

From: "jeffrey E." <jeevacation@gmail.com>
To: Donald Rubin <[REDACTED]>
Subject: Re: company valuation
Date: Thu, 15 Dec 2016 16:22:29 +0000

no attachment/?

On Thu, Dec 15, 2016 at 10:46 AM, Donald Rubin <[REDACTED]> wrote:

Sounds warmer than Paris, and possibly nicer — depends on the company :)

On Dec 15, 2016, at 10:44 AM, jeffrey E. <jeevacation@gmail.com> wrote:

id love to but im in the caribbean for the rest of the year

On Thu, Dec 15, 2016 at 10:40 AM, Donald Rubin <[REDACTED]> wrote:

Hi Jeffery,

Adriaan followed up after our skype call earlier this week with this email and attachments, which he hopes you will find informative — I have no idea because this is not what I do!

On another topic, there is a chance that I'll be in NYC on 22 Dec before flying to Paris the next day with an XX. Share a coffee?

Best, Don

Donald B. Rubin
John L. Loeb Professor of Statistics
Department of Statistics, Harvard University

[REDACTED]

Begin forwarded message:

From: Adriaan Tuiten [REDACTED]
Subject: company valuation
Date: December 15, 2016 at 8:41:11 AM EST
To: "Donald Rubin ([REDACTED])" <[REDACTED]>

Dear Don,

As we spoke about the valuation of the company, I herewith send you the executive summary of the valuation done by Prof. Roel Bellens of PIMS NV. This report dates from September 2015. As you will understand, this information is very confidential. In short, the report mentions a number of events, that

have a positive or negative impact on the company value. There are a number of events, that are directly related to the development of Lybrido and Lybridos, such as regularity progress with the FDA and the EMA, patent extensions, etc. On the other hand there are events in the periphery of the company, that influence value of Emotional Brain. A major event was the market approval for Flibanserin/Addyi and the acquisition of Flibanserin to Valeant. The valuation of the EB shares from this valuation report was € 42.50 per share.

Since 2015 there are some developments in favor of the value and some developments that might reduce the value. A very positive driver is the recent feedback by the FDA and the issued Guideline for Industry by the FDA, giving Lybrido and Lybridos explicit advice to enter phase 3 and giving clear guidelines for achieving market approval. A negative driver could be the fact that Addyi appears to fail in the market (however this was not really a surprise for EB, given the safety warnings, the low efficacy and the high user-costs, approximately 800USD/month, of the product). These disadvantages do not occur with the use of Lybrido(s), but they still might have a negative impact.

We estimate, that this positive and negative factors level out, and kept the share price at € 42,50. We are checking this at the moment with Prof. Bellens. This price values the company at € 156mln. Recent research among 100 phase 2 pharmadeals show that dealvalues vary from USD 250 mln. (only milestones) to USD 750 mln. (only milestones). On top of that royalties varying from 12% to 22% of net sales, so we trust that this value does not overestimates the value of EB. Moreover, at an earlier stage (2013) Roel Bellens also has written a report on the possible proceeds in a deal. This revenues from upfront and milestones does not deviate much from the aforementioned revenues (worst-case between 320 and 340 million dollars; best case: between 525 and 560 million dollars). In that report he made also an estimation of the revenue that could yield by royalties over a period of about 12 years (between 2.5 billion and 6.9 billion dollars). In my humble view, these estimates are positive and I am happy with a portion thereof. Moreover, the estimation of Prof. Bellens is based on pre- and postmenopausal women. We will do out phase 3 research only in premenopausal women which will reduce the royalty revenues somewhat (however pharmaceutical companies assume – I think - that there will be off-label use by the postmenopausal women).

I hope you can use this information to attract investors, I enclosed the reports in order to check the summary I made of the valuation. Again, the valuation reports are extremely confidential, so do not share them with others.

Best Adriaan

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