

THEMATIC INVESTMENT NOTE

The Biotech AI Valuation Gap

General-purpose AI trades at twenty to thirty-five times revenue. The companies applying it to biology trade at six to eight.

The market pays far more for AI applied to information than for AI applied to biology. We think that gap is an inefficiency, not a verdict.

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01

THE THESIS

Investment Thesis

General-purpose AI companies, the frontier labs developing large language models and foundation models, have attracted some of the highest private-market valuations in history. By contrast, vertical AI companies focused on biotechnology and healthcare, many of which leverage proprietary clinical, genomic, and biological datasets rather than publicly available internet data, continue to trade at materially lower valuation multiples.

One emerging investment thesis is that this valuation gap reflects a market inefficiency rather than a permanent structural discount. As leading healthcare AI companies demonstrate durable commercial adoption, recurring software and data revenue, and scalable monetization through pharmaceutical partnerships, clinical applications, and proprietary data assets, investors may assign higher valuation multiples over time.

The expectation is not necessarily that healthcare AI companies will achieve the same valuation levels as frontier AI labs, but rather that the current valuation discount could narrow meaningfully as the sector matures and execution risk declines.

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THE EVIDENCE

What the Market Data Shows

Valuation multiples for frontier AI companies have moderated substantially from their early-cycle extremes. During 2023 to 2024, several leading AI companies were reportedly valued at approximately 60 to 100x forward revenue, reflecting exceptionally high expectations and relatively modest revenue bases.

As revenues have expanded rapidly, valuation multiples have compressed while enterprise values have continued to increase. Illustrative examples include:

US\$852B

OPENAI · ON ROUGHLY US\$25B
ANNUALIZED REVENUE · ≈ 34X

US\$965B

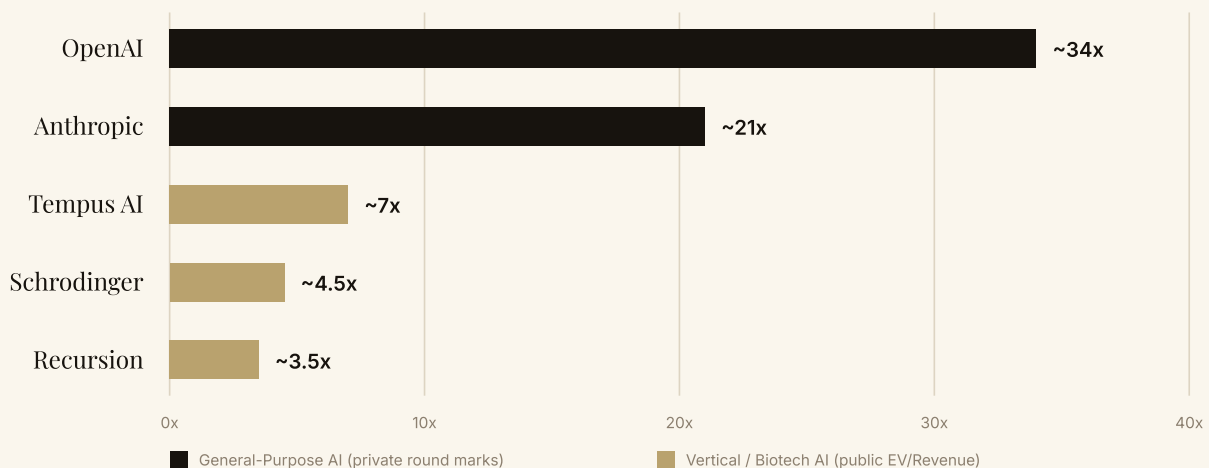
ANTHROPIC · ON ROUGHLY US\$47B
ANNUALIZED REVENUE · ≈ 21X

These figures are based on recent private-market funding valuations and estimated annualized revenues rather than audited public-company financial statements. Nevertheless, they demonstrate an important principle: as AI companies mature and revenues scale, markets continuously recalibrate valuation multiples.

The public healthcare AI universe trades at considerably lower valuations. Tempus AI, the most comparable publicly listed company combining AI with proprietary clinical and genomic data, currently trades at approximately 6 to 8x forward revenue, despite generating approximately US\$1.6 billion of expected 2026 revenue, sustaining growth above 30%, and increasing the contribution of higher-margin data and software revenues.

Other public companies such as Recursion Pharmaceuticals and Schrödinger trade at lower revenue multiples or are less directly comparable because their business models rely more heavily on milestone-based research revenue rather than recurring software or data revenues.

◆ GENERAL-PURPOSE AI VS. VERTICAL HEALTHCARE AI · REVENUE MULTIPLES, MID-2026



This represents a substantial valuation differential between companies built on broadly similar AI technologies but serving different end markets.



