

NP2+

PHARMA REIMAGINED

A Case for Support



Trailblazing a Path to Advance Public Health

A Leader in Nonprofit Pharma:

NP2's mission is to promote public health by lowering the cost of life-saving drugs and putting people ahead of profits. Our founders, with a combined 100+ years of experience in healthcare and the pharmaceutical industry, had grown frustrated and shocked by the profit-driven Big Pharma model, and they knew that there had to be a way to make drugs more affordable for all Americans.

Together they joined forces to disrupt Big Pharma and to found NP2, incorporated in 2019 as a 501(c)(3) nonprofit organization. These are just a few of the alarming statistics that drive our motivation at NP2:



- ✚ \$167,904 is the average cost for one year of cancer treatment in the U.S. in 2019¹
- ✚ 66% of U.S. cancer patients experience financial hardship²
- ✚ 25% of cancer patients in the U.S. skip doses of prescribed medicine due to the high cost of care³
- ✚ 58 million American adults say they have experienced medication insecurity in the last 12 months⁴

Why a Nonprofit?

Because incorporating as a nonprofit means that staying true to our mission to keep drug prices as low as possible—the opposite of the Big Pharma model—will always be our guiding principle. This will never change. **Revenues generated from drug sales will be re-invested into the development of new drugs and not distributed to shareholders as profits. Marketing and sales costs will be minimized.** Over time, as revenues increase, NP2 will become a self-sustaining organization, able to cover its operational and drug development costs without having to continually rely on fundraising. What this means is that by making a tax-deductible donation today you are supporting NP2's mission in perpetuity.

¹"Seniors Face Crushing Drug Costs as Congress Stalls on Capping Medicare Out-Of-Pockets," Kaiser Health News, January 4, 2021, Harris Meyer.

²"Cost of Cancer Care Reaches Nearly \$150B Nationally," Healthpayer Intelligence, January 15, 2020, Samantha McGrail.

³"As Drug Costs Soar, People Delay Or Skip Cancer Treatments," NPR, March 15, 2017, Liz Szabo.

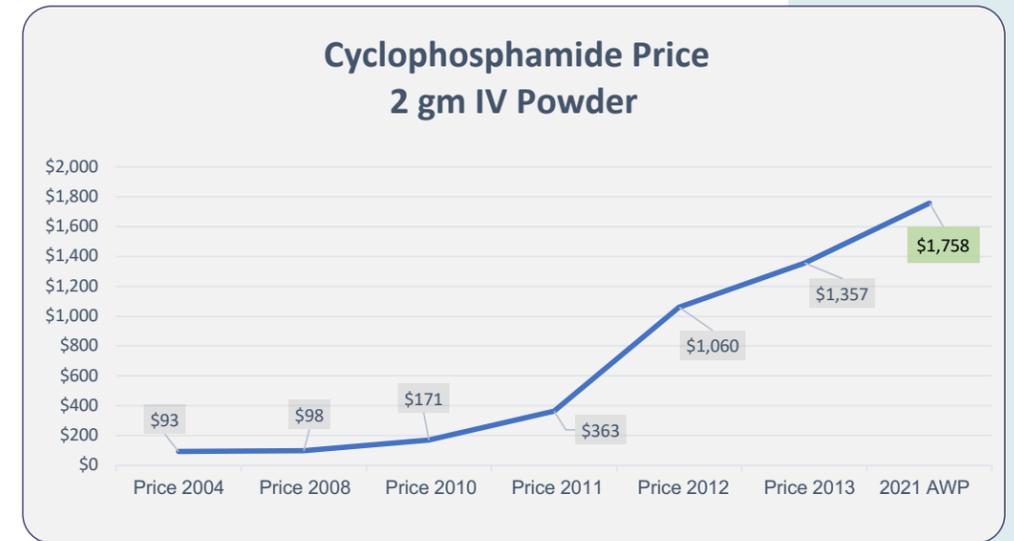
⁴"Millions in U.S. Lost Someone Who Couldn't Afford Treatment," <https://news.gallup.com/poll/268094/millions-lost-someone-couldn-afford-treatment.aspx>, November 12, 2019, Dan Witters

Our Launch Strategy:

NP2 has a bold vision that once realized, will ensure that all patients—especially the under-served—can afford the care that they need. Focusing at first on widely used generic off-patent drugs, NP2's innovative model will reduce escalating prices for some of the most frequently prescribed oncology drugs and those used to treat infectious diseases and more.

