SECTOR REPORT | HEALTHCARE & MEDTECH | AUGUST 2026

Healthcare Sector Report

Three Dedicated Long Ideas Across Pharma and Medtech

Eli Lilly (LLY) | Novo Nordisk (NVO) | Inspire Medical Systems (INSP)

Investment framing

The three names represent three vectors in the healthcare trade. Lilly is the highest-quality momentum compounder in the group, Novo is a valuation-driven turnaround with unusually visible near-term pressure, and Inspire is a contrarian medtech long built around a widening gap between operating progress and market expectations.

Independent equity research on the healthcare sector. Not investment advice. Data as compiled from company filings and the supplied research summaries through August 2026. See Disclosures on the final page.

Research basis

Prepared from company FY2021–FY2025 annual-report and 10-K data summaries, together with the supplied valuation/comps and cross-cutting insights sheet. Limited external epidemiology and 2026 company updates are used for sector sizing and catalyst timing. Valuation figures remain presented as supplied and have not been independently refreshed in this report.

August 2026

1. EXECUTIVE SUMMARY

Healthcare remains one of the few major sectors where secular demand, pricing power, demographic pressure, and genuine product innovation can coexist inside the same investable universe. That however, does not make the sector uniformly attractive. The opportunity is increasingly concentrated in companies that can either convert clinical leadership into durable economics or where the market has discounted a business more aggressively than the operating data supports. The three long ideas discussed below represent different points on that spectrum.

Eli Lilly is the cleanest fundamental long. Revenue accelerated from roughly $28.5 billion in 2022 to $65.2 billion in 2025, with 45% growth in the latest year. Gross margin expanded from 74.2% in 2021 to 83.0% in 2025 as tirzepatide became a larger share of the business. The central question is less whether the franchise is working and more whether current valuation already capitalizes too much of the future. Mounjaro and Zepbound now represent 56% of revenue, while total debt has risen to $42.5 billion alongside a rapid manufacturing buildout. The long case therefore depends on continued execution at a high level.

Novo Nordisk is the more nuanced opportunity. The franchise remains highly profitable and globally scaled, but the financial trajectory clearly broke in 2025. Reported sales growth fell to 6.4%, gross margin compressed by 370 basis points, and diluted EPS growth slowed to 1.8%. Management then guided to an adjusted 2026 sales decline of 5% to 13% at constant exchange rates. The attraction is valuation; at roughly 12–14x forward earnings in the supplied comps, Novo trades at less than half Lilly's forward multiple despite retaining a major obesity and diabetes franchise. That discount is deserved in part, but the degree of compression creates a credible turnaround setup if pricing pressure, pipeline execution, and operating restructuring stabilize.

Inspire Medical Systems is the most contrarian opportunity. Revenue growth has decelerated from 74.7% in 2022 to 13.6% in 2025, yet gross margin remains above 85% and operating income increased 41.2% in 2025 as the business moved from several years of losses into sustained profitability. The stock's approximately 66.6% 52-week drawdown, as captured in the supplied materials, sits against improving operating economics. The market is discounting legitimate risks, including 95.6% U.S. revenue concentration, reimbursement disruption, and temporary GLP-1-related therapy delays. The long thesis rests on the view that these pressures affect timing and adoption rather than permanently impairing the addressable market.

Name	Primary Thesis	FY2025 Revenue Growth	Key Risk	Valuation Lens
LLY	Best-in-class growth + margin expansion	+45%	Product concentration / premium valuation	Forward P/E
NVO	Turnaround + valuation reset	+6.4%	2026 decline / pricing / pipeline execution	Forward P/E
INSP	Fundamentals-price dislocation	+13.6%	U.S. reimbursement + GLP-1 timing effects	Forward P/E / EV-EBITDA

Portfolio conclusion

On a risk-adjusted basis, Lilly has the strongest current operating profile, Novo offers the most obvious large-cap valuation asymmetry, and Inspire offers the highest idiosyncratic upside if the market has overcapitalized near-term headwinds. The three positions therefore make more sense as a diversified healthcare basket than as equal-weight expressions of one macro view.

2. SECTOR VIEW: WHERE THE OPPORTUNITY SITS

The investable healthcare story is currently shaped by two overlapping demand pools. The first is metabolic disease, where obesity and diabetes treatment have become unusually large commercial platforms rather than niche therapeutic categories. The second is chronic disease management in aging populations, including conditions such as obstructive sleep apnea that require durable, procedure-based or device-based intervention. Lilly and Novo are direct

beneficiaries of the first trend. Inspire is exposed to the second, but is also being valued through the first because GLP-1 adoption has become part of the market's view of long-term sleep-apnea treatment demand.

Demand backdrop in numbers

Demand indicator	Current estimate	Forward view	Investment relevance
U.S. adult obesity	40.3% of adults age 20+ [9]	Persistently high national prevalence	Large baseline metabolic-treatment pool for LLY / NVO
U.S. adult OSA	83.7M adults; 32.4% in 2024 [10]	Large diagnosed + undiagnosed burden	Supports a broad clinical pool for INSP, with GLP-1 overlap
OSA, age 70–85	11.9M cases; 33.0% in 2020 [11]	28.2M; 53.7% by 2050 (+136% cases) [11]	Aging tailwind supports durable procedure-based OSA demand

These figures strengthen both sides of the basket. The obesity prevalence supports a durable metabolic-treatment pool for Lilly and Novo; the OSA base and aging trajectory support the view that Inspire can face GLP-1-related patient deferrals without the underlying addressable market disappearing. The key underwriting question is therefore treatment mix and sequencing.

This creates a useful distinction for portfolio construction. Lilly and Novo compete more directly for overlapping patient populations and therefore share a meaningful amount of therapeutic and pricing risk. Inspire provides different economic exposure, with device adoption, physician capacity, reimbursement, and procedural workflow mattering more than pharmaceutical pricing. The common factor across all three is concentration; Lilly has 56% of revenue in Mounjaro and Zepbound, Novo has roughly 74% of sales in Ozempic, Wegovy, and Rybelsus, and Inspire remains effectively a single-platform company with 95.6% of revenue generated in the United States.

