest in Canada because it takes very long to get public reimbursement, but now we also have this great uncertainty about prices. I am afraid that Canada will lose its place as a preferred country to launch new products - that's bad for us and bad for patients.

We estimate a 75% reduction in price for [one] of our medicines.

These regulatory changes will negatively impact the world-class clinical trial network developed in Canada and will limit our industry's ability to invest in innovative R&D and high value jobs in the life science sector.

Will not do clinical trials for risk of having to keep patients on therapy in perpetuity without prospects of reimbursement at an acceptable price. We have delayed launch of two significant innovative products due to uncertainty around the regulatory environment and the lack of predictability and stability around establishing a fair price in Canada. With no new products coming to Canada planned significant expansion has been halted.

Leaders in their own words explain the impacts of the PMPRB changes (2/2)

Due to these pricing changes, Canada will likely be considered later in the launch sequence of countries, if at all. This will also affect the number of clinical trials we will be able to attract to Canada.

Canada is a reference country in other markets and prices in Canada have an impact elsewhere in the world. Most of these markets are much larger than Canada and innovators will sacrifice the Canadian market to be able to retain value in the other markets.

We are planning to delay the launch of [a new medicine] from 2020 to 2021 and perhaps until 2022. If we cannot get an acceptable price, then we will not launch the product in Canada despite the significant investments made by the company in Canada. Furthermore, our early access program for this medication is not likely to start. Canada is not a favorable launch environment at this point.

We will need to remove a key revenue generating product, and first line treatment option in its therapeutic class, from the Canadian market as a result of the changes. The new price we will be required to charge is below our cost of goods.



Thank you

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Research etc.