THE GAP, IN ONE NUMBER

4x

*General-purpose AI trades at roughly four times the
revenue multiple of the companies applying the same
technology to biology.*

20 TO 35X AGAINST 6 TO 8X FORWARD REVENUE • MID-2026

“*A meaningful valuation gap exists between companies built on broadly similar technology. What separates them is not the science. It is the end market.*”

THE OBSERVABLE GAP · 20 TO 35X AGAINST 6 TO 8X

03

FOUR DRIVERS

Why the Valuation Gap Could Narrow

Several structural factors could support multiple expansion for leading healthcare AI companies over time.

01 Improving Revenue Quality

The strongest companies in the sector are increasingly shifting toward recurring, higher-margin software, data licensing, and AI platform revenues, which typically command higher valuation multiples than one-time research or milestone payments.

02 Proprietary Data as a Durable Competitive Advantage

Unlike general internet data, clinical, genomic, imaging, and longitudinal patient datasets are difficult to replicate due to regulatory requirements, patient-consent frameworks, exclusive partnerships, and years of data collection. These characteristics may create durable competitive advantages for companies that successfully scale their proprietary datasets.

03 Increasing Institutional Interest

Strategic pharmaceutical companies, specialist healthcare investors, and leading AI-focused venture firms continue to deploy capital into healthcare AI. While investment alone does not validate valuations, continued participation by experienced investors suggests growing confidence in the long-term commercial potential of the sector.

04 Multiple Commercialization Pathways

Healthcare AI companies are no longer dependent on a single revenue source. Many now generate value through combinations of software subscriptions, data licensing, pharmaceutical collaborations, biomarker discovery, clinical trial optimization, milestone payments, royalties, and equity participation in drug-development programs. This diversification has the potential to improve revenue visibility and reduce business-model risk over time.

04

Key Considerations

THE RISKS

The investment thesis is not without risk. Healthcare AI companies operate within highly regulated industries, often face long commercialization cycles, and must demonstrate measurable clinical and economic value before achieving widespread adoption. In addition, valuation multiples across the AI sector remain sensitive to broader capital market conditions, interest rates, and investor sentiment.

As a result, there is no assurance that the current valuation gap will narrow, nor that individual companies will successfully execute their commercial strategies.

A meaningful valuation gap currently exists between general-purpose AI companies and healthcare-focused AI companies. While frontier AI companies are generally valued at approximately 20 to 35x revenue, leading public healthcare AI companies continue to trade closer to 6 to 8x revenue despite owning differentiated proprietary datasets and expanding recurring revenue streams.

Whether this gap ultimately narrows remains uncertain. However, for investors who believe healthcare AI companies can successfully commercialize their data assets and achieve sustainable, high-margin growth, the current valuation differential represents an investment theme worthy of careful consideration.

05

TWO NAMES

Companies Positioned to Benefit

Within the healthcare AI landscape, two companies illustrate why this valuation gap is relevant to investors today: Partex and Hologen. Both are highly differentiated, category-defining businesses with the potential to stand out from the broader field and lead their respective sub-industries, the profile of company best positioned to benefit if the valuation gap described above continues to narrow.

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Partex AI

Partex is a Frontier AI Large Medicine Model and, distinctively, the only end-to-end AI biotech infrastructure platform integrating data, drug discovery, clinical intelligence, and asset exchange at scale. Its architecture and competitive moat are comparable to those of foundational large language models, yet Partex currently trades at a significant discount to AI infrastructure peers such as OpenAI, Anthropic, and Mistral. As the valuation gap between AI biotech infrastructure and general-purpose LLMs continues to compress, Partex is positioned to capture that re-rating. The company has been named by NVIDIA CEO Jensen Huang as a leading AI disruptor in healthcare.

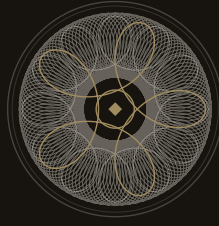
ii

Hologen

Hologen is a frontier medical AI company building Large Medicine Models (LMMs) that understand human biology, disease progression, and treatment outcomes, the foundational intelligence layer that sits between clinical data and medical decisions. Hologen is backed by Eric Schmidt, former CEO of Google, and the Wellcome Trust, and holds exclusive eight-year NHS data partnerships covering more than 8 million patient records. The company is addressing one of pharma's most costly problems: the billions of dollars lost annually to Phase III trial failures.

The current opportunity is a secondary transaction priced at a premium to the last round but at an approximately 50% discount to the anticipated new round, offering exposure ahead of a potential step-up in valuation.

It is this kind of differentiation, proprietary data, defensible infrastructure, and credible institutional backing, that separates companies capable of leading their sub-industry from the rest of the field. That is what makes the broader valuation-gap thesis outlined in this note directly relevant for investors evaluating where within healthcare AI to allocate capital.



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