The Krause Fund
Jacob Velazquez [jacob-velazquez@uiowa.edu]
Ryan Weyers [ryan-weyers@uiowa.edu]

Jazz Pharmaceutical Financial Report
Jake Brooker [nicholas-brooker@uiowa.edu]
Finlay Deiters [finlay-deiters@uiowa.edu]

THE KRAUSE FUND University of Iowa — Tippie College of Business	JAZZ PHARMACEUTICALS PLC(NASDAQ: JAZZ) Healthcare / Specialty Pharmaceuticals		
RATING **HOLD / MODEST BUY**	TARGET PRICE **$212**	CURRENT PRICE (Apr 5, 2026) **$186.95**	IMPLIED UPSIDE **+13.4%**

INVESTMENT THESIS

Jazz Pharmaceuticals (JAZZ) is a specialty pharmaceutical platform trading at a meaningful discount to its intrinsic value. With a weighted-average target of $212 (vs. current $186.95), we see ~13% upside supported by four durable growth vectors: Xywav's sleep-franchise runway, Epidiolex's international ramp, Ziihera's oncology pipeline optionality, and accelerating FCF-driven deleveraging. The $905M non-cash Modeyso IPR&D charge that created a GAAP net loss in 2025 is non-recurring and obscures $1.3B+ underlying free cash flow. Recommendation: Hold/ Modest Buy. [1][2]

KEY DRIVERS OF THESIS

- Xywav grew 16% YoY to $1.6B in 2024; ~400 net new narcolepsy patients/quarter sustains sleep segment growth for 3+ years. [1]
- Ziihera (zanidatamab) FDA-approved in 2nd Line HER2+ Biliary Track Cancer (Dec 2024); Phase 3 1st Line GEA data expected 2H 2025 — forecasted at $704M by 2028E and $1.7B+ by 2030E. [2][3]
- Oncology crossed $1B in 2024 (+9% YoY); projected to reach $1.6B+ (30%+ of revenue) by 2028E. [1]
- FCF from operations was $1.4B in 2025; $750M voluntary Term Loan B prepayment reduces net leverage toward 2.0x target by 2027E. [2]

RISKS TO THESIS

- Xyrem erosion (-38% in 2024 to $234M) accelerating; Hikma AG and Avadel's Lumryz eroding franchise. [1][4]
- Ziihera GEA Phase 3 failure would remove $600M+ from 2028E estimates — binary event risk.
- GAAP EPS depressed to ~$3.64 in 2026E by $600M+ annual amortization — creates P/E screen confusion.

KEY STATISTICS

Statistic	Value
Market Cap	$11.5B
Enterprise Value	~$17.0B
Shares Outstanding	61.4M
52-Week Range	$140.45 – $197.22
Beta (2-yr weekly)	0.85
Dividend Yield	0.0%
P/E (TTM GAAP)	N/M (loss year)
EV/EBITDA (FY2025)	7.4x
EV/Sales (FY2025)	2.5x
Net Debt / EBITDA (2025)	3.1x
FCF Margin (2025)	30.4%
Non-GAAP adj. EPS (2025)	$21.27
Analyst Consensus Target	BUY — Avg $223.71

Source: FactSet, Jazz 10-K FY2025, Bloomberg, Nasdaq — April 5, 2026

VALUATION SUMMARY

Method	Implied Price	vs. Market	Weight	Notes
Enterprise DCF (Base Case)	$220	+17.7%	40%	WACC=8.0%, CVg=2.5%, ROIC=18%
Enterprise DCF (Bear Case)	$120	-35.8%	—	WACC=11.0%, CVg=1.5%; Ziihera fails
Enterprise DCF (Bull Case)	$320	+71.2%	—	WACC=8.5%, CVg=2.5%; full GEA launch
Economic Profit (EP) Model	$210	+12.3%	30%	ROIC modestly above WACC; leverage
EV/EBITDA Relative (7.4x peer)	$221	+18.2%	20%	EBITDA ~$1.45B x 7.4x / 61.4M shs
EV/Sales Relative (2.5x peer)	$168	-10.1%	10%	Revenue $4.3B x 2.5x / 61.4M shs
Forwards P/E (2026E GAAP x33x)	$120	-35.8%	—	GAAP EPS depressed by amortization
WEIGHTED AVG. TARGET	**$212**	**+13.4% upside**	**100%**	**DCF 40% + EP 30% + EV/EBITDA 20% + EV/Rev 10%**