As a specific example, cyclophosphamide, an anticancer drug first approved in 1959 and sold as a generic for decades, has had a significant increase in price over several years as indicated in the graph below.

As this example of the escalation in the price of Cyclophosphamide demonstrates, current drug manufacturers are not meeting the needs of patients, nor the promise of the generic marketplace. Although it's been on the market for more than 60 years, Cyclophosphamide has experienced an almost 20-fold increase in price since 2004.



Why do the Cost of Life-Saving Generic Drugs Escalate?

- ✚ Consolidation of generic companies and exclusive agreements have limited competition, particularly in cancer and infectious diseases areas.
- ✚ Newly launched generic drugs are often only marginally less expensive than the patented products they replace, and the prices stay high.
- ✚ Often there is a large difference between the cost to manufacture and purchase price.
- ✚ More manufacturers are exiting than entering the market.
- ✚ Regulatory barriers are keeping new manufacturers out, reducing competition.
- ✚ The drug supply in low- and middle-income countries is limited by insufficient potential profit and small market size.

NP2's Model Will Demonstrate that a Nonprofit Pharmaceutical Corporation Can:

- ✚ Become a successful manufacturer and distributor of pharmaceutical drugs priced below the lowest government-negotiated prices.
- ✚ Mature into a fully functional pharmaceutical corporation that by its very mandate will put people ahead of profits.
- ✚ Affect systemic change by mitigating the forces that keep drug prices high.
- ✚ Invest a significantly higher proportion of sales on research and development compared to for-profit pharma which invests a majority of profit in advertising, marketing, administration, and dividends.

Our Strategies to Fulfill Our Mission Include:

- ✚ Join forces with other mission-aligned nonprofit organizations to manufacture oncology drugs at a lower cost and provide them to cancer treatment centers that serve a large percentage of patients on a fixed or limited income.
- ✚ Pursue licensing deals with for-profit drug manufacturers. NP2 will purchase the rights to their drugs and sell them to healthcare institutions like the NCI Cancer Treatment Centers that treat 20% of cancer patients in the U.S.
- ✚ Start with developing generic injectable drugs to shorten development times and reduce regulatory barriers to approval.
- ✚ Establish partnerships with customers - mission-aligned healthcare providers, e.g. National Cancer Institute (NCI) cancer centers, VA, managed healthcare organizations, and government programs such as Medicaid.
- ✚ Contract with existing raw materials suppliers and manufacturing plants to make products, improving flexibility and lowering costs.
- ✚ Identify and re-purpose off-patent drugs for uncommon illnesses that otherwise won't see the light of day.
- ✚ Grow to include oral dosage forms of off-patent medicines. Co-pays on oral drugs hit patients particularly hard. Oral dosage forms are also preferred in low- and middle-income countries.
- ✚ Drugs developed outside of the U.S. can be licensed domestically if the supporting data is of high quality.
- ✚ By reducing profit, marketing, and sales costs NP2 will develop, manufacture, and sell NP2 generic drugs at prices people can afford.

What Others Are Saying:

"NP2 is an incredibly important venture...It is good for patients, good for hospitals, and good for research."

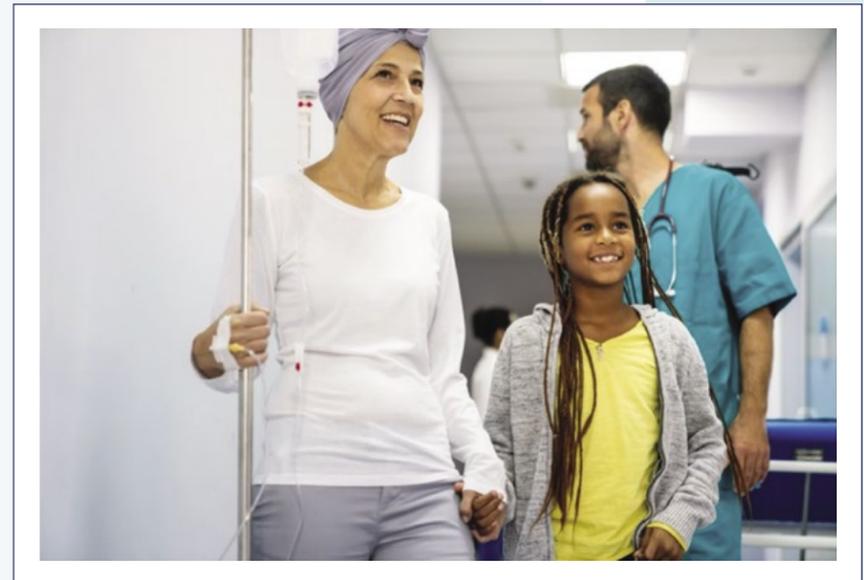
– Steve Libutti, MD, Director, Rutgers Cancer Institute