The correct way to underwrite the group is therefore to accept concentration as a feature of the opportunity. These are companies whose economics are being transformed by highly successful core franchises. That creates operating leverage when execution is strong, but it also increases the sensitivity of the equity story to pricing, reimbursement, clinical data, and competitive pipeline developments. The valuation section must be read through that lens. A premium multiple is justified only when the core franchise continues to strengthen; a discounted multiple is attractive only when the impairment embedded in the price is greater than the impairment visible in the financial statements.

FY2025 Metric	Lilly	Novo Nordisk	Inspire
Revenue growth	45.0%	6.4%	13.6%
Gross margin	83.0%	81.0%	85.4%
Operating trend	Strong expansion	Margin 44.2% → 41.3%	Operating income +41.2%
Core concentration	56% in 2 products	74% in 3 products	Single platform
Balance sheet	$42.5B debt	Net cash; volatile FCF	No debt; $404.6M cash/investments

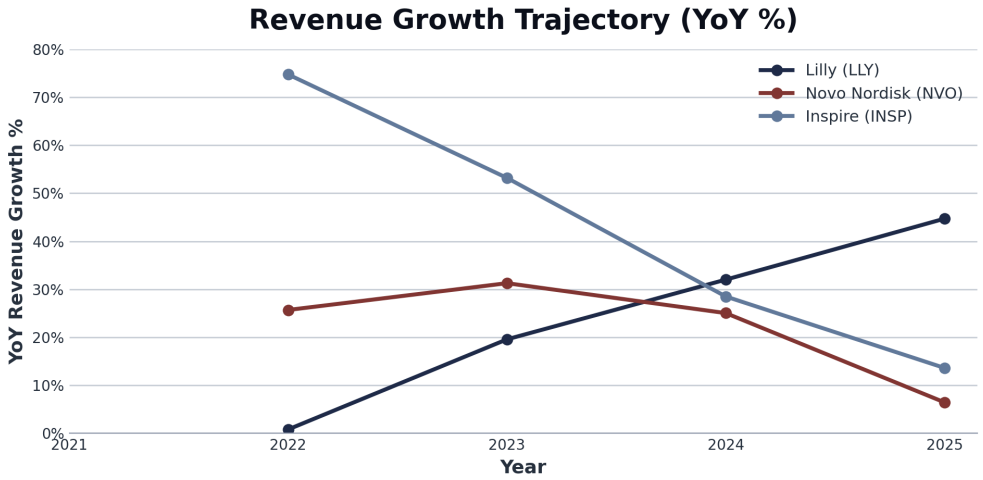


Exhibit 1 | Revenue growth trajectory, Lilly / Novo Nordisk / Inspire (YoY %, 2021–25)

Source: LLY 10-K, NVO Annual Reports, and INSP 10-K, FY2021–FY2025

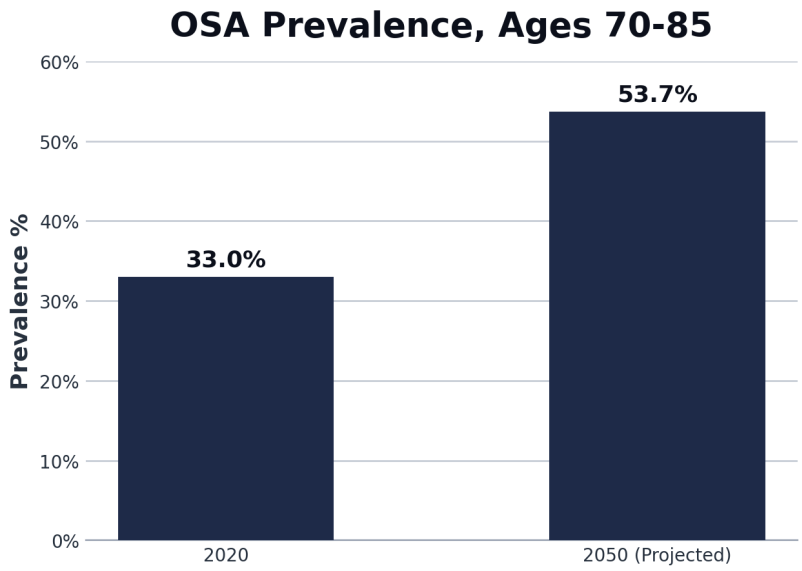


Exhibit 2 | OSA prevalence, ages 70–85 (2020 vs. 2050 projected)

Source: National Institute of Health (NIH)

3. ELI LILLY: THE CLEANEST FUNDAMENTAL LONG

Operating momentum has become the core driver of the equity story

Lilly's financial profile has changed materially over the last three years. Revenue was essentially flat between 2021 and 2022, then accelerated to 20% growth in 2023, 32% in 2024, and 45% in 2025. That progression is important because the current long case is supported by reported scale, not just pipeline optionality. Mounjaro and Zepbound increased from a combined $482.5 million in 2022 to $36.5 billion in 2025, equivalent to 56% of total revenue. Few large-cap pharmaceutical companies have experienced a comparable mix shift over such a short period.

The margin profile has improved at the same time. Gross margin expanded from 74.2% in 2021 to 83.0% in 2025, an 880 basis-point improvement. This occurred even as realized net prices faced pressure from rebates and cash-pay reductions, suggesting that manufacturing economics and product mix are doing more of the work than headline

pricing. R&D also rose to $13.3 billion in 2025, up 21% year over year, which gives Lilly room to reinvest behind the current franchise rather than simply harvesting it.

