



VENTURE VALUATION
GLOBAL VALUATION SERVICES

The Valuation Experts

A Guide to Valuation for Fundraising
BioTrinity, April 2025

Apr of 2025

www.venturevaluation.com



Overview

- **Biotech financing challenges**
- Company valuation approaches
- Conclusion

Company

SERVICES

Valuation: Independent asset and company valuation

HelloPartnering: Connecting Pharma – Biotech – Investors

Biotechgate: Industry Intelligence Database

OFFICES

HQ: Zurich, Switzerland with offices in Europe, North America and Asia

EMPLOYEES

8 valuation experts, 35+ for database and partnering services

CLIENTS

Biotech/Medtech/Life Science companies seeking Venture Capital

Investors (primarily VC, CVC)

Out-licensing biotech companies, In-licensing pharma companies (mid to large size),

M&A stakeholders (reverse mergers, SPACs, and traditional acquisitions)

Biotechs needing valuations/fairness opinions for arbitrations, legal disputes

Biotechgate.com

1) Business Development Database

- Licensing assets and products (95'000)
- Licensing agreements / terms (25'000)
- Financing rounds (25'000)
- Company profiles (65'000)
- Clinical trials (800'000)

2) Analyst Reports, Forecasting Excels, Therapeutic Reports

- Analyst Reports (160'000)

3) Investors database (LSN)

