

Building a Biotech Valuation

Perspectives on innate value

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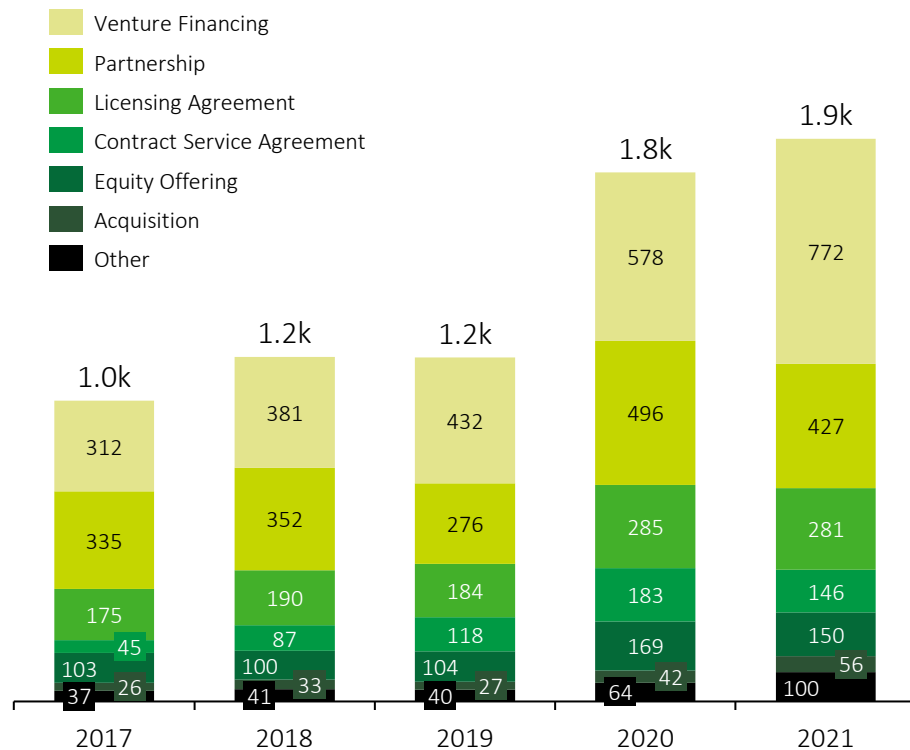
Purpose of this Document

- Share key trends and statistics on the deal landscape for biotech across the globe
- Outline perspectives on how to understand and calibrate the innate value of a biotech company
 - Business model
 - Sources of value
 - Checklist for valuations

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The number of global early-stage¹ biotech deals has close to doubled over the past 5 years with venture financing deals leading this growth

Completed deal types with early-stage biotechs ('17-'21)