Year	Revenue ($B)	YoY Growth	Gross Margin	Diluted EPS
2021	28.3	—	74.2%	$6.12
2022	28.5	+1%	76.8%	$6.90
2023	34.1	+20%	79.2%	$5.80
2024	45.0	+32%	81.3%	$11.71
2025	65.2	+45%	83.0%	$22.95

The long foundation is strong, but concentrated

The same product success that has strengthened the P&L is also the largest underwriting risk. Six products represented 82% of Lilly's 2025 revenue, with Mounjaro and Zepbound alone accounting for 56%. This concentration makes the stock more sensitive to reimbursement changes, manufacturing bottlenecks, safety findings, patent developments, and the competitive response from Novo and other obesity-drug programs. The appropriate conclusion is not that concentration invalidates the long. It means the investment case must explicitly assume continued leadership in incretins rather than treating diversification across a legacy pharma portfolio as a source of protection.

Capital intensity is also rising; Lilly spent $7.8 billion on capital expenditures in 2025, up from $5.1 billion in 2024, with the buildout tied directly to manufacturing capacity for incretin products. Total debt increased to $42.5 billion from $33.6 billion. The company still has the earnings power to support the expansion, but the buildout is not costless. Capacity additions can improve supply, lower unit costs, and extend category leadership, yet they also increase the amount of capital committed to a franchise whose valuation already assumes substantial long-term growth.

GAAP EPS needs similar context. The 2023 decline to $5.80 per share was heavily affected by a $3.8 billion acquired IPR&D charge. The subsequent 102% and 96% EPS growth rates in 2024 and 2025 are real reported figures, but they should not be presented as a smooth operating CAGR. The cleaner evidence is the combination of accelerating revenue, expanding gross margin, and a large increase in absolute earnings power after the tirzepatide ramp.

LLY thesis

Lilly is the highest conviction long of the three on operating quality. The market is paying for that quality, so the investment case requires continued execution rather than multiple expansion alone. Upside is driven by sustained category leadership, supply growth, and margin leverage. Downside is most likely to emerge from concentration risk, pricing/reimbursement pressure, or a material reset in obesity-drug growth expectations.

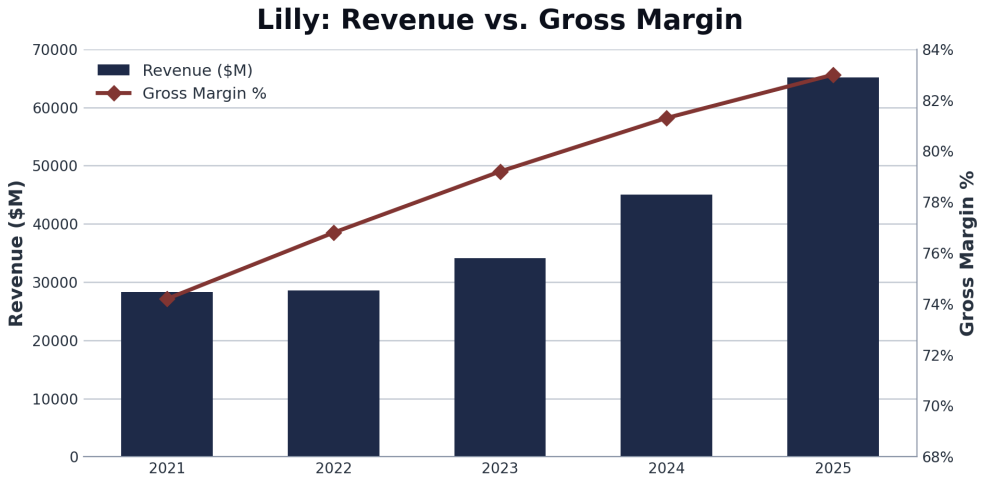


Exhibit 3 | Lilly — revenue vs. gross margin (2021–25)

Source: LLY 10-K, FY2021–FY2025 (SEC EDGAR).

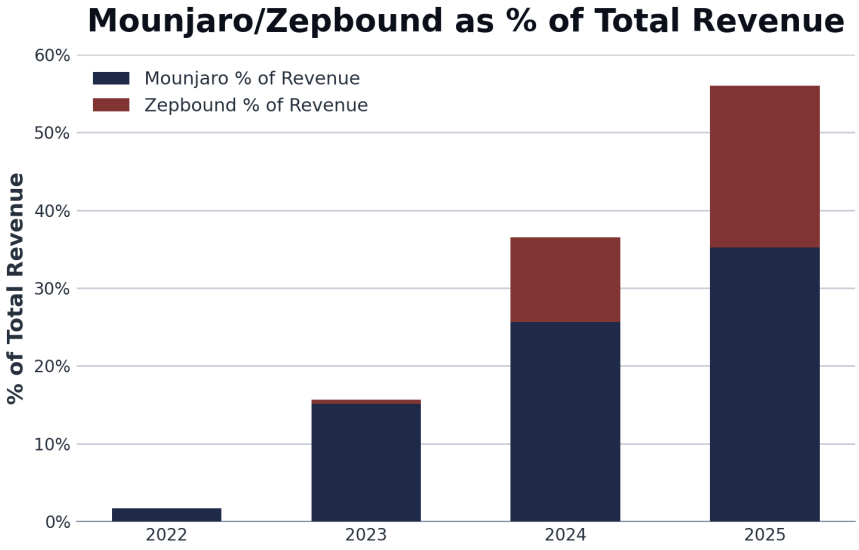


Exhibit 4 | Lilly — Mounjaro/Zepbound as % of total revenue (2022–25)

Source: LLY 10-K, FY2021–FY2025 (SEC EDGAR).

4. NOVO NORDISK: VALUE WITH A TURNAROUND REQUIREMENT

The 2025 inflection is too large to treat as temporary noise

Novo represents an opposite setup from Lilly, given the business remains highly profitable, but the growth curve has clearly deteriorated. Novo's 2025 sales grew 10% at constant exchange rates, within management's 8–11% guidance range, but only 6.4% as reported as FX absorbed roughly 3.5 percentage points of growth; the more relevant signal is therefore the sharp operational deceleration from 25% CER growth in 2024 to 10% in 2025, rather than a miss against company expectations. Diluted EPS growth fell from 52.4% in 2023 to 21.5% in 2024 and only 1.8% in 2025. Gross margin compressed from 84.7% to 81.0%, while operating margin declined from 44.2% to 41.3%. Those figures establish a real earnings reset rather than just a change in market sentiment.

