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Case Study: Early-Stage Asset Valuation

About EVERSANA in APAC

With our regional headquarters in Singapore and offices across Asia Pacific and worldwide, EVERSANA™ provides integrated services and solutions to accelerate clinical and commercial success. We are constantly evolving and adapting to solve the complex challenges our Asia Pacific clients are facing in local and global markets.

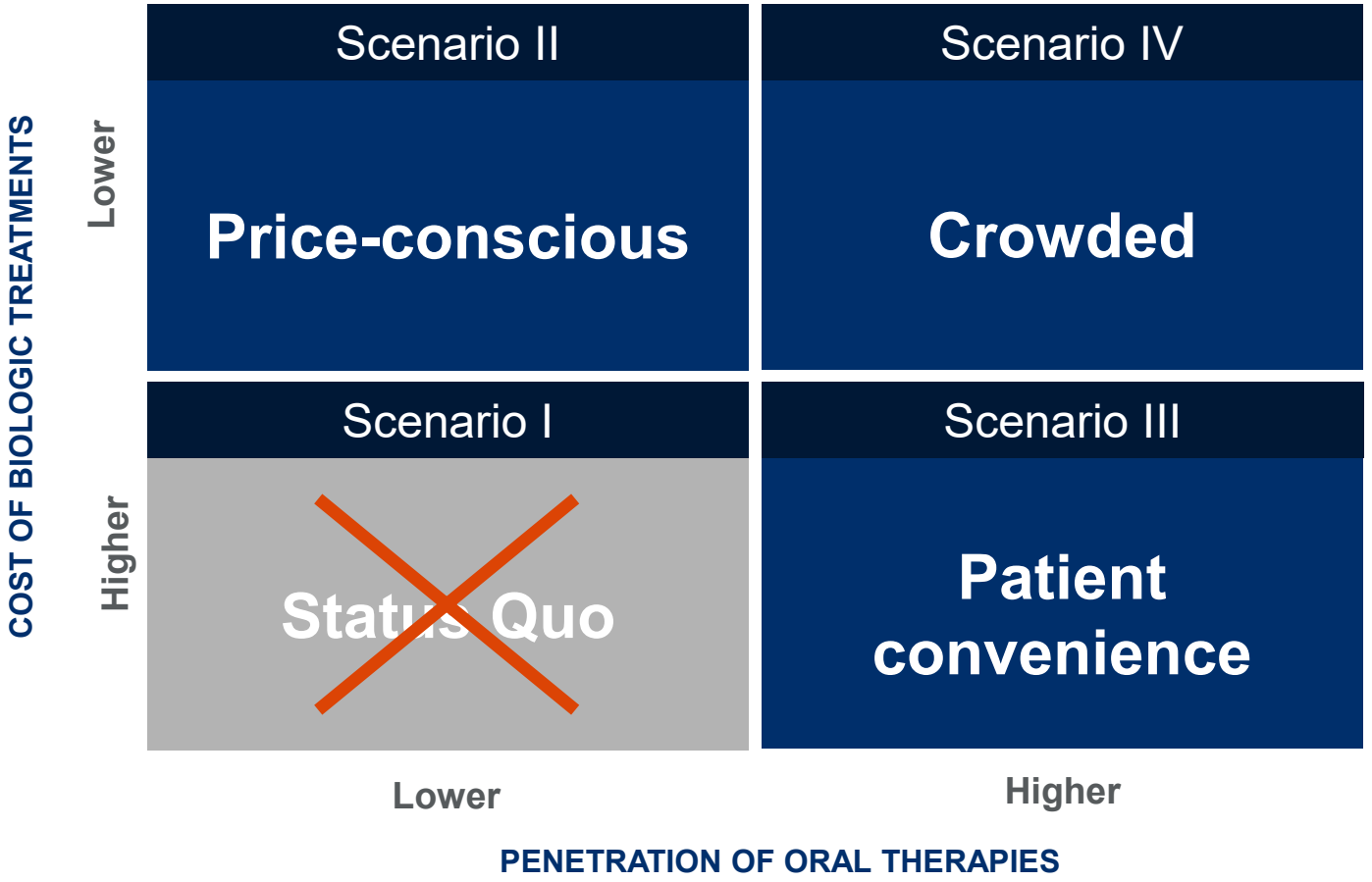
How Do You Assess The Value And Risk Of An Early-stage Asset Targeting An Auto-immune Disease?

