



# VALUATION REPORT

## „MP1032 – A PIPELINE IN A PRODUCT“

### SUMMARY

as of May 12, 2016

## OBJECTIVE & ASSUMPTIONS

ValuationLab, an independent analyst house, was commissioned by MetrioPharm AG to analyze the company and its assets in Q4 2015. The objective was to obtain an external valuation of MetrioPharm AG for a possible IPO independently of investment banks. The valuation report was researched by Bob Pooler, Senior Healthcare Analyst.

The analysis of MetrioPharm AG is based on the following assumptions:

- Financing round of CHF 18 million in 2016
- MP1032: implementation of phase IIa for psoriasis
- Strategic partnership or licencing deal for MP1032 in psoriasis after phase IIa
- Full development and commercialization of MP1032 in tendinopathy

## EXECUTIVE SUMMARY

### MARKET ASSESSMENT

#### MP1032 for psoriasis

The psoriasis market is estimated at approximately USD 5 bn and is expected to grow to USD 10-12 bn in the next five years. Thanks to the superior safety profile of MP1032 in comparison to established therapies, peak sales are expected to reach CHF 2.3 bn with market approval in 2021.

#### MP1032 for tendinopathy

Tendinopathy is a potentially large but underserved market due to a lack of effective treatments. MP1032 has a promising profile to becoming more than just pure pain therapy. It is expected to launch in 2019 with peak sales of CHF 800 million.

### COMPANY VALUATION

The evaluation of MetrioPharm AG is based on the above mentioned assumptions. Two methods have been used to derive a valuation.

#### Risk-adjusted NPV method

A weighted average cost of capital (WACC) of 10.5% and a probability of success rate of 15% were assumed to calculate the risk-adjusted NPV. This leads to a valuation of CHF 106 million for MP1032 in psoriasis and CHF 93 million for MP1032 in tendinopathy.

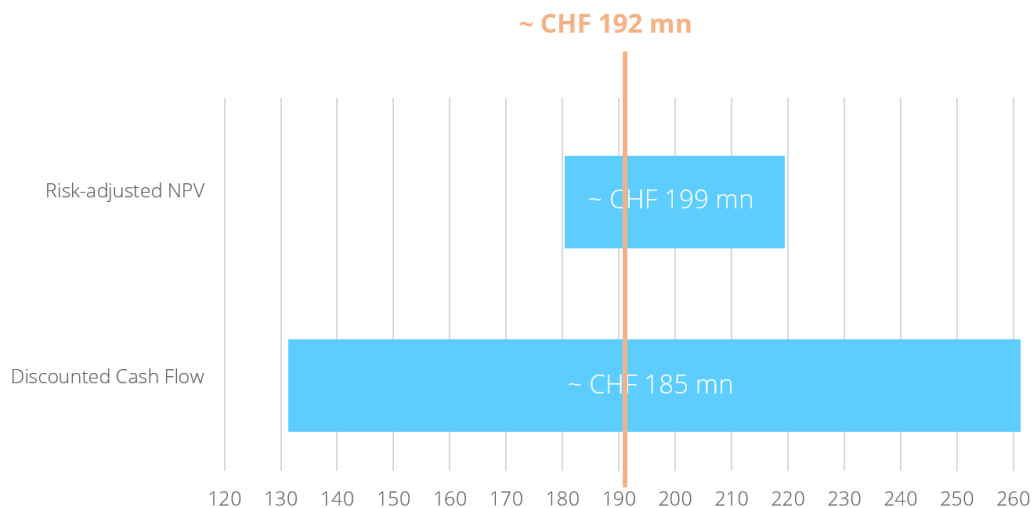
#### Discounted Cash Flow (DCF) method

For the DCF calculation a discount rate of 35% was used. This reflects an investment in an early/medium stage biotech company and leads to a valuation of CHF 107 million for MP1032 in psoriasis and CHF 79 million for MP1032 in tendinopathy.

## MetrioPharm AG

The risk-adjusted NPV method results in a valuation of CHF 199 million. The DCF method leads to a valuation of CHF 185 million. Based on these two methods an average company valuation of CHF 192 million can be calculated.

It is important to note that only the first two indications for MP1032 have been accounted for. Positive Proof of Concept results would trigger substantial upsides as numerous other inflammatory, autoimmune and infectious diseases could be targeted with MP1032. A terminal value after patent expiry in 2031 was excluded.



## EVENTS AFTER FINANILIZATION OF THE VALUATION REPORT

The valuation report was finalized on December 15, 2015. A basic patent for MP1032 was granted in Israel on December 25, 2015 and in China on March 02, 2016. After regulatory approval by the German Healthcare Authority (BfArM), MetrioPharm started the phase IIa trial for MP1032 in psoriasis on May 9, 2016.

## CONTACT

If you have further question about the valuation report "MP1032 – A pipeline in a product", please contact:



Eva Brysch  
Managerin Investor Relations  
Tel.: +49-30-3384-395-40  
Mail: [eva.brysch@metriopharm.com](mailto:eva.brysch@metriopharm.com)