The franchise has also become more concentrated. Ozempic, Wegovy, and Rybelsus represented 73.9% of total 2025 sales, up from 28.4% in 2021. Rybelsus declined in 2025, while Ozempic and Wegovy continued to grow. That mix suggests that the core injectable franchise remains commercially relevant, but it also shows how much of the company now depends on a narrow metabolic platform. This concentration is similar in magnitude to Lilly's, but the current operating direction is weaker.

Year	Net Sales (DKK B)	Growth	Gross Margin	Diluted EPS (DKK)
2021	140.8	+10.9%	83.2%	10.37
2022	177.0	+25.7%	83.9%	12.22
2023	232.3	+31.3%	84.6%	18.62
2024	290.4	+25.0%	84.7%	22.63
2025	309.1	+6.4%	81.0%	23.03

The 2026 setup requires patience

The most important forward-looking data point is management's 2026 guidance. Novo's FY2025 annual report guides to adjusted sales growth of negative 5% to negative 13% at constant exchange rates. That makes this a turnaround case by definition. The equity cannot be judged on the assumption that the 2025 slowdown immediately reverses. The company is entering a period where price reductions, mix pressure, restructuring, and competitive intensity are likely to remain visible in reported numbers.

The operating response is meaningful, with Novo disclosing approximately DKK 8 billion of restructuring costs and a workforce reduction of roughly 9,000 positions in the same year that gross margin compressed. Those actions may improve the cost base, but they also confirm that management sees the need for a substantive reset. Free cash flow was negative in 2024 before recovering to DKK 28.3 billion in 2025, while dividends continued to rise. That capital-allocation profile remains manageable because the company retains substantial profitability, but the tension between shareholder distributions, restructuring, and investment in the next wave of products deserves monitoring.

Pipeline optionality exists, but it should be viewed conservatively

CagriSema illustrates why Novo's pipeline needs a balanced treatment. The obesity REDEFINE 4 trial missed its primary endpoint in February 2026, with 23.0% weight loss versus 25.5% for tirzepatide and a failure to demonstrate non-inferiority. At the same time, the obesity product had already been submitted to the FDA based on separate REDEFINE 1 and 2 trials, and the diabetes-focused REIMAGINE program is a distinct clinical pathway. CagriSema is therefore neither a clean catalyst nor a dead asset. It remains a source of optionality, but one with weaker competitive evidence than investors had hoped for.

The same conservatism should apply to pricing. The supplied materials note company-disclosed U.S. list-price reductions of roughly 50% for Wegovy and 35% for Ozempic. Management frames the changes as an access-expansion strategy, but the near-term economics still matter. A lower price can expand volume and deepen market penetration, yet it raises the hurdle for operating leverage at a moment when revenue growth is already slowing.

NVO thesis

Novo is attractive because expectations and valuation have already reset materially. The supplied comps place the stock at roughly 12–14x forward earnings versus approximately 30–35x for Lilly. That discount is partly justified by weaker growth, explicit 2026 contraction guidance, restructuring, and a mixed pipeline. The long case works if the market has priced a prolonged structural impairment while the business ultimately settles into slower but still highly profitable growth.

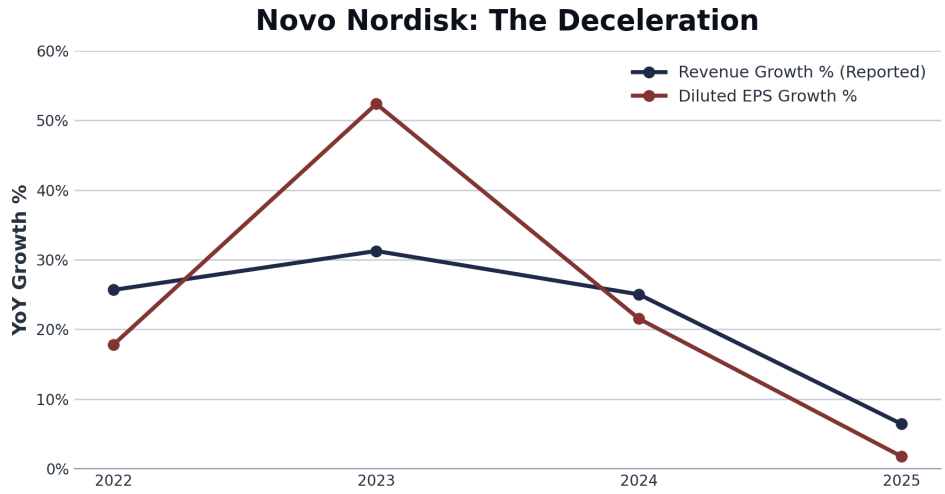


Exhibit 5 | Novo Nordisk — revenue growth % vs. diluted EPS growth % (2022–25)

Source: Novo Nordisk Annual Reports, FY2021–FY2025.

5. INSPIRE MEDICAL SYSTEMS: CONTRARIAN MEDTECH LONG

The market has repriced the stock faster than the business has deteriorated

Among the names covered, Inspire experienced the sharpest repricing relative to the changes in fundamentals. Revenue growth has decelerated every year since 2022, falling from 74.7% to 53.1%, 28.5%, and finally 13.6% in 2025. In isolation, that curve looks concerning. In context, it is consistent with a medtech company scaling from a smaller base, particularly because gross margin has remained remarkably stable between 83.8% and 85.7% across the five-year period. The operating model has matured even as top-line growth slowed.

The profitability transition is the central point. Inspire reported operating losses from 2021 through 2023, turned profitable in 2024, and increased operating income from $36.1 million to $51.0 million in 2025, a 41.2% increase. Headline net income rose much faster to $145.4 million, but roughly $79.7 million of that amount reflected a one-time, non-cash deferred tax benefit. The correct metric for the long thesis is therefore operating income growth, not the 171.8% increase in reported net income.