- JapanCo was developing a promising early-stage asset, Asset A1, for launch in an auto-immune disease in ten years.
- The disease market was crowded, with fierce competition for price and share, especially with biosimilars, and a large development pipeline.
- JapanCo wished to understand Asset A1's value and risk so they could take clinical and commercial decisions:
  - Whether to continue development
  - Whether to change the clinical strategy
  - When to license out the asset
- The decision makers did not agree on the best strategy for Asset A1 – mostly believing it should be licensed out.
- They were also concerned that the time frame was so long that there would be no opportunity by the time the product was launched

Eight Years Prior To Launch Is a Long Time In a Crowded and Complicated Market With Many Uncertainties To Be Addressed

Time Horizon		Source of Information
	Year 0	
	Trial Results? *Asset A1 TPP?* *Class shares?* *New dosage forms?*	 • Reports and syndicated research • Secondary research • Assessments from partners and experts
Asset A1 Launch	**Year 8**	
	New entrants in same class? *Disease scenario?* *Margin?*	 • Internal experts • KOL interviews • Quantitative survey
Asset A1 Maturity	**Year 20**	

We Developed Three Possible Scenarios For The Disease Market At Launch.



We dropped Scenario I, as there was no chance of today's market situation remaining until Year of Launch.

We Developed Three Profiles (TPPs) To Cover The Asset's Potential Trial Results

Clinical Parameters (vs SoC)	Low case	Base case	High case
Efficacy			
Efficacy endpoint #1	[illegible]	[illegible]	[illegible]
Efficacy endpoint #2	[illegible]	[illegible]	[illegible]
Efficacy endpoint #3	[illegible]	[illegible]	[illegible]
Efficacy endpoint #4	[illegible]	[illegible]	[illegible]
Safety			
Serious infections (% of patients)	[illegible]	[illegible]	[illegible]
Drug Administration			
Dosage Form	[illegible]	[illegible]	[illegible]
Dosing Frequency	[illegible]	[illegible]	[illegible]
Probability of achievement	**25%**	**50%**	**25%**