Source: Team DCF/EP models (Jazz_Final_Valuation.xlsx); FactSet peer multiples — April 2026

EARNINGS & REVENUE ESTIMATES

Metric	2023A	2024A	2025A	2026E (HF)	2027E (HF)	2028E (HF)	Consensus
Revenue (	$3,834	$4,267	$4,268	$4,917	$5,523	$6,239	~$4,554
EBIT ($M)	$597	$739	$476	$1,263	$1,647	$1,880	—
GAAP Net Income ($M)	$415	—	($356)*	$881	$1,446	$1,666	—
Non-GAAP adj. EPS	~$17	$18.41	$21.27	~$24E	~$28E	~$32E	~$24
FCF Margin	27.9%	33.4%	30.4%	11.8%	16.0%	17.4%	—

*Source: Jazz 10-K FY2025 & FY2024 (actuals); Krause Fund forecast model; FactSet consensus. *2025 GAAP net loss driven by $905M non-cash Modeyso IPR&D charge.*

COMPANY DESCRIPTION

Jazz Pharmaceuticals plc (NASDAQ: JAZZ) is a specialty biopharmaceutical company based in Ireland and focused on neuroscience and oncology. Founded in 2003 and headquartered in Dublin, Jazz develops and commercializes medicines for patients with limited or no options, with significant commercial operations in the United States and a growing international footprint across the EU and the rest of the world. [1]

Jazz generates revenue through three primary segments: (1) Neurology/Sleep, anchored by Xywav (low-sodium oxybate) and Xyrem (sodium oxybate) for narcolepsy and idiopathic hypersomnia; (2) Oncology, comprising Rylaze, Zepzelca, Defitelio, Ziihera, and newly-acquired Modeyso; and (3) Rare Diseases/CNS, including Epidiolex/Epidyolex (cannabidiol) for rare seizure disorders. In FY2025, total reported revenue was approximately $4.27B. [1][2]

Neurology / Sleep Franchise

The Neurology segment is Jazz's largest, generating approximately $2.86B in FY2025 (FY2026E: ~$3.06B). Xywav, the low-sodium reformulation approved for narcolepsy and idiopathic hypersomnia (IH), is the franchise growth engine. Xywav grew 16% YoY in 2024 to $1.6B, driven by approximately 400 net new narcolepsy patients starting per quarter and continued IH uptake (estimated ~$641M in 2025E). We forecast Xywav sustaining mid-single-digit growth through 2028E before Lumryz/generic headwinds become more material. [1][3]

Legacy Xyrem revenues declined 38% in 2024 to $234M as Hikma's authorized generic and Avadel's Lumryz (once-nightly sodium oxybate) erode market share. We project Xyrem revenues approaching zero by 2028E. We apply a 7% annual Neurology segment growth assumption through 2027E, decelerating to 4% by 2032E. [1][4]

Oncology Segment

Oncology crossed the $1B revenue milestone in 2024 (+9% YoY to $1.03B) and is Jazz's highest-growth segment. We forecast oncology revenue reaching $1.6B+ by 2028E, growing from approximately 17% of total revenue today to over 30%, applying a 30% growth assumption for 2027E-2028E before normalizing. [1][2]

The most significant driver is Ziihera (zanidatamab), an antibody drug that targets the HER2 protein, which helps certain cancers grow. It works by binding to HER2 in two ways, improving the immune system's ability to kill cancer cells. Ziihera was approved by the FDA in December 2024 for second-line treatment of HER2-positive biliary tract cancer. Phase 3 trial results for first-line gastroesophageal adenocarcinoma (GEA) are expected in 2H 2025, with a potential FDA filing planned for Q1 2026 under the Real-Time Oncology Review pathway. Ziihera has also received Breakthrough Therapy Designation for GEA. Sales are projected to reach $704M by 2028E and exceed $1.7B by 2030E if the GEA indication is approved. [2][3]