Year	Revenue ($M)	YoY Growth	Gross Margin	Operating Income/(Loss) ($M)
2021	233.4	—	85.7%	(39.9)
2022	407.9	+74.7%	83.8%	(47.6)
2023	624.8	+53.1%	84.5%	(40.3)
2024	802.8	+28.5%	84.7%	36.1
2025	912.0	+13.6%	85.4%	51.0

GLP-1 risk is real, but the evidence supports delay more than complete deterioration

The most important challenge to the contrarian long thesis comes from Inspire's own disclosure. The FY2025 10-K states that U.S. revenue growth was partially offset by patients and physicians delaying Inspire therapy while they trialed GLP-1 medications, alongside ENT surgeon capacity constraints and patients waiting for Inspire V availability. That language matters because it prevents us from dismissing GLP-1 adoption as irrelevant, since it has already affected patient timing.

The distinction is whether those delays permanently reduce the addressable market. The reported financials do not yet show demand reduction severe enough to break the business model. Revenue still grew double digits in 2025,

gross margin held at 85.4%, and operating profit expanded strongly. If GLP-1 therapy improves a patient's condition sufficiently to avoid an implant, Inspire loses that procedure. If patients trial GLP-1s first and later return to procedural treatment when symptoms persist, the effect is a timing headwind rather than permanent market loss. The current data supports a contested middle ground, which is precisely why the stock can remain mispriced for an extended period.

Balance-sheet quality improves the asymmetry

Inspire's balance sheet provides a meaningful margin of safety. The company ended 2025 with approximately $404.6 million in cash, equivalents, and investments and no outstanding debt. The cash balance declined from 2024, but the supplied materials attribute the change to buybacks, capital expenditures, and inventory build rather than operating distress. Inspire completed $176.0 million of open-market repurchases in 2025, while capital expenditures remained around $38.5 million.

The company also offers a useful signal through R&D. Reported R&D declined from 2023 through 2025, but the 10-K explanation indicates that this reflected program maturation rather than a simple spending pullback. Approximately $12.7 million of costs moved into COGS and inventory as next-generation Inspire and SleepSync programs transitioned from development toward production. That movement is consistent with commercialization progress and helps explain why operating leverage is beginning to appear.

The biggest risk is geographic and reimbursement concentration

Unlike Lilly and Novo, Inspire has almost no geographic diversification. The United States represented 95.6% of 2025 revenue. This makes reimbursement, coding, and procedural policy unusually important to the equity. Any disruption similar to the WISeR-related headwind referenced in the supplied materials can move near-term demand quickly because there is no large ex-U.S. business to absorb the shock. The stock should therefore trade at a discount to a diversified medtech peer when policy uncertainty is elevated. The core question is whether the existing discount has become excessive.

INSP thesis

The supplied valuation work places Inspire at roughly 29.7x forward earnings and 21.8x EV/EBITDA, versus a much higher forward-P/E average for the selected medtech peers. A discount is warranted because Inspire is smaller, more concentrated, and more exposed to reimbursement disruption. The contrarian opportunity comes from the magnitude of the discount while operating profitability, gross margin, and balance-sheet quality remain intact.

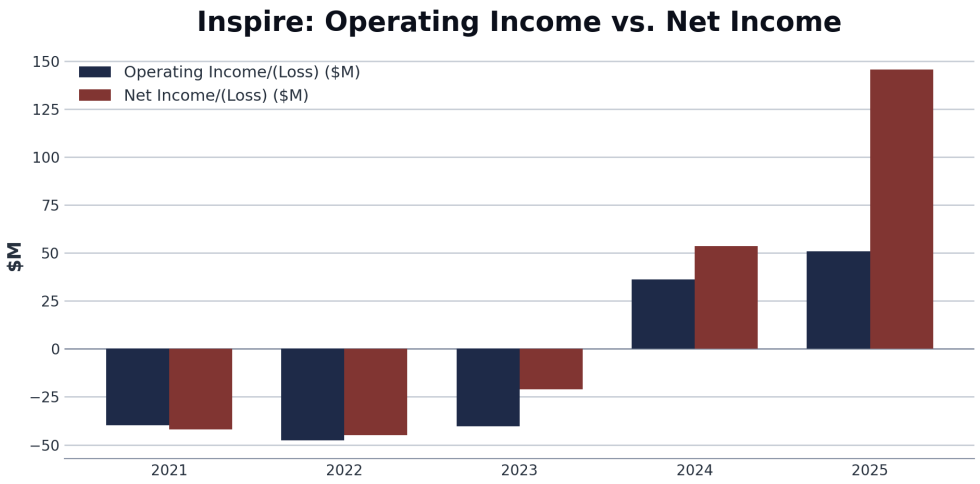


Exhibit 6 | Inspire — operating income vs. net income ($M, 2021–25)

Source: INSP 10-K, FY2021–FY2025 (SEC EDGAR); FY2025 10-K, Item 7A (deferred tax benefit disclosure).

6. VALUATION AND RELATIVE POSITIONING

The three names have notably different valuation and comparison profiles. Lilly and Novo are large-cap pharmaceutical companies with mature profitability, while Inspire is a smaller, higher-growth medtech business. A single cross-sector multiple would create false precision, with the cleaner approach being to compare Lilly and Novo on forward P/E, while evaluating Inspire on forward P/E and EV/EBITDA against medtech peers.

Large-cap pharma

Company	Trailing P/E	Forward P/E	Market Cap
Eli Lilly	~40.9x	~30–35x	~$1.1T
Novo Nordisk	~10.7x	~12–14x	~$156B
Merck (peer)	—	—	~$376B

The Lilly-Novo spread is the most informative large-cap valuation comparison in the report. Lilly commands the premium because the operating direction is exceptional: 45% revenue growth, margin expansion, and near-doubling EPS in 2025. Novo is being priced for a much weaker near-term trajectory, including explicit 2026 sales contraction. The asymmetry comes from what happens after the reset. If Novo stabilizes and returns to even moderate growth while maintaining low-30s net margins, a low-teens forward multiple leaves room for rerating. If pricing and pipeline pressure persist, the multiple can remain optically cheap for a long period.