4) White label solution for clusters and association



mediconValley

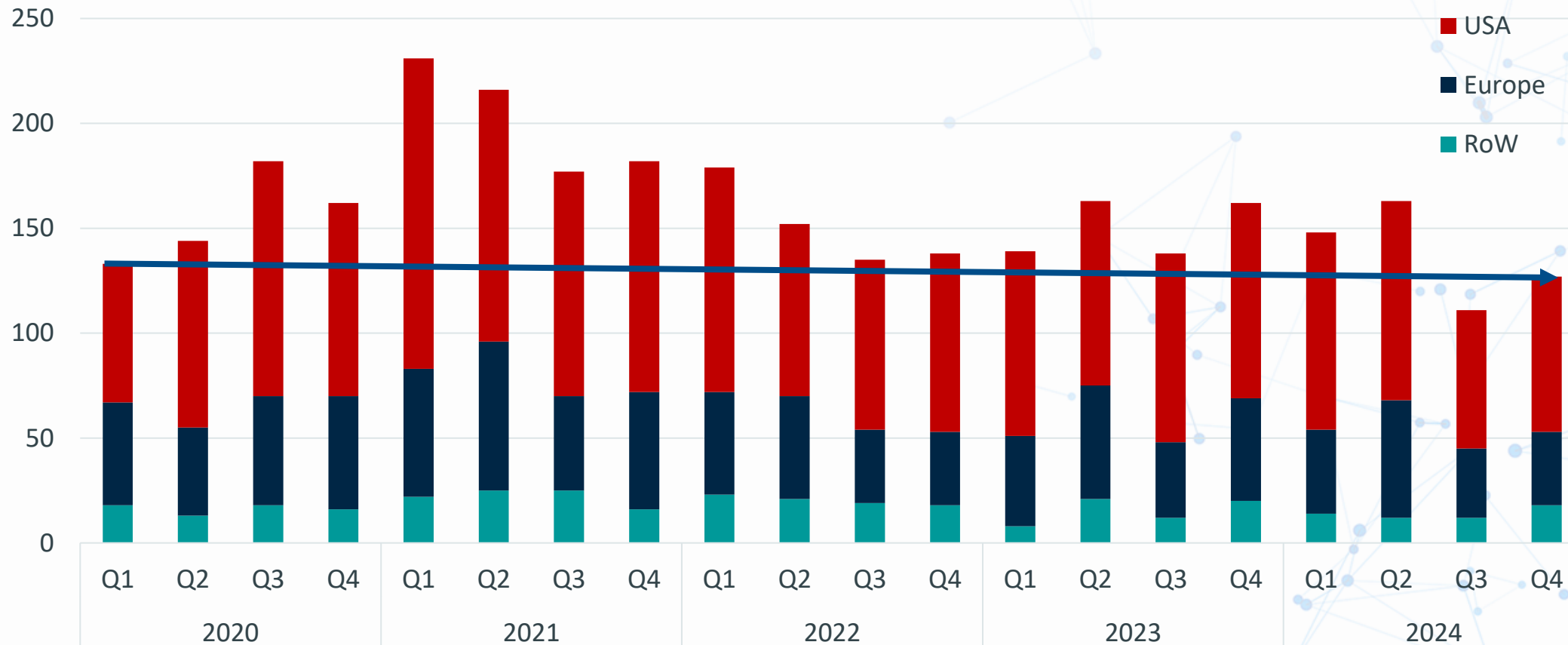


Maryland



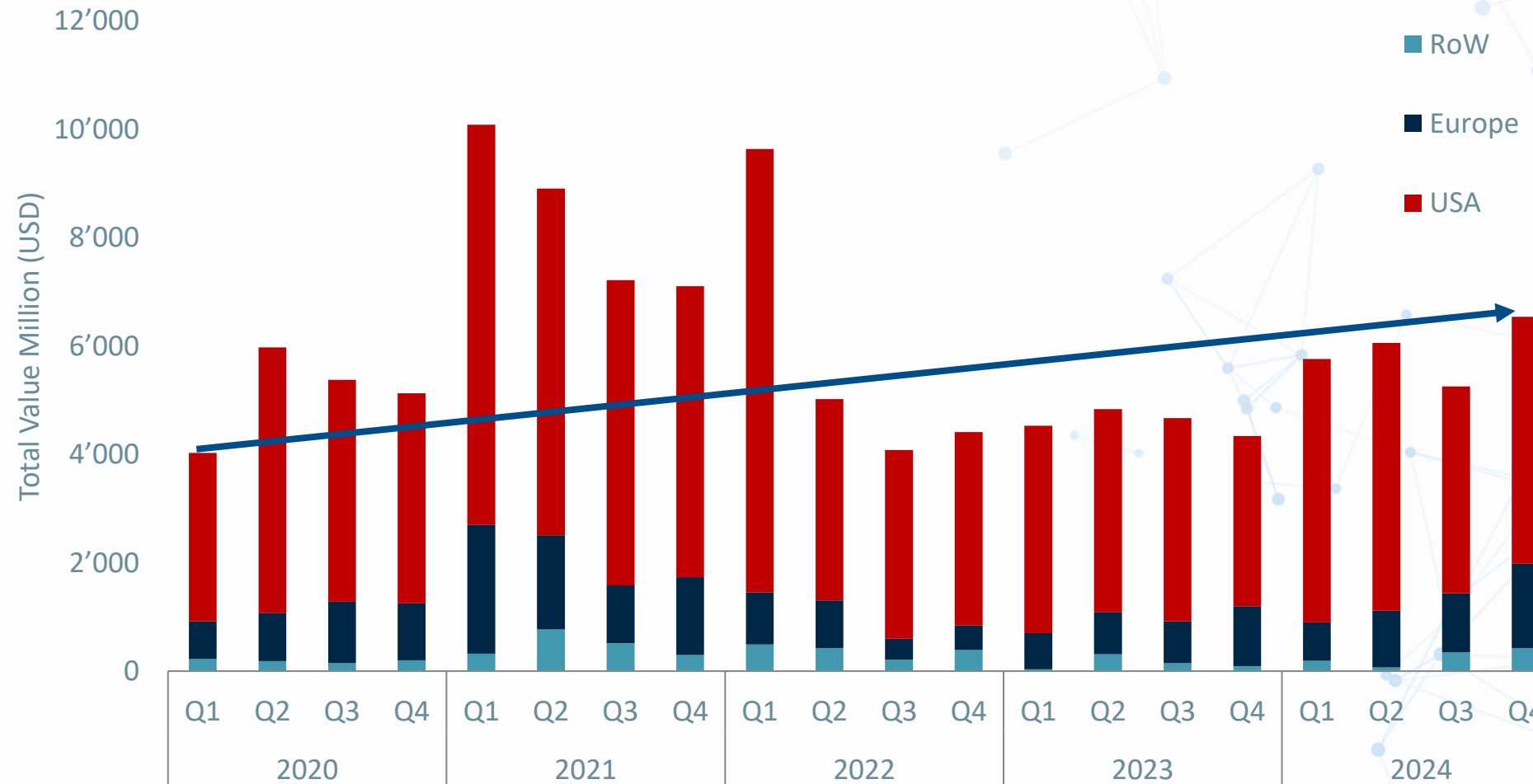
Financing Trends

Number of Equity Financing of Biotech Companies



Financing Trends

Amount Equity Financing of Biotech Companies



Equity Finance

	Venture Capital	Corporate Investors	Family Offices	Business Angels
Size	> USD 5 m	Open	Open	< USD 2m
Company type	High risk / potential	Strategic fit, innovative	Service component, opportunistic	Seed / early stage
Total capital requirement	High	High	Medium	Low
Exit	Set 5-10 years	M&A	Long-term partner	Medium term