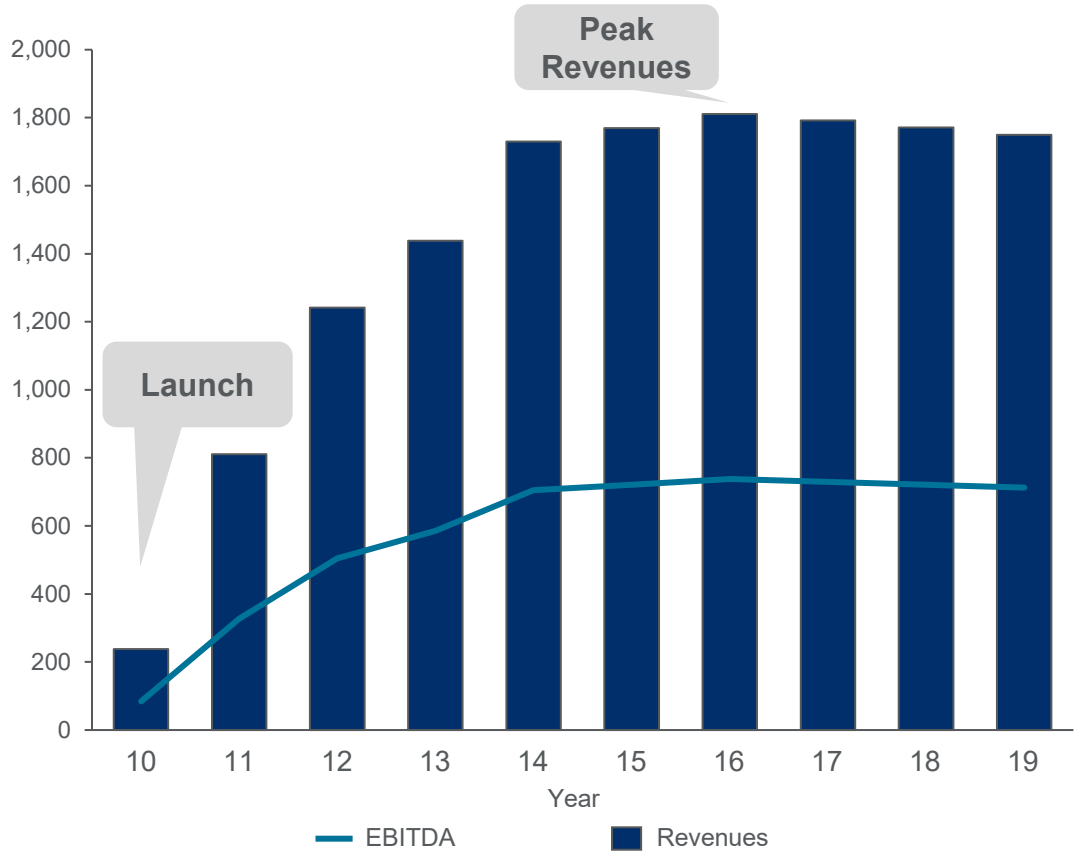
We Researched the Asset's Potential Market Value Under Each Possible TPP Outcome.

	Qualitative survey	Quantitative survey
	Physicians and Payers	Physicians
Current Practice	Which existing drugs do you prefer and why?	What percentage of patients with the disease X can be classified as…?
	What are the unmet needs for the disease X?	
Future Scenario Assessment	How will the launch of new treatment options and/or generic products in different classes impact your treatment decision?	If …, to what percentage of patients will you prescribe each regimen listed below?
	Will you prescribe/reimburse more if…	
TPP* Assessments	Considering the presented TPP*, what percentage of your patients will receive Asset A1?	Can you check all applicable criteria that you think are strengths and/or weaknesses of Asset A1?
	In what patient profiles will you prescribe Asset A1?	
	If the price was …, what percentage of your patients will receive Asset A1?	Under the presented TPP*, to what percentage of patients will you prescribe Asset A1?