Medtech

Company / Group	Forward P/E	EV/EBITDA	Market Cap
Inspire Medical Systems	~29.7x	~21.8x	~$1.4–1.6B
DXCM / PODD / PEN peer avg.	~94.8x	—	—

Inspire's discount is large enough that it should not be interpreted mechanically. A peer-group average near 95x forward earnings does not mean Inspire deserves the same multiple. It highlights that the market is assigning a materially lower quality or durability score to Inspire's earnings stream. The long case therefore requires a view that current concerns around reimbursement, GLP-1 adoption, and growth deceleration are more cyclical or transitional than structural. If that view is wrong, the discount is justified. If it is right, a reversion toward a more normal growth-medtech valuation can generate meaningful upside without requiring the operating business to return to 2022-style growth rates.

Valuation hierarchy

LLY: highest quality, highest expectations. NVO: lowest multiple, greatest near-term earnings reset. INSP: deepest idiosyncratic discount relative to selected peers, but with materially higher concentration and reimbursement risk.

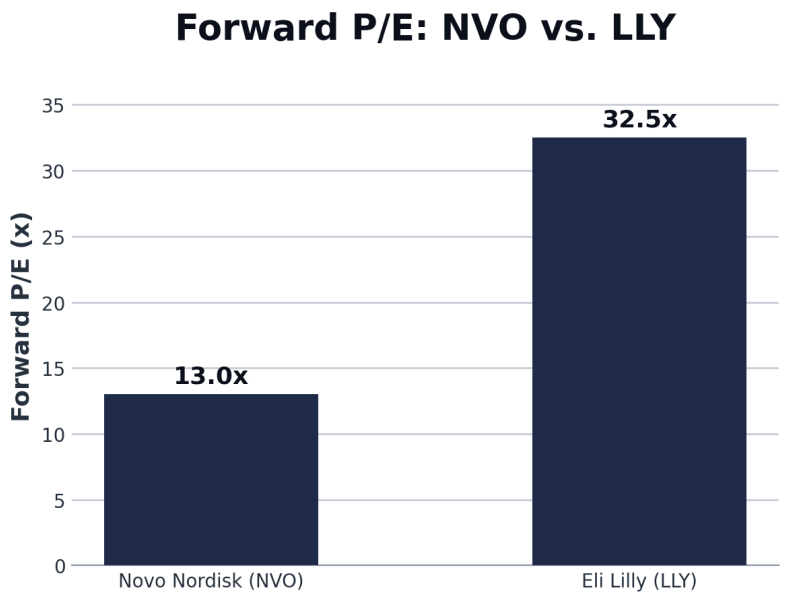


Exhibit 7 | Forward P/E — Novo Nordisk vs. Lilly

Source: Healthcare Sector Report — Valuation, Comps & Cross-Cutting Insights.

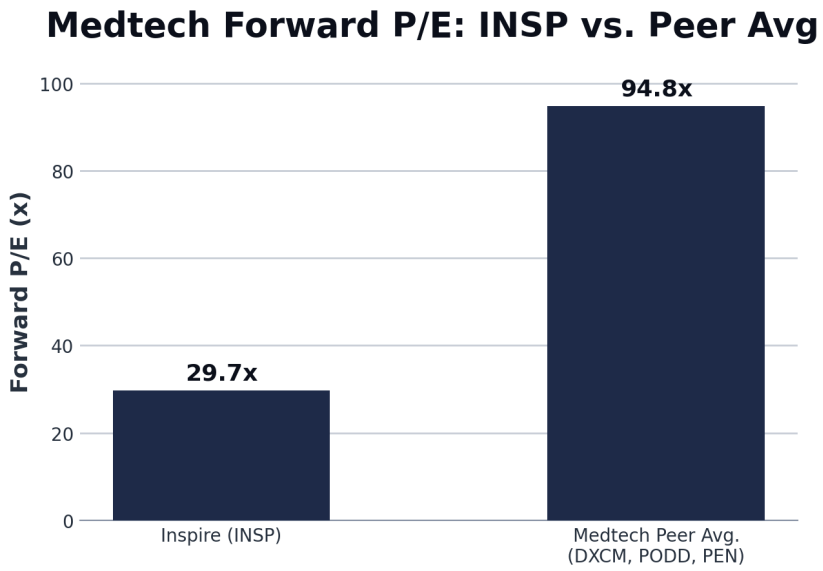


Exhibit 8 | Medtech forward P/E — Inspire vs. peer average (DXCM, PODD, PEN)

Source: Healthcare Sector Report — Valuation, Comps & Cross-Cutting Insights.

7. CROSS-NAME RISKS AND WHAT WOULD BREAK THE THESES

The common risk factor across the thesis is concentration. Each company has become dependent on a narrow set of products or a single platform because those franchises are the source of their current economics. This is attractive while adoption and pricing remain favorable, but it creates nonlinear downside when the market begins to question durability. The portfolio should therefore be monitored through a small number of thesis-break indicators rather than through broad healthcare-sector sentiment.

Name	Primary Thesis-Break Indicators
LLY	Material slowdown in tirzepatide volume growth; sustained gross-margin reversal; reimbursement or competitive data that materially weakens the franchise; leverage rising faster than earnings/cash generation.
NVO	2026 contraction extending into a multi-year decline; pricing cuts failing to stimulate sufficient volume; further competitive efficacy shortfalls; restructuring failing to restore operating leverage.
INSP	Evidence that GLP-1 adoption permanently removes a meaningful share of OSA procedures; sustained U.S. reimbursement disruption; revenue growth falling below the level needed to support operating leverage; gross-margin erosion.