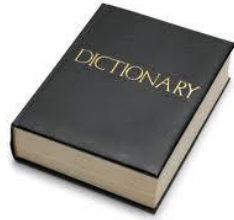
Dos for Investor preparation

- You need a Business plan
- Be specific. Substantiate statements with market data
- Summarize and properly structure financial information
- Show how much money you need; how do you spend it
- Network like crazy
- Do reference checks on the investor (previous investments)

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Why valuation?



- **Value:** implies the inherent worth of a specific thing
- **Price:** depending on the market (supply / demand); whatever somebody is prepared to pay

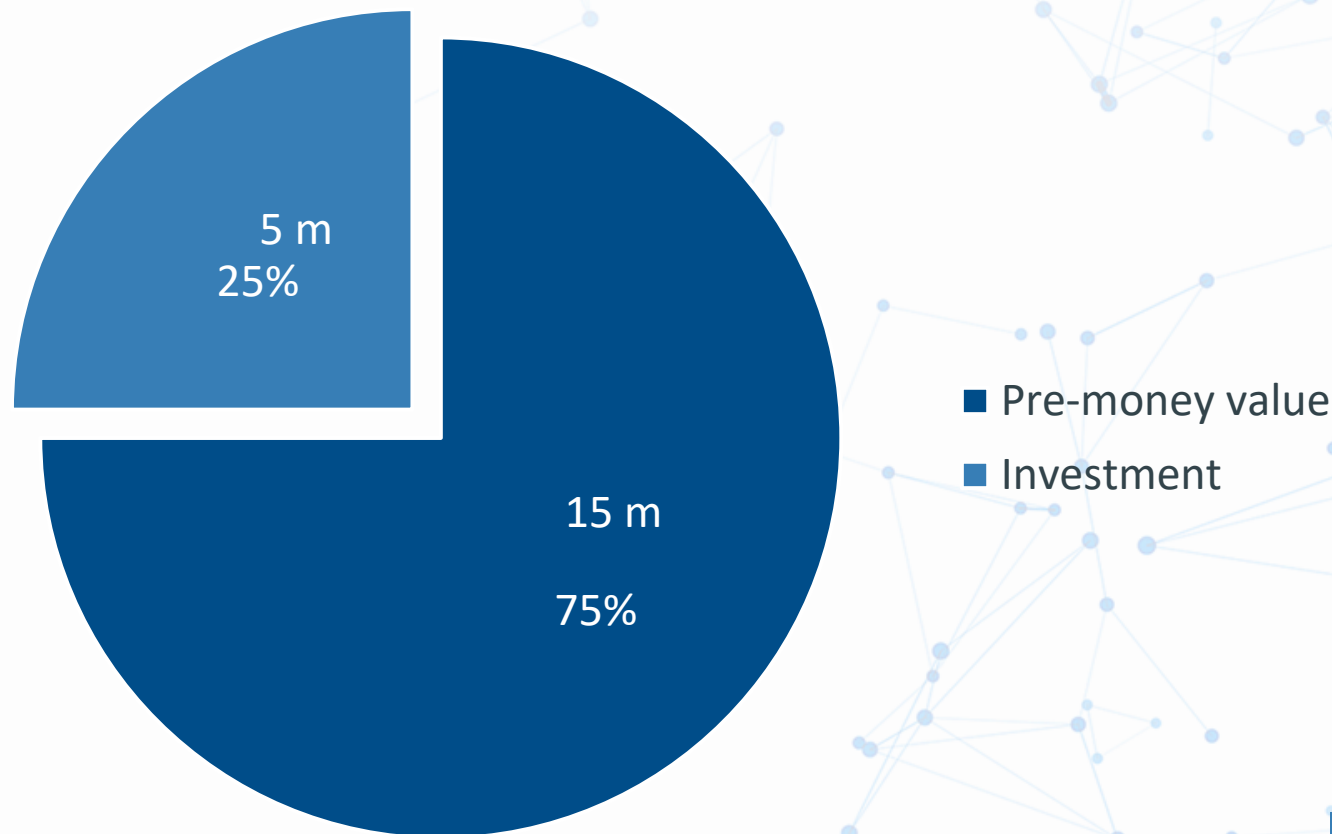
“Price is what you pay. Value is what you get.”