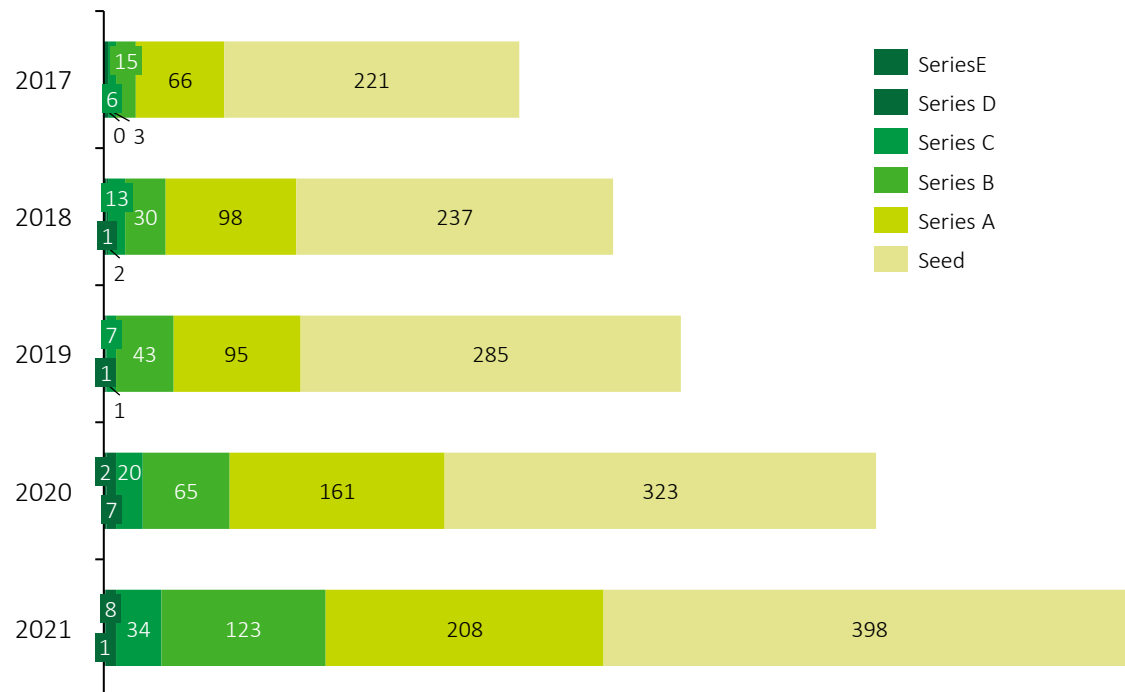


- Private financing for early-stage biotech has close to doubled in the past 5 years
- Venture financing continues to fund the majority of early-stage deals year-on-year
- 40% of all completed deals in 2021 for early-stage biotechs were through venture financing
- Contract service agreements have increased by c.220% in 5 years which correlates to the increase platform service optionality for biotechs

¹Completed private-led funding deals over the past years for global biotechs with a highest stage of development of Phase I. Private funding does not include grants. Other: asset transaction, private equity, mergers and debt offerings
Sources: GlobalData (2017-2021)

The surge in venture financing of biotechs is highest in early-stage funding rounds reflective of the growing innovative landscape developing novel products and services

Number of venture financing deals by series round ('17-'21)