For Lilly, valuation is itself a risk amplifier. The business can continue to perform well while the stock underperforms if growth merely converges toward a more normal large-cap rate. That makes earnings quality and forward guidance more important than backward-looking headline growth. For Novo, the main danger is value-trap behavior: a low multiple can remain low if the business is still moving through negative revisions. The right trigger is not simply a cheap P/E, but evidence that the rate of deterioration is stabilizing. For Inspire, the key question is whether the market is correctly anticipating structural demand erosion. Stable gross margins and rising operating income argue against that conclusion today, but the company's U.S. concentration makes the data capable of changing quickly.

A second cross-name risk is the policy environment. Lilly and Novo remain sensitive to drug pricing and reimbursement, while Inspire is sensitive to procedural coding and coverage. The mechanisms differ, but all three rely on payer behavior. This is one reason the three-position basket should not be treated as fully diversified despite spanning pharma and medtech. It is diversified by business model, but still exposed to the economics of U.S. healthcare access.

8. FUTURE CATALYSTS: WHAT TO WATCH NEXT

The portfolio should be monitored through a small number of dated events that can change either the earnings path or the market's confidence in each thesis. The most relevant milestones through 2028 are concentrated in next-generation obesity data, regulatory review, and Inspire's reimbursement normalization.

Name	Timing	Catalyst	Why it matters
LLY	Q1 2027	Planned U.S. BLA submission for retatrutide after completion of the Phase 3 obesity package [13]	Extends the pipeline beyond tirzepatide; the registration package also carries direct read-through for OSA treatment competition.
NVO	Late 2026	Expected FDA decision on CagriSema for weight management [12]	First near-term test of whether Novo can rebuild pipeline credibility while the core franchise is moving through a 2026 earnings reset.
NVO	1H 2027	REDEFINE 11 Phase 3 CagriSema obesity readout [12]	Tests the full weight-loss potential of 2.4/2.4 mg CagriSema after the REDEFINE 4 non-inferiority miss.
INSP	Sep. 2026	AMA CPT Editorial Panel review of revised single-lead coding application [14]	A positive decision would advance the long-term coding fix; if approved through later steps, the new Category I code is targeted for Jan. 1, 2028.
INSP	Nov. 2026	CMS final 2027 outpatient, ASC, and physician reimbursement rates [14]	Confirms whether proposed facility-rate increases survive the final rule and provides a clearer 2027 reimbursement baseline.

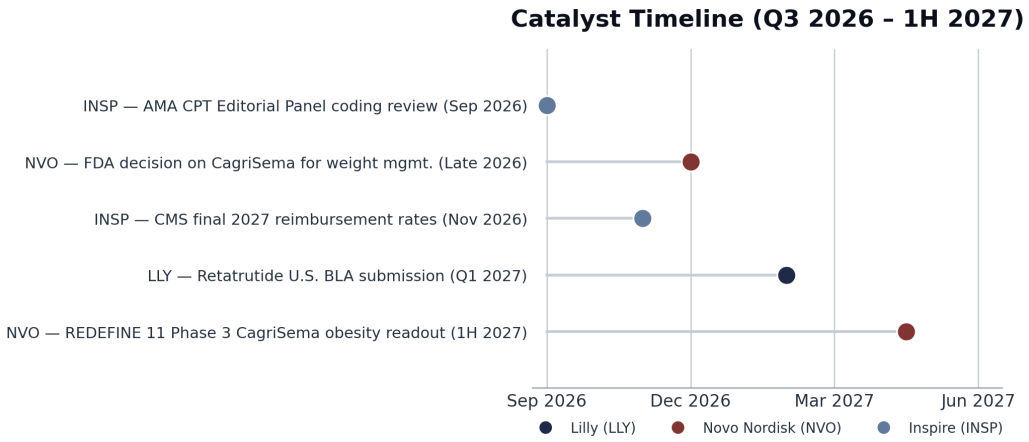


Exhibit 9 | Catalyst timeline, Q3 2026 – 1H 2027

Source: Healthcare Sector Report, Section 7 (Future Catalysts).

9. CONCLUSION AND POSITIONING

The three longs offer a useful barbell within healthcare. Lilly represents quality and operating momentum, Novo represents a valuation reset with turnaround optionality, and Inspire represents a smaller-cap dislocation where the market is discounting a structurally weaker future before that weakness is fully visible in reported operating performance. The names should not receive the same conviction level or be valued with the same framework.

Lilly is the easiest company to back fundamentally. Revenue acceleration, gross-margin expansion, and scale in tirzepatide are already present in the reported numbers. The debate sits primarily around concentration and valuation. Novo is harder to judge, but it offers more obvious valuation support. The 2025 slowdown, 2026 contraction guidance, restructuring, pricing changes, and mixed CagriSema evidence all justify a discount. The investment case depends on the view that the company is resetting from an unusually high growth base rather than entering a prolonged structural decline. Inspire has the most asymmetric narrative. It combines a severe market repricing with record operating profitability, high and stable gross margins, zero debt, and a still-growing revenue base. Its risks are more concentrated and less diversified, but that is also why a change in market perception can matter more.

For portfolio purposes, the preferred ranking is therefore qualitative rather than based only on upside. Lilly carries the highest confidence in current business quality. Novo carries the clearest large-cap rerating potential if execution stabilizes. Inspire carries the highest contrarian upside if reimbursement and GLP-1 pressures prove temporary. Together, the basket provides exposure to metabolic disease, pharmaceutical innovation, and procedure-based medtech while avoiding the assumption that every healthcare winner must come from the same sub-sector or valuation regime.

Bottom line

The sector does not require a single “all in” call. The opportunity comes from separating businesses where growth is being rewarded, businesses where deterioration may already be over-discounted, and businesses where short-term uncertainty has created a gap between market price and operating evidence. Lilly, Novo, and Inspire each fit one of those categories, which is why the group works best as three distinct long theses rather than one uniform sector trade.