By Warren Buffett

> **Provide basis for negotiation, investment decision, fair share price**

Why Valuation

- Value before investment (pre -money value): USD 15 m
- Investment: USD 5 m
- Value after investment (post-money value): USD 20 m
- Share Investor:
 $5\text{ m} / 20\text{ m} = 25\%$



Biotech Valuation



- Valuation is key issue in development
- Very difficult (high uncertainties)
- High potential for investors
- Long investment cycle
- Traditional valuation methods unsuited
- Complex technology and IP situations

Mind-set of Investors



- Take high risk, but expect high returns
- Pressure from investors
- Compete in capital market

	Probability of failure	Return
Government Bond	0%	3%
Bonds	5%	6%
Blue Chip Company	10%	9%
Tech company (Nasdaq)	40%	20%
Biotechnology Company	80%	50%

Valuation Approaches

- **Operations-based methods:**
⇒ *business plan, fundamentals*
- **Market-based methods:**
⇒ *price, trends, comparison difficulties*

- Discounted Cash Flows (DCF)
- rNPV
- Real Options
- Venture Capital method
- Market Comparables
- Comparable Transactions



Operations methods

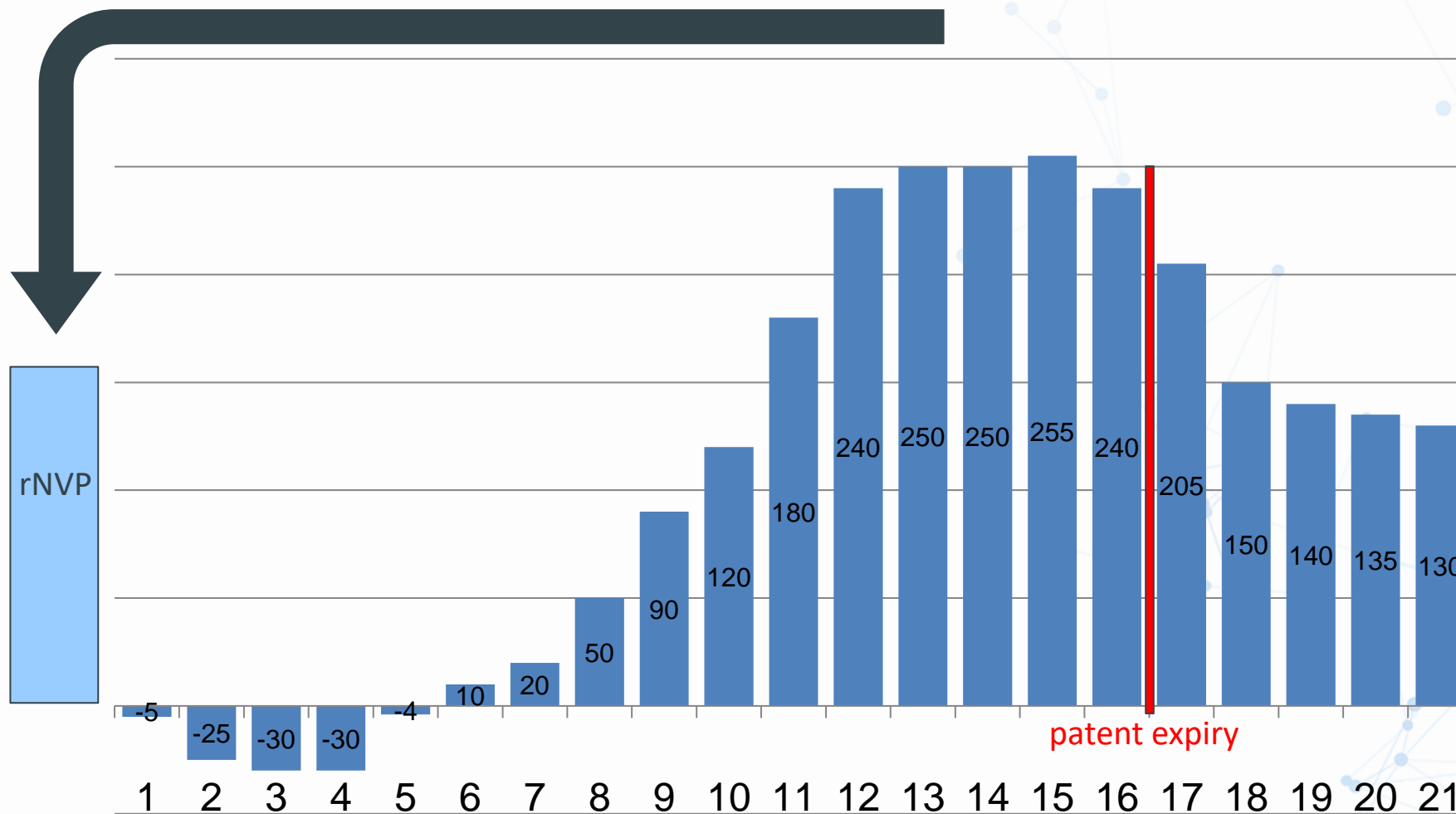
Mixed method

Market methods

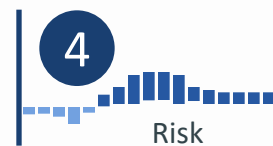
= there is no “the right method”