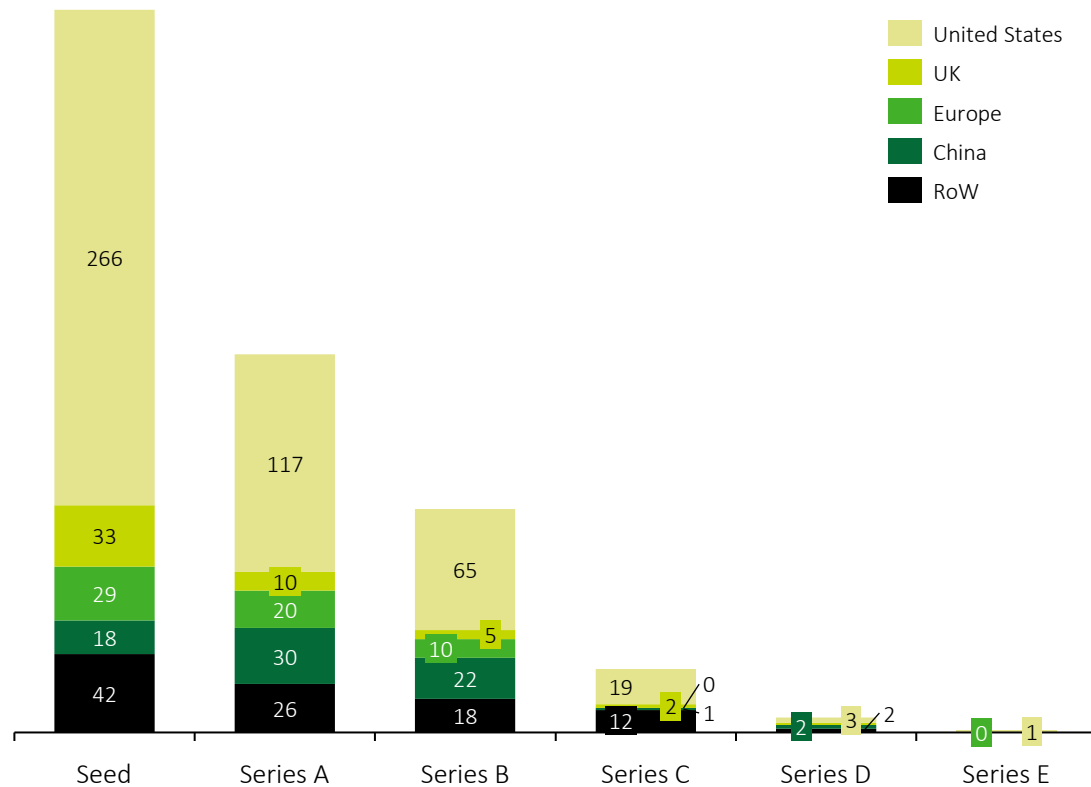


- Early funding including seed rounds, Series A and Series B have become more frequent with early-stage biotechs through venture capital funding in the past 5 years
- Series B funding has growth most at a 720% increase over the past 5 years
- This outlines the increase in funding for emerging translational science to develop novel diagnostics and therapeutics

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Sources: GlobalData (2017-2021)

The US and UK are the drivers for the early-stage funding in biotech innovation, accounting for 77% of seed funding globally

Venture capital deal geography by series ('21)

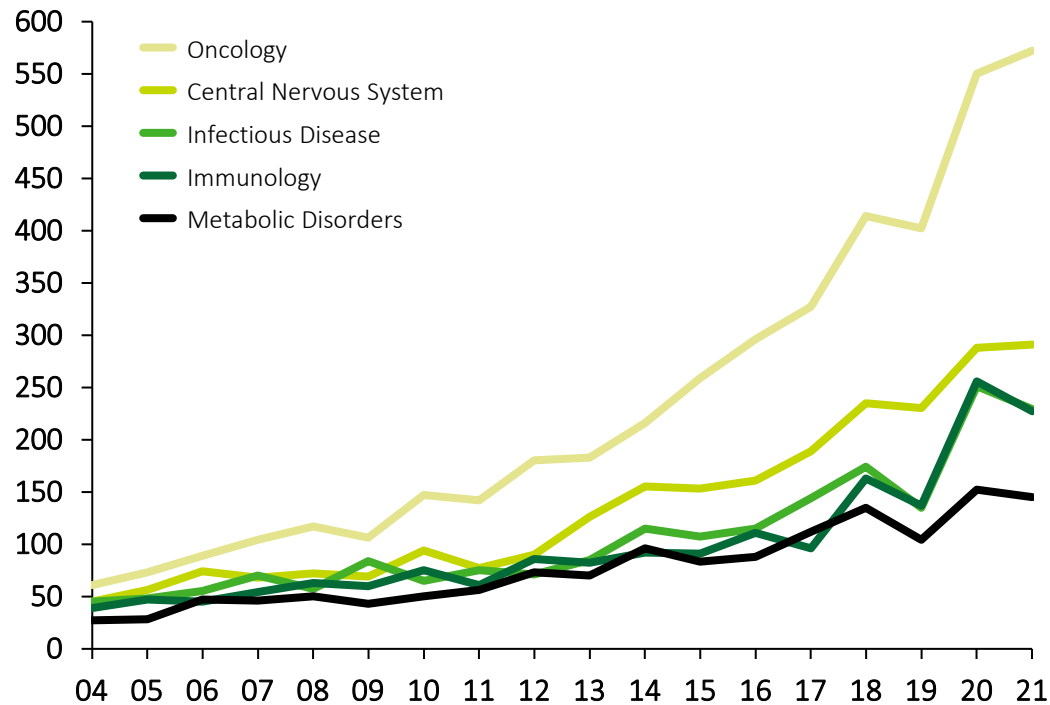


- The US and UK are hot-spots for early-stage biotech funding, attracting the highest seed funding types by venture capital
- Over 77% of seed funding is allocated to early stage biotechs in the US and UK
- China’s biotech market is growing rapidly attributed to a evolving regulatory landscape and maturing innovation ecosystem