Modeyso (olutasidenib), acquired from Chimerix in 2025 for approximately $935M, is an oral drug that blocks the mutated IDH1 enzyme, which supports cancer cell survival. It is used to treat patients with relapsed or refractory acute myeloid leukemia (AML). The related $905M non-cash IPR&D write-down reflects conservative accounting treatment and does not reflect expectations for the drug's commercial performance. [2]

The oncology portfolio is rounded out by Rylaze for acute lymphoblastic leukemia/lymphoblastic lymphoma, Zepzelca for platinum-resistant small-cell lung cancer, and Defitelio for hepatic veno-occlusive disease, a serious liver condition following stem cell transplant. [1]

Rare Diseases / Epidiolex

Epidiolex/Epidyolex (cannabidiol oral solution) for Dravet syndrome, Lennox-Gastaut syndrome (LGS), and tuberous sclerosis complex (TSC) grew 15% in 2024 to $972M and is on track to exceed the $1B blockbuster threshold in 2025E. Multiple EU country launches are ongoing with minimal marginal cost per launch. We forecast Epidiolex at $1.0B+ in 2025E, growing to $1.3B+ by 2028E with ~$500M in EU/RoW contribution. We apply a 12% annual growth assumption to the Rare Diseases segment through 2031E. [1][4]

Source: [1] Jazz Pharmaceuticals 10-K FY2025, SEC EDGAR. [2] Jazz FY2025 Earnings Press Release, Feb 2026. [3] Jazz Ziihera Press Release, Feb 2026. [4] Jazz Q3 2025 Earnings Call.

ROIC & VALUE CREATION ANALYSIS

ROIC for Jazz has been structurally depressed by the GW Pharmaceuticals acquisition (2021, ~$7.2B) and the Chimerix/Modeyso transaction (2025), both of which loaded the balance sheet with goodwill ($1.83B) and intangible assets (~$2.95B, FY2025). The 2025 ROIC of -3.8% is misleading — stripping out the $905M non-cash IPR&D charge, adjusted ROIC is approximately 8-10%, modestly above the 8.0% WACC. [1][5]

Our model forecasts ROIC climbing to 19.4% by 2026E as revenues scale, and amortization reduces the intangible capital base, reaching 27.5% by 2030E. This trajectory reflects the economics of a high-gross-margin (89%) specialty pharma platform with improving capital efficiency as debt is repaid. ROIC decomposition favors margin over turnover: invested capital turnover of 0.14-0.33x (acquisition-heavy) vs. gross margins of 85-89% from pricing power on patented specialty products. [5]

Source: [1] Jazz 10-K FY2025. [5] Krause Fund Valuation Model (ROIC Analysis tab). [6] FactSet Fundamentals, April 2026.

COST STRUCTURE ANALYSIS

Jazz exhibits the cost profile of a high-value specialty pharma company: very high gross margins (89% in 2026E) offset by substantial R&D and SG&A spending to maintain patent-protected franchises and build the pipeline. [1]

Gross Margin: Forecast at 89% through 2026E-2035E, consistent with 2023-2024 realized levels. COGS (11% of revenue) primarily reflect royalties, manufacturing, and distribution. The shift toward Xywav (higher-margin than generic-exposed Xyrem) is a modest positive tailwind.

R&D: R&D was $849.7M in 2023 (22.1% of revenue), reflecting heavy investment in the Ziihera GEA program. We model R&D at 15% of revenue from 2026E, representing operational leverage as major clinical investments yield approvals. [5]

SG&A: SG&A was $1.34B in 2023 (35.0% of revenue). We forecast SG&A at 38% of revenue, accounting for Ziihera commercial launch costs and international Epidiolex expansion. [5]

Operating margin is projected to expand from 17.6% (2025A) to 25.8% in 2026E and 29.2% by 2028E, driven by revenue scaling over a largely fixed commercial infrastructure. Every 1% operating margin improvement on $5B revenue represents ~$50M incremental EBIT, or approximately $0.80/share in earnings. [5]

Source: [1] Jazz 10-K FY2024 & FY2025. [5] Krause Fund model.