= combination of different methods

Risk adjusted Net Present Value (rNPV) / DCF



5 Steps rNPV



5
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Development Phase



Market Phase



Discount rate



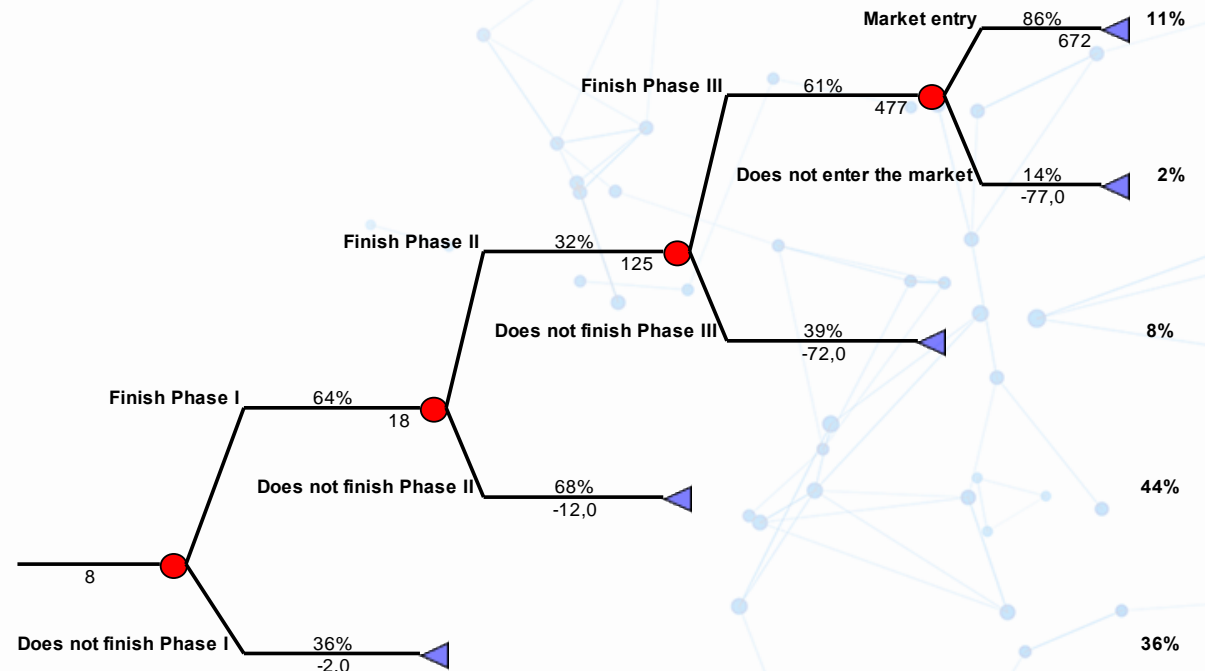
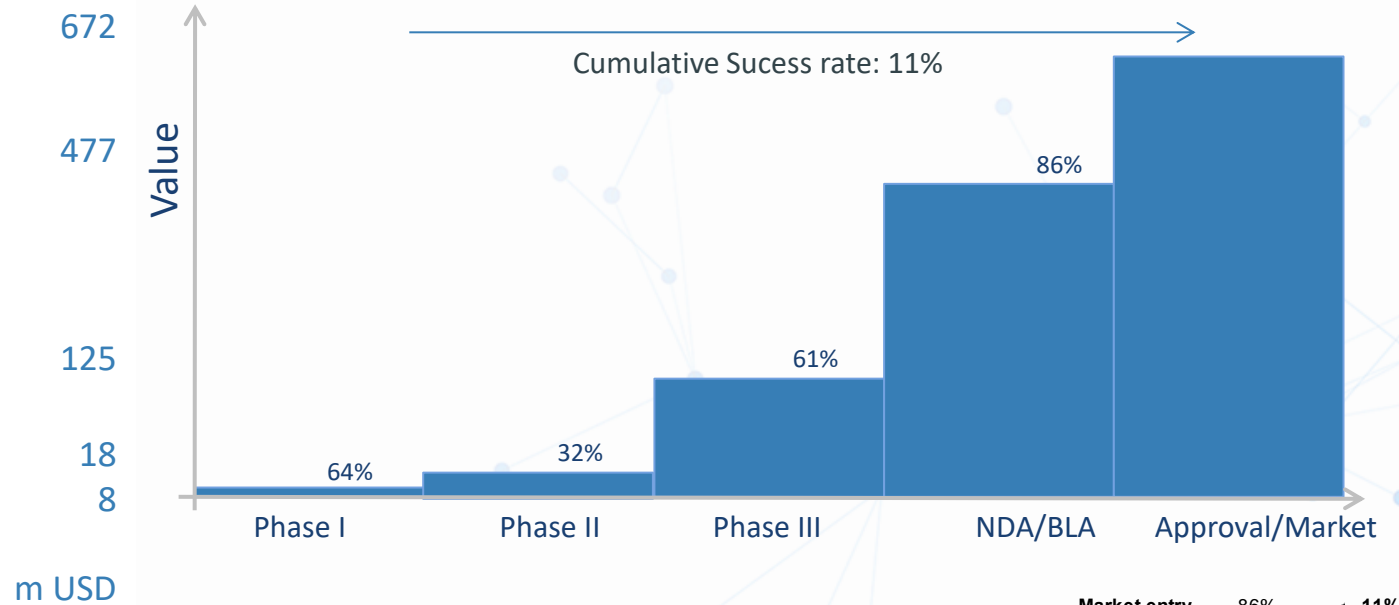
Adjust for Risk



Sum risk-adjusted discounted cash flows

Adjustment for risk

- $rNPV >$ risk adjustment
- Probability to reach next clinical stage
- Value today / future
- Licensing deal terms



