

- CONFIDENTIAL -
Executive summary
Project: L-009

| | | |
|---------------------------|---------------------------|----------------------------|
| Investment amount: | Fractions allowed: | Minimum investment: |
| In € m: 1.68 | Yes | In € m: 0.50 |

Background / Company stage:

Initial raising of capital to set up a pharmaceutical contract laboratory (not a medical laboratory for testing of clinical specimens such as blood, tissue etc). Start-up with experienced team and existing client pipeline employing established and proven technologies. Founding upon capital introduction, breakeven point targeted within approx. 2 years.

Product / Service:

The company will offer services to pharmaceutical and chemical industry in analytical R&D and quality control (GMP and non-GMP). The services include: Development of analytical methods for content and identity determination (raw materials, finished products, impurities), stress, permeation and extractables/leachables studies, validation and transfer of analytical methods, stability studies, quality control and batch release testing, analytical support of formulation development and/or manufacturing processes, testing of dietary supplements and veterinary products, services as reference laboratory (cross-validation). All services include highly potent substances/finished products and narcotics. Further services are planned as an extension of the business (e.g. biopharmaceutical analyses).

Business case and expected benefit:

Internal capacity constrains, lack of know-how and technical resources, critical timelines in connection with regulatory filings etc. as well as volatile demand for the respective services in pharma companies result in growing business for specialized contract laboratories with appropriate skills and equipment. The global pharmaceutical analytical testing outsourcing market size was valued at USD 5.59 billion in 2018. The market is projected to expand further at a strong CAGR of 8.1% from 2019 to 2026.

The pre-invest company valuation is based on the assets listed below.

Assets:

- Thanks to pre-existing client pipeline the company will be fast profitable once operational. Flexible, lean organisation for efficient time and cost management.
- The team exhibits a unique combination of key experts experience. All members of the team have proven track record in their field of expertise combining knowhow in science, management and business.
- The company will be able to conquer new attractive business areas as life-cycle management thanks to its know-how and network.
- Central location in the EU is optimal in terms of personnel costs, pricing, subsidies, tax relief and logistics.
- The company is in the position to apply for national and EU grants up to 75% of the equity investment. These grants/subsidies are not included in the presented calculation below.

Use of funds:

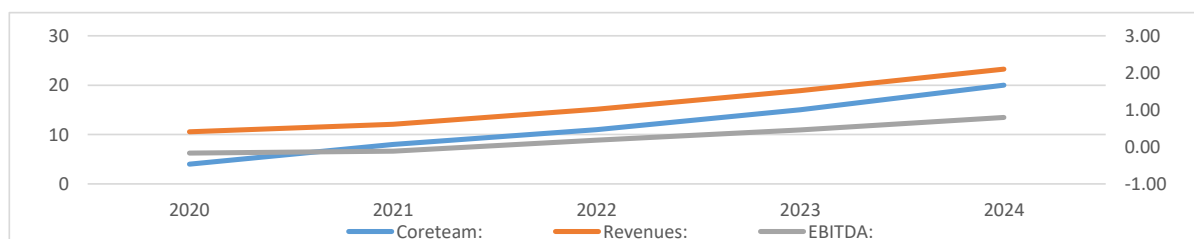
The funds raised will be used for laboratory equipment (60%), personnel (25%), marketing and sales, administration (10%), legal & compliance, external consulting (5%).

Financials (€ m):

| | Coreteam: | Revenues: | EBITDA: |
|------|-----------|-----------|---------|
| 2020 | 4 | 0.41 | -0.17 |
| 2021 | 8 | 0.61 | -0.12 |
| 2022 | 11 | 1.02 | 0.18 |
| 2023 | 15 | 1.52 | 0.46 |
| 2024 | 20 | 2.10 | 0.80 |

Valuation (€ m):

| | |
|--------------|------|
| Pre-Invest: | 3.91 |
| Post-Invest: | 5.58 |
| Investment: | 1.68 |
| In %: | 30% |



Outlook:

With a realistic growth scenario of 13.0 % on EBIT from the 6th year onwards, the company value increases to EUR 14 - 16 million. Multiple = 2.69, annual increase in value (7th year) = ~ 15%.