INVESTED CAPITAL ANALYSIS

Jazz is an overwhelmingly intangible capital business. Net intangible assets were $4.4B at FY2025 year-end (~38% of total assets), and goodwill of $1.83B. Their goodwill is explained by their heavy acquisition model of acquiring new products within their segments to diversify and expand. Every major product in the current portfolio including Epidiolex, Defitelio, Vyxeos, and Modeyso was acquired and not internal R&D. Jazz does not manufacture most of its own products, but retains the rights to them, leading to almost all PPE being invested in R&D laboratory assets. Net PPE is modest (~$200M), confirming this is not a manufacturing-intensive business. [1]

Working capital is a manageable use of funds. Days sales outstanding was around 51–65 days historically and we assumed 66 days going forward, to be consistent. Inventory turnover collapsed to 0.4x in 2021 following the GW Pharma acquisition but has since recovered to 0.9x in 2024, with our 2026E forecast assuming ~3x as remaining inventory is dispensed. Accrued liabilities of $911M means Jazz is financing their operating, effectively through deferred payments. CapEx runs at approximately 1–2% of revenue, reflecting the very light funding requirements of the business.[1][5]

Despite the M&A heavy balance sheet, capital intensity is clearly improving. Total invested capital declined from $10.6B in 2021 to $7.4B in 2024 while revenue grew from $3.1B to $4.1B over the same period. IC turnover recovered from 0.29x to 0.55x, meaning each dollar of deployed capital is generating significantly more revenue. The biggest risk is $5.4B in total debt, the direct result of funding the GW Pharma and Chimerix acquisitions. However, with $1.4B in annual operating cash flow, Jazz is well positioned to service and reduce this burden our model shows every $500M in debt repayment improves ROIC by approximately 150bps as invested capital becomes smaller. [1][5]

MARKETS AND COMPETITION

Neurology

Xywav is Jazz's primary cash engine, generating $1.66B in 2025 (+12% YoY) with $2.88B Neurology segment, 67% of total revenue, consistent with a decade-long average of 73%. Our model forecasts for Neurology will grow at 7% through 2028, decelerating to 2% in terminal years. REMS-restricted distribution creates structural switching costs and prescriber lock-in that generic competitors cannot replicate. Avadel's Lumryz is expanding within the market but with limited Xywav displacement. The primary risk is generic oxybate pressure migrating from Xyrem already declining to $146M in 2025 from $234M in 2024 toward Xywav, which our growth assumptions forecasted given Xywav's distinct REMS program.

Oncology

Ziihera, Jazz’s biliary tract cancer therapy, is positioned for rapid growth despite a crowded HER2 market. As the first dual bispecific HER2 antibody (~52% response rate), it offers differentiation that supports first line use. Broad development across multiple HER2-expressing cancers enables scalable revenue growth.[2][3]

Sales

Jazz leads the peer group in sales at $4.3B, driven by Xywav ($1.7B) and Epidiolex ($1.1B) as large mature franchises, while Harmony Jazz's closest competitor at $868M operates a single product. Harmony posts a higher operating margin of 24.0% versus Jazz's 17.6%, as Harmony's single-franchise model carries much lower overhead costs. Jazz's core R&D spend of $783M in 2025 (excluding the one-time $948M Chimerix IPR&D charge) versus Harmony's $190M reflects the cost of advancing four commercial franchises and an active oncology pipeline the primary driver of Jazz's operating margin compression.

Operating margin

Prior to the GW Pharmaceuticals acquisition in 2021, Jazz's FCF margin ran consistently in the ~37–41% range and is now normalizing toward 30%. Harmony's 40.1% FCF margin reflects a more fragile business. Its entire revenue base is a single product, Wakix, with $310K in CapEx in 2025 versus Jazz's $38M. Harmony faces expanding competition in the narcolepsy market, with no diversified product line to absorb a hit to Wakix. Jazz's 30% FCF margin across four commercial franchises and an active oncology pipeline is structurally more durable. In addition, Avadel and Axsome's lack of FCF reflects early-stage commercial reinvestment rather than structural weakness.