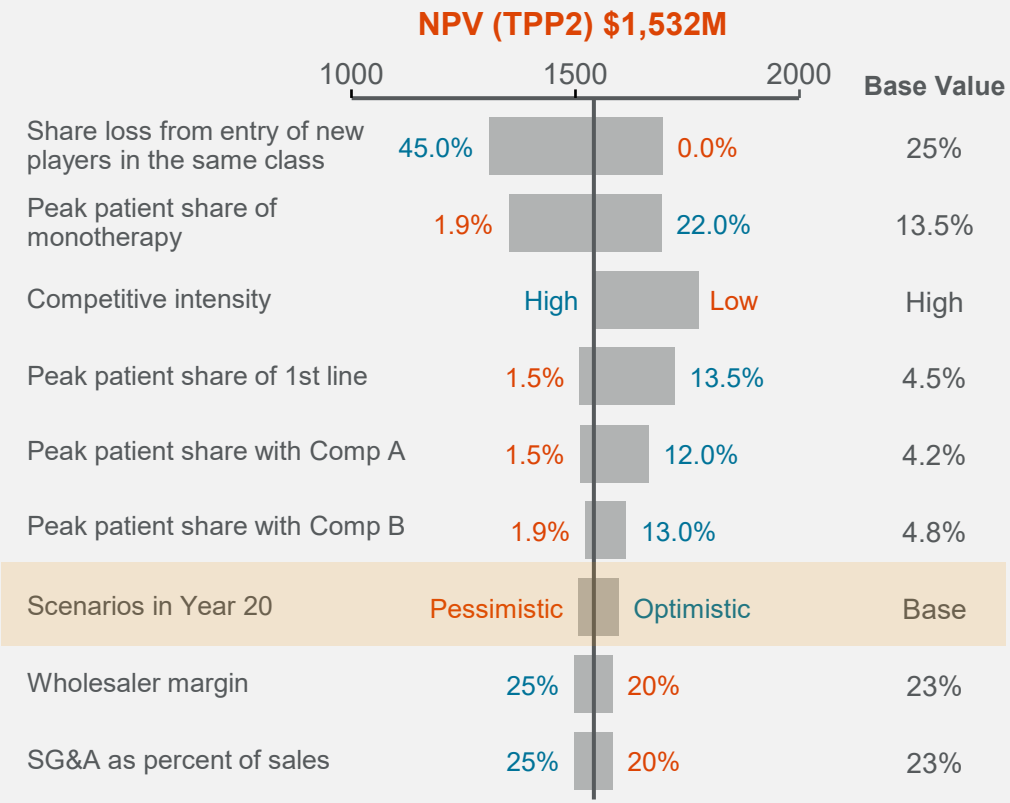
TPP: target product profile

We Valued Asset A1 At $1.5B In the Base Case and Given Technical Success, *With Little Variation Depending On Market Scenario*.

Revenue of Asset A1 given success of TPP base case



NPV Sensitivity Analysis



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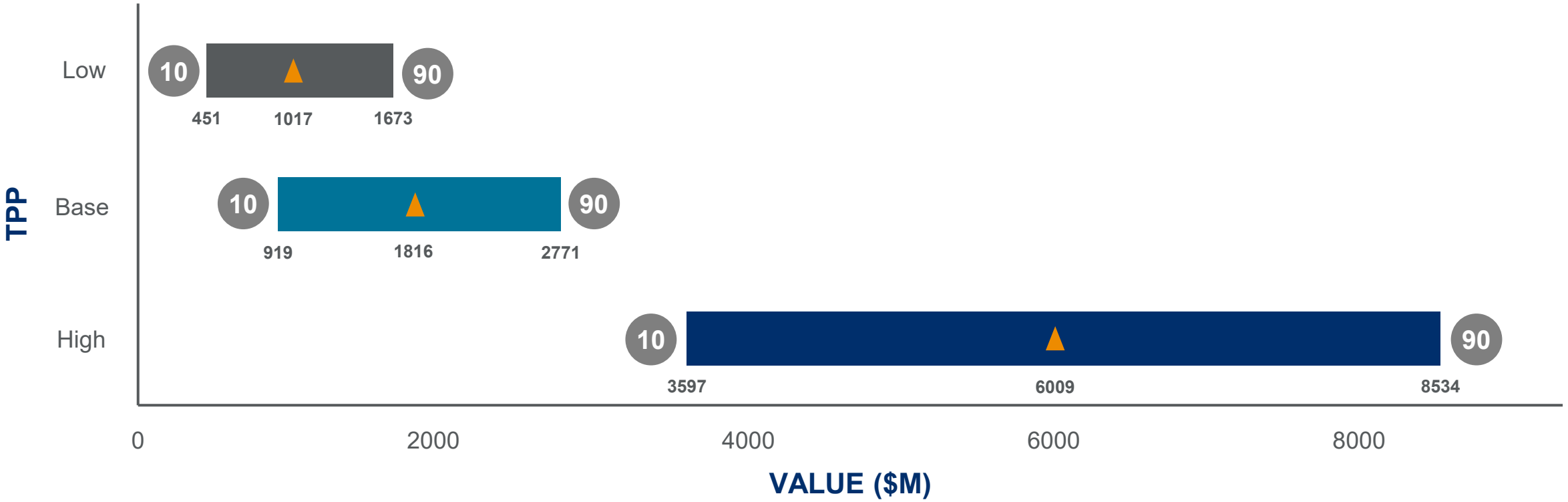
Asset A1's High TPP Was Much More Valuable Than Its Base TPP, Causing Us To Ideate Ways To Increase Its Probability.



