

We are a biotechnology company focused on developing innovative therapies in the cardio, neurology, and rare disease space.

The requirements under IRC Section 174 caused our company to pay approximately \$40M of federal income taxes between 2022 and 2023, even though we had a financial statement pretax loss of \$258M and \$334M respectively over that two-year period. This law had a disproportional impact to our company because, although we are not a pre-revenue R&D company, R&D still represented approximately 84% and 79% of our total operating expenses for 2022 and 2023 respectively. Well over 80% of our R&D is performed in the U.S.

If we had been permitted to expense R&D under the previous law during those years, we would have paid \$2M of taxes as compared to the \$40M paid in 2022 and 2023. The cash tax impact of the law was partially mitigated by the impact of the lower rate applicable to our foreign derived intangible income (“FDII”) and availability of our R&D tax credits, but we used \$117M of credits that would have otherwise been available to offset future tax.

In addition, although Section 174 allows amortization of research expenditures, it has an “evergreening” effect for any company that continuously conducts R&D. Through the end of 2024, Section 174 had a cumulative impact of deferring \$324M of tax effected benefits.

In the absence of legislative relief, this impact will continue to incrementally grow for a period and then only be reversed as a temporary impact if we were to reduce or eliminate our investment in R&D, having the effect of converting what would otherwise have been net operating loss carryforwards into an unusable evergreen deferred tax asset. This is antithetical to the nature of our company and the biotechnology industry, and puts our ability to continue innovating for patients at a significant disadvantage.