Licensing Deal terms

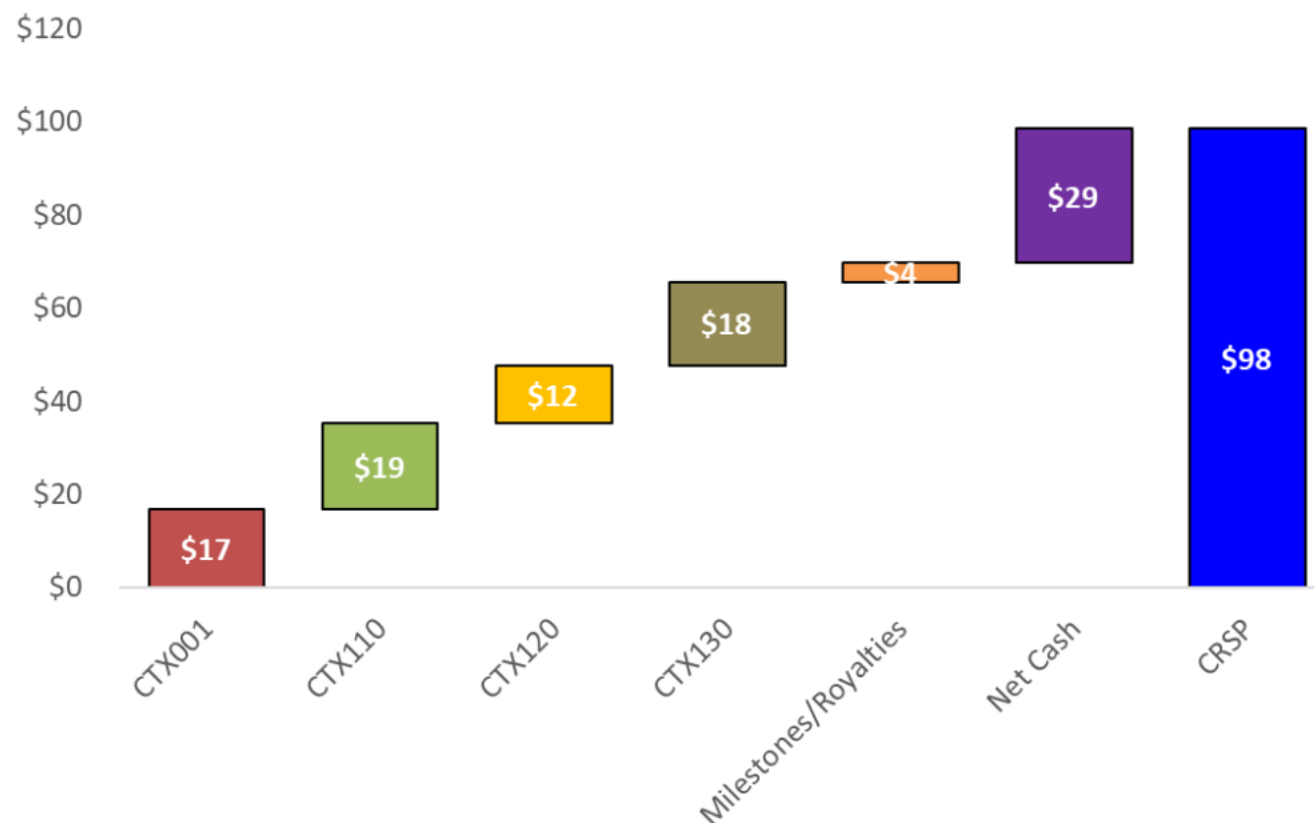
- Front/ back-loading a deal can heavily influence deal structure
- Deal terms dependent on needs of both parties

In USD m	Payment of	rNPV* (or up-front)
Up-front	1 m	1 m
Finish Pre-clinical	1 m	0.44 m
Finish Phase I	1 m	70'000
Finish Phase II	1 m	17'000
Finish Phase III	1 m	8'000
Approval / Enter market	1 m	5'000
Royalties	1%	0.70 m

* Time value of money and Risk adjusted

Company Valuation – Sum of parts for CRISPR Therapeutics

Exhibit 9: Sum-of-the-Parts DCF Valuation



Source: BMO Capital Markets estimates

Exhibit 10: Company DCF Analysis – Base Case of \$98

Valuation		
NPV CTX001	\$1,295	\$17
NPV CTX110	\$1,427	\$19
NPV CTX120	\$952	\$12
NPV CTX130	\$1,387	\$18
NPV Other	\$309	\$4
Enterprise Value	\$5,371	\$70
<i>% TV / Total NPV</i>	65%	
(+) Cash & Cash Equivalents	\$2,221	\$29
(-) Debt	\$0	\$0
Implied Equity Value	\$7,592	
Diluted Shares	77.1	
Implied Fully Diluted Share Price		\$98
% Implied upside/(downside)		69%
Market Price		\$58.11
Date of Market Price		6/14/2022

Source: BMO Capital Markets estimates; FactSet

Comparable Methods

For most Biotechs you cannot use: P/E, EV/EBITDA, EV/EBIT, EV/Sales



Company Value: USD 50 m
50 employees

Ratio



- R&D expenditure
- Employees
- Money raised
- Product in development (p I, p II, p III)



