



Leerink Partners Serves as Exclusive Financial Advisor for Rain Oncology's (Nasdaq: RAIN) Proposed Acquisition by Pathos AI, Inc.

Key Transaction Highlights

- On December 13, 2023, Rain Oncology (Nasdaq: RAIN) announced that it has entered into a definitive merger agreement whereby Pathos AI, Inc. will acquire Rain for \$1.16 in cash per share plus a non-tradeable contingent value right (a "CVR") for potential cash payments of up to approximately \$0.17.
- The upfront cash consideration represents a 17% premium over Rain's unaffected stock price as of October 13, 2023, the date a third party publicly announced a non-binding proposal to acquire Rain.
- Pursuant to the terms of the merger agreement, a subsidiary of Pathos will commence a tender offer to acquire all outstanding shares of Rain for a price of \$1.16 per share in cash plus a CVR representing a contractual right to receive two potential contingent aggregate cash payments, consisting of: a Cash CVR Payment for an aggregate amount equal to \$5.0 million (up to approximately \$0.14 per share), minus (A) certain expenses incurred related to pending or future litigation involving Rain and its directors or officers, minus (B) any shortfall in a target level of net cash, plus (C) any cash at closing in excess of the target net cash, and a Development CVR Payment for either (i) \$1.0 million (approximately \$0.03 per share) upon the first patient dosed in a clinical stage study conducted by Pathos using milademetan within five years of the closing of the merger or (ii) 80% of the net proceeds from any license or disposition of milademetan effected within two years of the closing of the merger.
- The Rain Board of Directors voted unanimously to approve the transaction.
- In connection with the execution of the merger agreement, stockholders holding approximately 44.0% of the outstanding shares of Rain common stock have entered into support agreements with Pathos pursuant to which they have agreed to tender their shares in the tender offer.
- If the tender offer is successful, the transaction is expected to close in January 2024.
- This is Leerink Partners' 1st transaction as an advisor to Rain Oncology.
- A copy of the press release announcing the transaction can be found below.

Transaction Press Release

Rain Oncology Enters into Agreement to be Acquired by Pathos AI for \$1.16 in Cash per Share Plus Contingent Value Rights

NEWARK, Calif., December 13, 2023 (GLOBE NEWSWIRE) -- Rain Oncology Inc. (Nasdaq: RAIN) ("Rain"), today announced it has entered into a definitive merger agreement whereby Pathos AI, Inc. ("Pathos") will acquire Rain for \$1.16 in cash per share plus a non-tradeable contingent value right (a "CVR") for potential cash payments of up to approximately \$0.17 per share.

The Rain Board of Directors voted unanimously to approve the proposed Offer, Merger and related transactions contemplated by the Merger Agreement (collectively, the "Transaction"). The upfront cash consideration represents a 17% premium over Rain's unaffected stock price as of October 13, 2023. The Rain Board reached this determination following a comprehensive review of the proposal, along with the outcome of an extensive process to review strategic alternatives with the assistance of its independent financial and legal advisors.

"After a thorough assessment, the Rain Board determined that this Transaction is in the best interests of our stockholders, as it leverages Rain's strong cash position to provide a confirmed cash takeout for our stockholders and retains some future potential upside due to Pathos' continued interest in further developing milademetan for cancer patients using their proprietary PathOS Platform," said Avanish Vellanki, co-founder and chief executive officer of Rain.

Pursuant and subject to the terms of the merger agreement, a subsidiary of Pathos will commence a tender offer to acquire all outstanding shares of Rain for \$1.16 in cash per share plus a CVR representing a contractual right to receive two potential contingent aggregate cash payments as follows:

- Cash CVR Payment: an aggregate amount equal to \$5.0 million (up to approximately \$0.14 per share), *minus* (A) certain expenses incurred related to pending or future litigation involving Rain and its directors or officers, *minus* (B) any shortfall in a target level of net cash, *plus* (C) any cash at closing in excess of the target net cash.
- Development CVR Payment: either (i) \$1.0 million (approximately \$0.03 per share) upon the first patient dosed in a clinical stage study conducted by Pathos using milademetan within five years of the closing of the merger or (ii) 80% of the net proceeds from any license or disposition of milademetan effected within two years of the closing of the merger.

The closing of the tender offer is subject to certain conditions, including the tender of Rain shares representing at least one share more than 50% of the total number of outstanding shares of common stock as of immediately prior to consummation of the tender offer; the availability of at least \$49.6 million of cash and cash equivalents, net certain liabilities at closing; and other customary conditions. In connection with the execution of the merger agreement, stockholders holding approximately 44.0% of the outstanding shares of Rain common stock have entered into support agreements with Pathos pursuant to which they have agreed to tender their shares in the tender offer.

Pathos has established a separate, wholly-owned subsidiary to complete the Transaction. Following the tender offer closing, this subsidiary will be merged into Rain with Rain as the surviving entity of the merger, which will then operate as a separate, wholly-owned subsidiary of Pathos. If the tender offer is successful, the Transaction is expected to close in January 2024.

Advisors

Leerink Partners is acting as exclusive financial advisor and Gibson, Dunn & Crutcher LLP is acting as legal counsel to Rain. Goodwin Procter LLP is acting as legal counsel to Pathos.

About Rain Oncology Inc.

Rain Oncology Inc. is a precision oncology company developing therapies that target oncogenic drivers to genetically select patients it believes will most likely benefit. Rain's product candidate, milademetan, is a small molecule, oral inhibitor of the p53-MDM2 complex that reactivates p53.

About Pathos AI, Inc.

Pathos AI, Inc. is a clinical stage biotechnology company focused on re-engineering drug development. By leveraging the power of AI technologies, multimodal real-world data, and patient-derived biological models, Pathos brings precision medicines to market through partnership with biopharmaceutical companies. Additional information can be found at www.pathos.com.

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