"NP2 exemplifies what's right about the biopharma industry. Using their powerful, combined expertise, these pharma veterans are creating fairly priced, life-saving, or sustaining generic medications for patients who really need them. I am highly enthusiastic to support their remarkably uncommon efforts."

– Dr. David Hardy, Adjunct Clinical Professor of Medicine at the Keck School of Medicine of USC

"When it comes to cancer patients and their families, the last thing they should worry about is getting access to affordable treatments. The promise of NP2 is ensuring that cancer clinics around the U.S. are reliably equipped with essential chemotherapies at affordable costs. NP2 has an important role to play in alleviating the burden of financial toxicity and unpredictable supply on cancer patients and clinics."

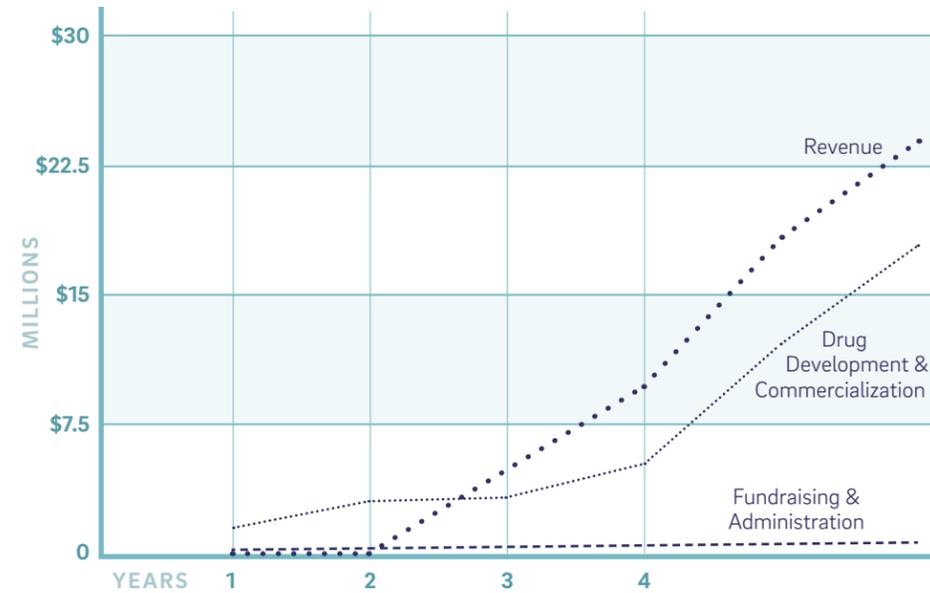
– Kahaari Kenyatta, Drug Pricing Policy Analyst, Waxman Strategies



What Level of Investment Will It Take for NP2 to Get Into the Marketplace With Lower Cost Life-Saving Generic Drugs?

It costs approximately \$3 million and takes about two years to develop a new injectable generic drug. Through a combination of in-licensing and de novo drug development the long-range budget for NP2 forecasts that the organization will become self-funding and with four products on the market just six years after commercializing our first injectable generic drug.

NP2 Six-Year Budget Projection



What Are the Challenges Facing NP2?

- ✚ Acquiring adequate funding for drug development
- ✚ Big Pharma generic makers may lower their prices to match NP2
- ✚ Difficulty locating contract manufacturers and raw material sources of adequate quality and volume
- ✚ FDA review timelines are unpredictable
- ✚ Providers, insurers, and market dynamics favor high pricing

How NP2 Operates as an Organization:

NP2 operates as a virtual organization with high financial efficiency. Development activities and manufacturing will be undertaken by contract development and manufacturing organizations (CDMOs) and NP2 will build its internal manufacturing expertise necessary to manage the CDMO. As the organization grows, the CDMOs will continue to carry out all development and manufacturing to increase flexibility.