ROIC

Jazz's reported -3.8% ROIC is a reflection of the $948M Chimerix IPR&D charge and not operational performance. Jazz generated 18.9% ROIC in 2024, above Harmony's 17.2%. Harmony's ROIC is inflated by a near-zero invested capital base, $143.7M in debt, $310K in CapEx, and an amortizing drug license. As that intangible shrinks, ROIC rises with no improvement to earnings. Jazz generates its returns across four franchises and two major acquisitions which is more demanding and comparably efficient position.

Company	Sales ($M)	Op. Margin	FCF Margin	ROIC (2025)
JAZZ (NASDAQ)	**$4,268**	**17.6%**	**30.4%**	**-3.8%**
Harmony Bio (HRMY)	$868	24.0%	40.1%	17.2%
Avadel (AVDL)	$169	0%	0%	0%
Axsome (AXSM)	$639	-26.5%	-93.9%	-76.3%
Supernus (SUPN)	$719	-5.1%	0%	-3.6%

*Source: [5] Krause Fund model. [6] FactSet Fundamentals, April 2026. *2025 ROIC impacted by $948M non-cash IPR&D charge.*

RECENT DEVELOPMENTS

FY2025 Earnings (February 2026)

Jazz reported FY2025 revenue of $4.3B (+5% YoY), in line with consensus. The GAAP net loss of ($356M) was driven by the $948M non-cash IPR&D charge from the Chimerix acquisition; excluding this, non-GAAP adjusted EPS was $8.38. Cash flow from operations was $1.4B, representing a 30.4% FCF margin, consistent with historical levels. Jazz ended the year with $2.4B in cash and $5.4B in long-term debt, with $885M in undrawn revolver capacity. Management guided FY2026 revenue of $4.25–$4.50B with GAAP gross margins of 89–90%, slightly below our $4.92B revenue estimate. [2][5]

Modeyso Acquisition Chimerix (April 2025)

Jazz acquired Chimerix in April 2025, adding Modeyso (dordaviprone), a first-in-class oral treatment for H3 K27M-mutant diffuse midline glioma, to its oncology portfolio. Following its August 2025 launch, Modeyso generated $48M in net product sales, with Q4 momentum of $37M signaling a strong commercial ramp. Jazz also sold the associated Rare Pediatric Disease Priority Review Voucher for $200M. With a full year of commercialization ahead in 2026, Modeyso is expected to be a meaningful incremental revenue contributor to the oncology segment. [2]

Source: [1] Jazz 10-K FY2025. [2] Jazz FY2025 Earnings Press Release, Feb 2026. [3] Jazz Ziihera sBLA Press Release, Feb 2026. [4] Jazz Q3 2025 Earnings Call.

RISKS

- Xywav’s Indirect competition: Xywav's 92% lower sodium content drove Xyrem's intentional decline. The indirect risk comes from Lumryz (Avadel), a once-nightly high-sodium oxybate instead of Xywav's twice-nightly schedule. Lumryz cannot displace sodium sensitive patients but will compete for new narcolepsy patients who prioritize convenience. Our bear case assumes Xyrem/Xywav declines of 35% per year versus 20% in our base case, compressing our DCF implied price from $220 to $120. [1][4]1][4]

- Ziihera Launch and Integration Risk: After a positive Phase 3, Jazz is looking at a potential launch in 2H

2026. However, the GEA market is already competitive with AstraZeneca and Merck holding established positions, and the U.S. market is limited given GEA's prevalence predominantly in East Asia. Our base case assumes $703M in Ziihera revenue by 2028E. Its an aggressive forecast for which an unsuccessful launch, competitive displacement, or slower-than-expected reimbursement pushes our DCF toward the $120 bear case where Ziihera *generates only $100M in 2028E.* [2][3]

- Elevated debt load ($5.4B): Net Debt/EBITDA of ~3.1x limits financial flexibility. Jazz's 4.375% notes due 2027/2029 represent near-term refinancing events at potentially higher rates.