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Sources: GlobalData (2017-2021)

Oncology and CNS diseases continue to see the highest deal frequency with recent spikes in Infectious disease and Immunology deals attributed to the pandemic response

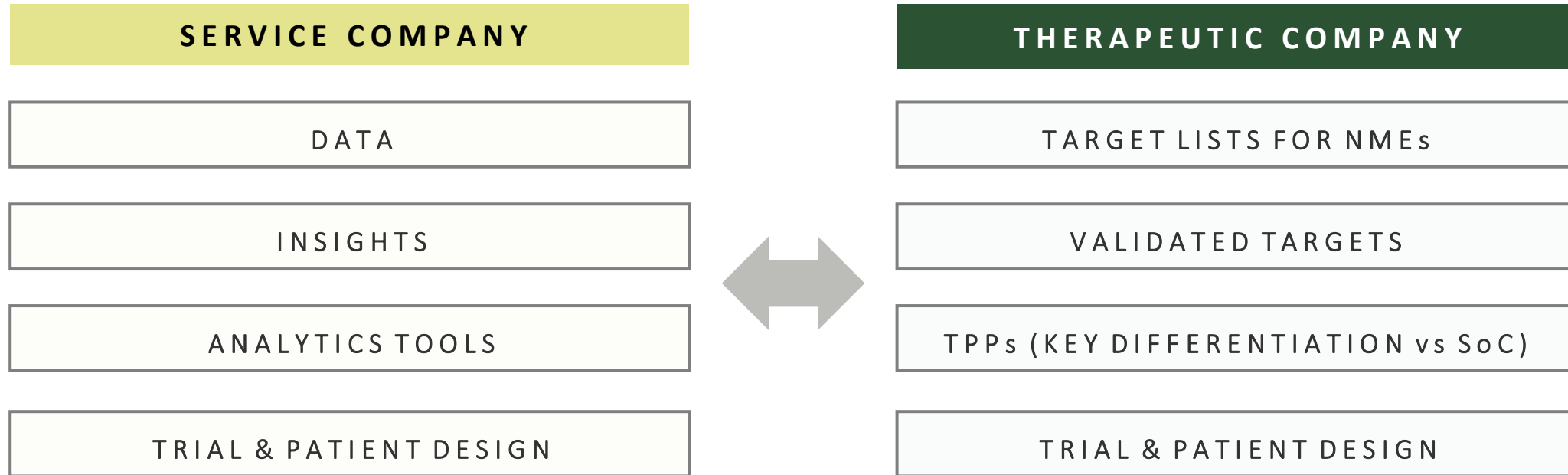
Deal funding overtime across highest frequency therapy areas ('04-'21)