10 There is a 10% chance of NPV falling below this value

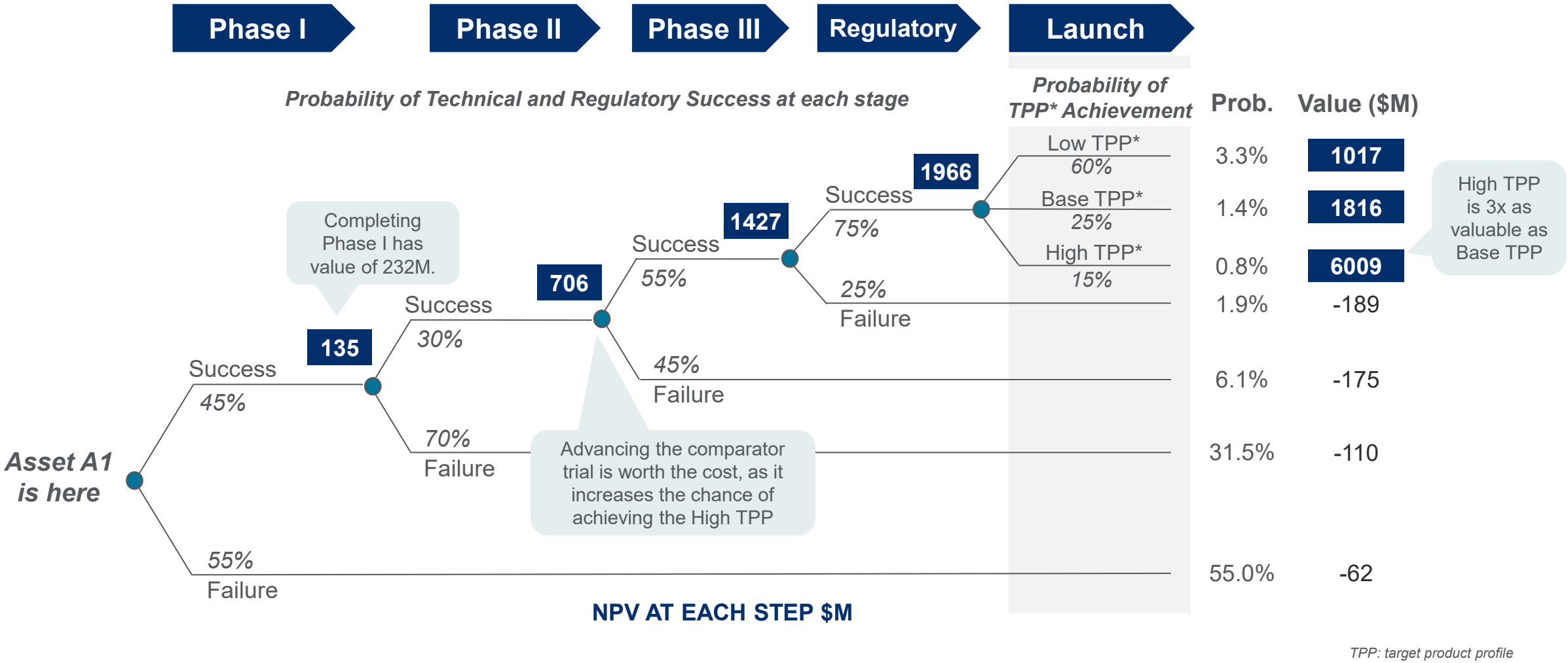
▲ Expected Values (Mean value US$M)

90 There is a 10% chance of NPV exceeding this value

TPP: target product profile

Illustrative

We Suggested Moving the Comparator Trial Forward, As the Increased Probability of Achieving the High TPP Outweighed the Cost



TPP: target product profile

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JapanCo Now Had Specific, Decision-Focused Information To Support Its Development Decisions