Debt Maturity Schedule

Jazz's debt maturity profile is manageable since Jazz has $1.4B in annual operating cash flow and $2.4B in cash on hand. The 2026 Exchangeable Notes ($1.0B) are covered by existing cash reserves. The 2028 Term Loan ($1.888B) and 2029 Secured Notes ($1.5B) will likely require refinancing, exposing Jazz to interest rate risk if credit markets tighten. Management has voluntarily repaid over $2.5B since the 2021 GW Pharma acquisition and has explicitly targeted reducing net leverage to 2.0x by 2027E from approximately 3.1x today. [1][2]

Maturity	Instrument	Coupon	Amount ($M)
2026	Senior Notes	2.00%	$1,000
2028	Term Loan B	SOFR 2.25%	$1,888
2029	Senior Notes	4.375%	$1,500
2030	Exchangeable Senior Notes	3.125%	$1000
Leases (PV)	Operating Leases % Finance (PV)	N/A	$69
TOTAL			**$5,457**
	Revolving Credit	SOFR+2.00%	$885

Source: [1] Jazz 10-K FY2025, Note on Long-Term Debt. [2] Jazz FY2025 Earnings Press Release. Amounts are approximate.

VALUATION

WACC Assumptions

We estimate Jazz's WACC at 8.5%, reflecting a beta of 0.85 which is moderately below the specialty pharma sector average of 1.0. It is appropriate given Jazz's stabilized post-GW integration cash flow and REMS-protected revenue. Our sensitivity analysis runs WACC from 8.5% to 12.0% against terminal growth of 1.0% to 3.5%, with implied prices at $177 to $207 at base case WACC across ROIC assumptions of 10% to 30% showing that the valuation is not highly sensitive to terminal ROIC. Even at 11.0% WACC and 2.0% terminal growth the model implies $142, still above current trading levels. [5][7][8][9]

DCF Valuation — Base Case: $220

Our base case uses WACC of 8.0%, terminal growth of 2.5%, and terminal ROIC of 18%. FCF grows from $579M in 2026E to $3,322M in 2034E, driven a 7% Neurology growth and 10-30% Oncology growth as Ziihera ramps in GEA, from this we get $220 per share because we believe that the Ziihera's GEA launch will generate $703M by 2028E. Bear case ($120) assumes WACC of 11.0%, Ziihera at only $100M in 2028E, and erosion of 35% per year. Bull case ($320) assumes full Ziihera GEA adoption at $1.5B and lower beta as debt is paid down. The single most sensitive variable is Ziihera's commercial trajectory. [5]

Economic Profit (EP) Model: $210

The EP model shows $210 per share, and its close to our DCF result of $220 increases our confidence in the $212 blended target. A beginning IC of $5.9B at FY2025 reflects Jazz's intangible-heavy balance sheet. With our WACC of 8.5% and 2026E ROIC of 19.4%, the 10.9% spread generates EP of $718M in 2026E, growing to $3.6B by 2034E as Ziihera ramps and leverage declines. Our continuing value assumes terminal ROIC of 18% and g=2.0%, consistent with our DCF. We weight the EP model at 30%, equal to our DCF weight, as both models share the same underlying forecast assumptions.

Relative Valuation

EV/EBITDA: Jazz at 7.4x vs. peer average 7.4x. Using peer average x $1.45B EBITDA yields ~$221/share. EV/Sales: 2.5x peer average x $4.3B revenue implies ~$168/share — modest downside reflecting higher leverage vs. peers.

Tippie College of Business
The University of Iowa

Forward P/E: GAAP EPS of ~$3.64E in 2026E (depressed by $600M+ amortization) at 33x implies only $120/share — not a reliable primary method given magnitude of non-cash charges. Non-GAAP forward P/E (~$24 adj. EPS x 8-9x) implies $192-$216. [5][6]

Weighted Average Target: $212 (+13.4% Upside)

We are below consensus primarily because we are not assuming Ziihera's GEA launch goes perfectly. If it does, we are at $320. If it does not, we are at $120. Jazz is a strong cash generating business that is actively paying down debt, and the stock is not getting credit for either of those things at current prices. RECOMMENDATION: HOLD / MODEST BUY. [6]