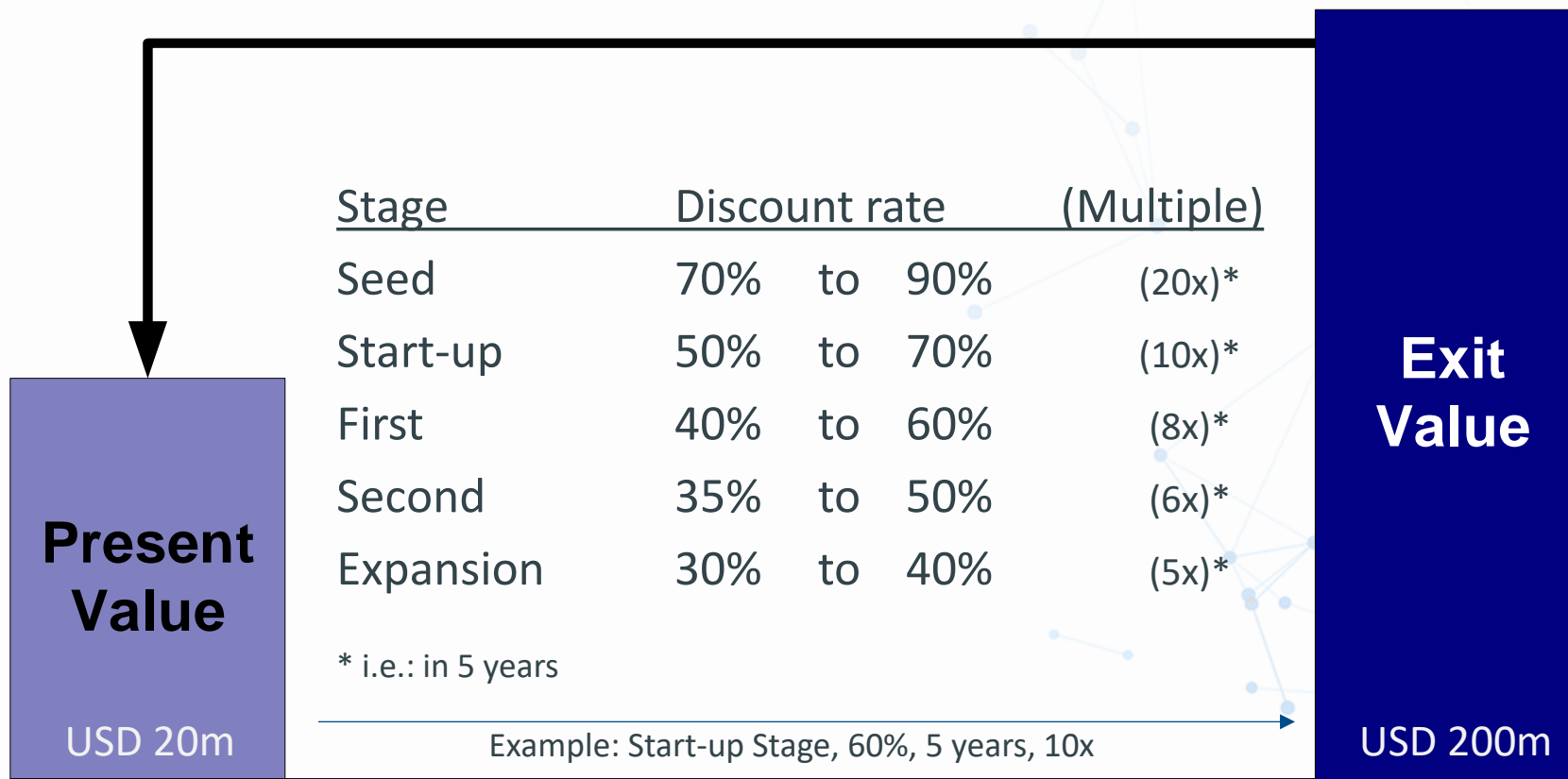
10 employees

⇒ Company Value:

USD 10 m*

* $(50/50) \times 10 \text{ m} = 10 \text{ m}$

Venture Capital Method



Present
today

Future
year 1 → Exit year

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Conclusion



- Think outside the box / be creative
- Finding investor is a numbers game
- Use grants and non-dilutive funding
... but keep focus
- Valuation is all about the assumptions
- Price vs. Value
- Reduce the risk to increase value



THE VALUATION EXPERTS

Thank you for listening!

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