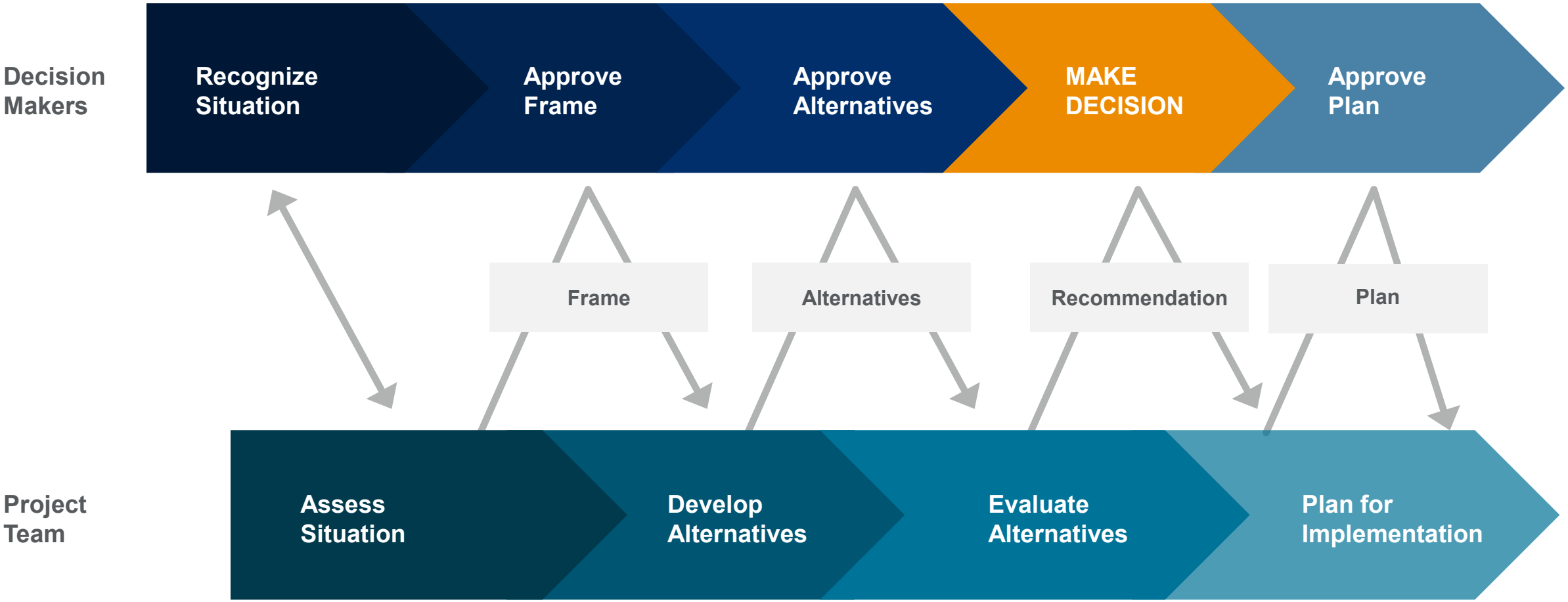
- Difference between perceived clinical performance by TPP for Asset A1 and the standard of care/other comparators
- Understanding of Asset A1's value drivers
- Quantified effect of uncertainties on Asset A1's revenues and value
- Upside and downside risks affecting sales and value in each development stage
- Critical information to support the "Go/No-Go" decision
- Confidence to change the clinical strategy.
- Rigorous analysis and evidence to communicate Asset A1's value to partners

- Management originally believed Asset A1 was a late entrant into a crowded market and would be out-licensed for a small sum.
- They had therefore planned to conduct trials in the way that would most limit their cost and risk.
- We showed them that by bringing forward the comparator study and slightly increasing risk, they could greatly increase Asset A1's value.
- As a result, they chose to change the study program and keep Asset A1 in-house, adding almost $1 billion to shareholder value.

Management Completely Changed Their Perspective And Added $1B To Shareholder Value

Our Dialogue Process Ensured the Decision Was Made Correctly

The process ensured that there was complete alignment in the decision among the decision makers.



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THANK YOU