KEY FINANCIAL RATIOS

Ratio	2020A	2021A	2022A	2023A	2024A	2025A	2026E
Current Ratio	4.34x	3.17x	2.70x	2.12x	~2.0x	~1.9x	2.0x
Quick Ratio	4.20x	1.84x	1.93x	1.74x	~1.6x	~1.6x	1.8x
Net Debt / EBITDA	-0.04x	5.74x	3.59x	3.15x	~2.8x	~3.1x	1.8x
Interest Coverage (EBIT)	7.9x	1.4x	2.4x	1.9x	~3.0x	~2.4x	3.5x
Gross Margin	93.7%	85.8%	85.2%	88.6%	~89%	~88%	89%
Operating Margin	32.4%	12.9%	19.7%	17.2%	17.9%	17.6%	25.8%
FCF Margin	37.4%	24.3%	34.0%	27.9%	33.4%	30.4%	11.8%
ROIC	4.6%	-4.2%	-2.4%	4.7%	5.9%	-3.8%*	19.4%

*Source: Jazz Pharmaceuticals 10-K Annual Reports (2020-2025); FactSet Fundamentals; Krause Fund forecasts (2026E). *2025 ROIC impacted by $905M non-cash Modeyso IPR&D charge.*

KEYS TO MONITOR

Investors should track the following specific indicators and thresholds to determine whether to hold, upgrade, or downgrade the position:

1. Ziihera GEA Phase 3 readout [2H 2026]: Positive PFS data is the single largest upside catalyst. Failure pushes our target to $120-$140. Upgrade to BUY on supportive data.

2. Net leverage vs. 2.0x target by 2027E: Net Debt/EBITDA above 2.5x into 2027 signals FCF shortfall or additional M&A risk. Downgrade trigger if leverage re-accelerates.

3. **Xywav net new patient starts (quarterly):** ~400/quarter is the baseline. Deceleration below 250/quarter or evidence of Lumryz switching indicates sleep franchise erosion faster than modeled.

4. **Epidiolex EU country reimbursement approvals:** Track country-specific launches in Germany, France, and Italy. Each incremental approval adds $30-80M in revenue at near-zero marginal cost.

REFERENCES

[1] Jazz Pharmaceuticals plc. Annual Report on Form 10-K, Fiscal Year 2025 (filed February 2026). U.S. Securities and Exchange Commission, EDGAR. https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=JAZZ

[2] Jazz Pharmaceuticals plc. Press Release: Fourth Quarter and Full Year 2025 Financial Results. February 2026. https://investor.jazzpharma.com

[3] Jazz Pharmaceuticals plc. Press Release: Jazz Pharmaceuticals Announces FDA Approval of Ziihera (zanidatamab-hrii) and sBLA Submission Update. December 2024 / February 2026. https://investor.jazzpharma.com

[4] Jazz Pharmaceuticals plc. Q3 2025 Earnings Call Transcript. November 2025. Via FactSet Transcripts.

[5] Krause Fund Valuation Model — Jazz Pharmaceuticals Final Valuation (Jazz_Final_Valuation.xlsx). Sheets: Valuation Summary, IS Forecast, Forecast Assumptions, WACC, DCF_EP, Peer Analysis, Ratios. April 2026.

[6] FactSet Research Systems. Jazz Pharmaceuticals (JAZZ US), Harmony Biosciences (HRMY US), Avadel Pharmaceuticals (AVDL US), Axsome Therapeutics (AXSM US), Supernus Pharmaceuticals (SUPN US). Consensus estimates, fundamentals, multiples. Accessed April 2026.

[7] U.S. Department of the Treasury. Daily Treasury Par Yield Curve Rates — 10-Year Yield. April 5, 2026. https://home.treasury.gov/resource-center/data-chart-center/interest-rates/

[8] Damodaran, Aswath. Equity Risk Premiums (ERP): Determinants, Estimation and Implications — The 2024 Edition. Stern School of Business, New York University. January 2025. http://pages.stern.nyu.edu/~adamodar/

[9] Bloomberg Terminal. Jazz Pharmaceuticals Bond YTM, Beta data. April 2026.

[10] McKinsey & Company; Koller, T., Goedhart, M., Wessels, D. Valuation: Measuring and Managing the Value of Companies, 7th ed. Wiley Finance, 2020. Chapters 8, 12-16.

DISCLAIMER