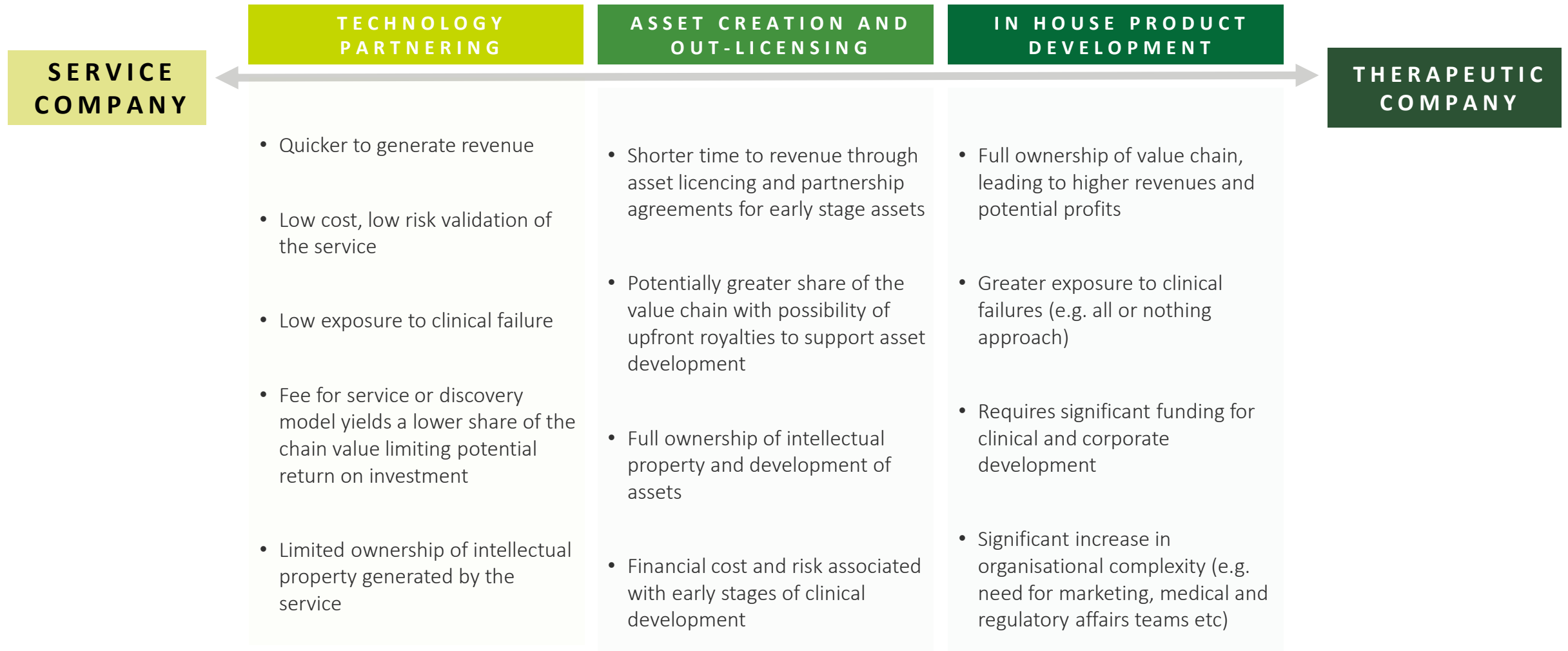
- The number of deals for oncology has increase by 200% in past 3 years
- Oncology and CNS diseases still maintain high deal frequency, a reflection of the remaining high unmet need that requires addressing by novel therapies
- Immunology and Infectious disease deals have spiked ~170% in frequency over recent years fuelled by the pandemic response and technological advances in platforms

¹Completed private-led funding deals over the past years for global biotechs with a highest stage of development of Phase I. Private funding does not include grants. Other: asset transaction, private equity, mergers and debt offerings
Sources: GlobalData (2004-2021)