It is planned that commercialization (FDA license maintenance and product support, sales, and distribution) will be managed by a partner or by a contract sales and commercialization firm. This is a much more economical way for NP2 to proceed rather than to hire a large and very costly team that has the needed level of expertise. Additionally, with this approach, NP2 can learn from partnerships and leverage that knowledge for the development and commercialization of later drugs.

The income from drug sales will be reinvested in the development of new products. Unlike most nonprofits that must fundraise their operating budget each year, NP2's financial projections, which were forecasted with the help of an outside pharmaceutical consulting firm, show that we will become self-funding four years after we have gone to market with our first life-saving generic drug.

While NP2 must raise significant funds to cover its operational costs and bring our first drug to market, the NP2 fundraising period is finite. A donation now helps to not only launch an organization that will exist in perpetuity, magnifying the original gift many fold, but it also contributes to bringing needed change to the long-outdated profit-driven big pharma model that simply doesn't work for most American's.



As a relatively young nonprofit organization that incorporated only months before the arrival of COVID-19, attracting the attention of institutional healthcare funders has been challenging. With the majority of healthcare-based philanthropic support focused on programs and organizations providing direct services to communities—especially those that are marginalized or at greatest risk from the health and economic impacts from the virus, to date, NP2 has been funded solely by donations from individuals.

We operate on a very lean budget and work remotely with one employee, Executive Director, Terri Miller. Board President and Co-Founder, William Buhles, Ph.D. whose career has been in the pharmaceutical industry is actively involved alongside Terri in the day-to-day operations, fundraising, and advancement of our mission.

The Impact of Your Tax-Deductible Donation to NP2:

- ✚ **Your support helps change the face of pharmaceutical medicine in America** by helping to launch a nonprofit pharmaceutical corporation that becomes self-sustaining four years after it enters the marketplace.
- ✚ You help to make it possible for more Americans—especially those economically marginalized in our society—to get access to the life-saving medicines they need. **No one should go without optimum care because of insufficient funds.**
- ✚ **You help lower the cost of drugs** and show that the current profit-driven model isn't the only way.
- ✚ **Your donation helps to fund NP2's research** on drugs that have long been shelved leading to the repurposing of existing drugs for new diseases (such as COVID-19).
- ✚ **You are part of a dedicated circle of supporters that believe in innovation** and that wants to see fair access to medicines for everyone and help ensure that NP2's vision becomes a reality.

You Can Help Ensure That Access to Life-Saving Medicines Is a Fundamental Right and Not a Privilege!

To learn more about NP2 or to make a tax-deductible donation, or to discuss a no- or low-interest loan to support our bold vision for change, **please contact Terri Miller, Executive Director at t.miller@np2.org or by phone at 415-602-4281. And visit us online at www.np2.org**

If you are ready to make a commitment and join our circle of supporters, you can make a tax-deductible donation online, or by mailing a check to:

NP2
336 Bon Aire Center
Suite 234
Greenbrae, CA 94904

Thank you in advance for considering contributing to our bold vision for change to advance public health for all Americans.



Board of Directors:

William C. Buhles, Ph.D. (Board President and Co-Founder), Retired Pharmaceutical Scientist.

Jacob P. Lalezari, MD (Board Vice President and Co-Founder), Chief Executive Officer and Director of Quest Clinical Research, San Francisco, CA.

David Figg, MEng (Board Treasurer & Secretary), Chief Operating Officer of Rice's Pharmacy, Kentucky.

Donna Kato, MBA (Board Director), Founder and Strategic Advisor to Regulatory Professionals Inc., (RPI), A Division of Premier Research.

Terri Miller, MA (Board Director), Non-voting Board Director and Executive Director for NP2.

Jon Nygaard, MA & JD (Board Director), Senior Counsel in the drug and device regulatory and healthcare law practice of Wilson Sonsini Goodrich & Rosati.

Leslie C. Rohrbacker, JD (Board Member), Chief Operating Officer at BAL, one of the world's largest global immigration and mobility services providers.

(Note: In depth bios can be found on our website <https://np2.org/our-team/>)