10. SOURCE BASIS AND METHODOLOGY NOTES

The core financial histories, company operating metrics, and valuation framework in this report remain drawn from the four supplied research summaries: Eli Lilly FY2021–FY2025 10-K financial data; Novo Nordisk FY2021–FY2025 annual-report financial data; Inspire Medical Systems FY2021–FY2025 10-K financial data; and the accompanying

valuation, comps, and cross-cutting insights document. This revision adds a limited external-source layer solely for sector epidemiology and forward catalyst timing through August 2026. Valuation multiples and market-cap figures were not independently refreshed.

Accounting comparability also requires caution. Novo Nordisk reports under IFRS in Danish kroner, while Eli Lilly and Inspire Medical Systems report under U.S. GAAP. Margin and earnings comparisons are directionally useful but should not be interpreted as perfectly standardized line-item comparisons. Inspire's 2025 net income includes a significant one-time deferred-tax benefit, so operating income growth is used as the cleaner profitability metric in the report.

Company filings and primary-source financials

[1] **Eli Lilly and Company** — Forms 10-K and Annual Reports for FY2021, FY2022, FY2023, FY2024, and FY2025, together with 2026 Forms 10-Q, quarterly earnings releases, investor materials, and pipeline updates available through August 2026. Used for revenue, product mix, gross margin, diluted EPS, R&D, capital expenditure, debt, tirzepatide franchise economics, manufacturing expansion, and forward catalyst analysis.

[2] **Novo Nordisk A/S** — Annual Reports for FY2021, FY2022, FY2023, FY2024, and FY2025, together with 2026 interim financial reports, earnings releases, investor materials, and clinical-program updates available through August 2026. Used for reported and constant-exchange-rate sales growth, product concentration, gross and operating margins, earnings, cash flow, restructuring, pricing developments, obesity/diabetes franchise performance, and CagriSema pipeline analysis.

[3] **Inspire Medical Systems, Inc.** — Forms 10-K and Annual Reports for FY2021, FY2022, FY2023, FY2024, and FY2025, together with 2026 Forms 10-Q, earnings releases, investor presentations, and reimbursement/coding updates available through August 2026. Used for revenue growth, gross margin, operating income, cash and investments, capital expenditure, R&D, U.S. revenue concentration, GLP-1-related patient deferrals, reimbursement exposure, and Inspire V commercialization progress.

[4] **Merck & Co., Inc.** — Forms 10-K and Annual Reports for FY2021, FY2022, FY2023, FY2024, and FY2025, together with 2026 Forms 10-Q and quarterly results available through the report date. Used primarily as a large-cap pharmaceutical valuation reference. Trailing and forward P/E are excluded from the primary peer comparison where non-recurring charges materially distort the GAAP earnings base and reduce comparability with underlying earnings power.

[5] **DexCom, Inc.** — Forms 10-K and Annual Reports for FY2021–FY2025, together with 2026 Forms 10-Q and quarterly results available through the report date. Used as a medtech valuation and growth reference for Inspire Medical Systems.

[6] **Insulet Corporation** — Forms 10-K and Annual Reports for FY2021–FY2025, together with 2026 Forms 10-Q and quarterly results available through the report date. Used as a medtech valuation and growth reference for Inspire Medical Systems.

[7] **Penumbra, Inc.** — Forms 10-K and Annual Reports for FY2021–FY2025, together with 2026 public filings and transaction-related disclosures available through the report date. Penumbra is excluded from the medtech peer-average valuation because its January 2026 definitive acquisition agreement with Boston Scientific means current market pricing reflects transaction terms rather than standalone growth expectations.

[8] **Boston Scientific Corporation / Penumbra transaction materials** — January 2026 definitive-acquisition announcement and related public transaction disclosures. Used solely to assess Penumbra's continued suitability as a standalone valuation comparable.

External data and catalyst references

[9] **CDC / National Center for Health Statistics**, "Obesity and Severe Obesity Prevalence in Adults: United States, August 2021–August 2023," Data Brief No. 508, September 2024.

[10] **Respiratory Medicine**, "Unmasking obstructive sleep apnea: Estimated prevalence and impact in the United States," Vol. 248, November 2025.

[11] **SLEEP**, "Prevalence of Obstructive Sleep Apnea in the Elderly Across the United States Through 2050," Vol. 48, Supplement 1, May 2025.

[12] **Novo Nordisk**, CagriSema / REDEFINE programme update, February 23, 2026.

[13] **Eli Lilly and Company**, Q2 2026 financial results and retatrutide pipeline update, August 5, 2026.

[14] **Inspire Medical Systems**, Q2 2026 earnings call, reimbursement and coding update, August 3, 2026.

Disclosures & Important Information

This report reflects the analysis and views of the author as of August 2026 and constitutes an independent equity-research work sample on the healthcare sector. It does not constitute investment advice, a research recommendation within the meaning of applicable securities regulation, or an offer or solicitation to buy or sell any security. Nothing herein should be relied upon as the basis for an investment decision.

Financial data and operating statistics are drawn from the four supplied research summaries (Eli Lilly, Novo Nordisk, and Inspire Medical Systems 10-K/annual-report data, and the accompanying valuation and comps sheet), supplemented by a limited external layer for sector epidemiology and catalyst timing as cited above. Valuation multiples and market-cap figures are point-in-time and have not been independently refreshed; they should not be relied upon as current at any later date.

Certain peer valuation metrics have been excluded where accounting or transaction-specific factors materially reduce comparability. Merck's trailing and forward P/E multiples are omitted because its current GAAP earnings base is affected by a non-recurring charge that makes reported multiples less representative of underlying earnings power. Penumbra is excluded from the medtech peer average because it is subject to a definitive acquisition agreement with Boston Scientific, announced in January 2026 and pending close, such that its market valuation primarily reflects transaction terms rather than standalone growth expectations.

Non-GAAP measures such as adjusted EBITDA and operating income are reported under company-specific definitions and are not standardized across issuers.

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