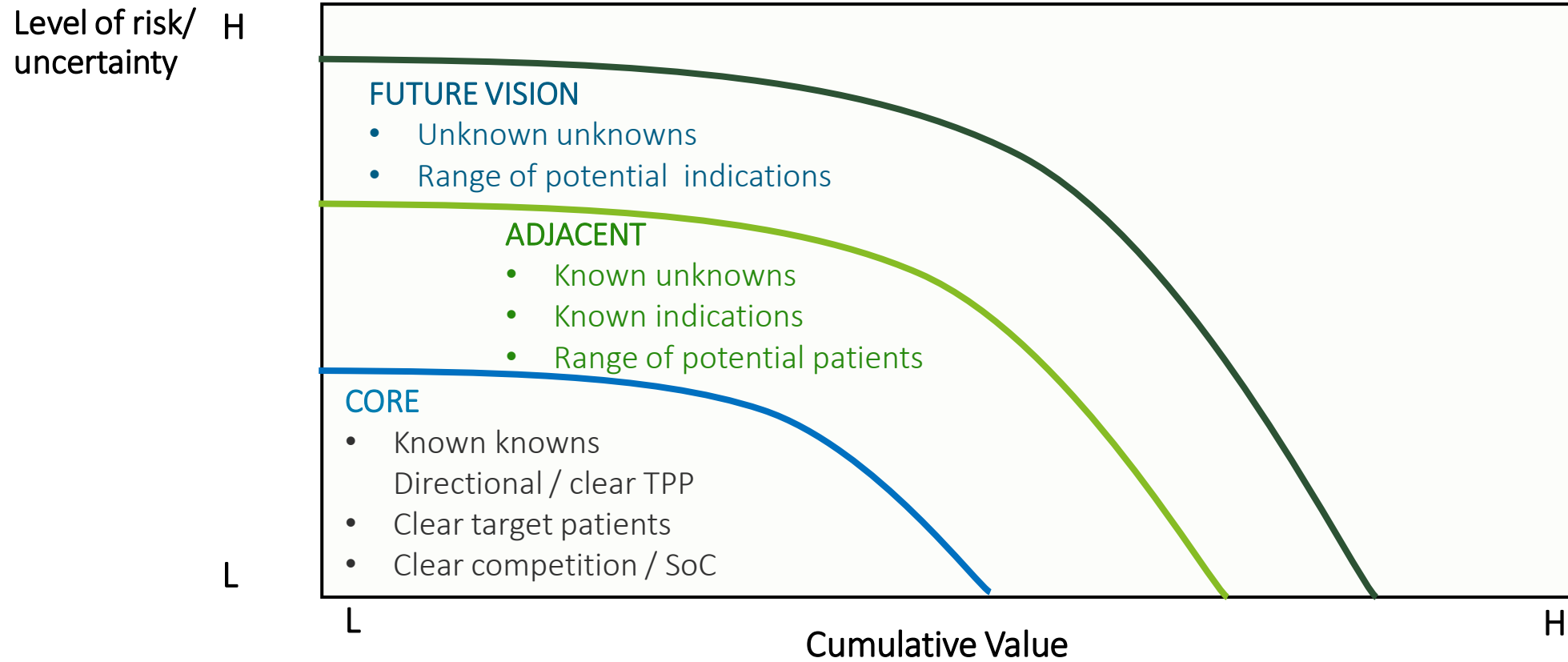
Business Model Considerations: What is the business model for biotech/pharma tech?



Business Model Considerations: How will the business model generate revenue?



What are measurable risks to assess for valuing a platform based business?



Key Valuation Considerations Biotech – Valuing the Core



PRODUCT

What are we selling?

- **IP:** what is the IP? Technology vs Molecule
- **Indication:** What diseases/indications? Known vs potential
- **TPP:** What for each indication is the benefit? – Mode
- **Standard of Care:** What is the current standard of care to better?
- **Competition:** Who and when of Administration, effectiveness, safety etc.
- **Pricing/Value:** For each indication
- **Benefit/Value:** Value to patient and society
- **Costs:** clinical trials, length of trials, patient recruitment, supply chain etc.
- **Risk:** clinical, administration, safety etc.



MARKET

Who are we selling to?

- **Scope:**
 - Sectors: private or public
 - Geography: Countries (e.g. US, EU5, Canada, Australia, Japan, China) ; Sequence
- **Patients: - #s, indication**
 - Prevalence, incidence or warehouse effect
 - Rate and ease of diagnosis
- **HCPS: - #s, type**
 - Primary or Secondary
 - KOLs
- **Risk:** Likely adoption rate over time
- **Options:** What are the options from future indications?



ORGANISATION

How are we selling?

- **Development:**
 - Trial and approval
 - Reimbursement
 - Evidence strategy
- **Commercialisation**
 - Gross Margin
 - Licensed/in-house
 - Sales/medical/market access
 - Country vs regional
- **Support**
 - Offices/facilities
 - IT (ERP, CRM, Safety)
 - Licenses/Supply chain