

Inflammation Pharmaceuticals

INDUSTRY SUMMARY

COGENT VALUATION identified **Inflammation Pharma** publicly traded companies, IPOs, and recent M&A transactions within the Inflammation Pharma industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Over the last year since September 30, 2016, the median 52-week share price return of the Inflammation Pharma industry was 19.0%. Between September 30, 2015 and December 31, 2017, the median EV/EBITDA multiple increased from 11.0 to 11.9. Furthermore, the median price-to-earnings multiple increased from 19.9 to 25.5 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 0.3% and -34.0%, respectively.

Public Company Key Statistics

Median 52-Week
Return

33.8%

Median 3-Year CAGR
Return

5.5%

Median EV/Revenue
Multiple

4.8x

Median EV/EBITDA
Multiple

10.3x

Median Price/Earnings
Multiple

20.2x

Median EV/Gross CF
Multiple

23.8x

Comparable Public Company Market Price Returns as of December 31, 2017

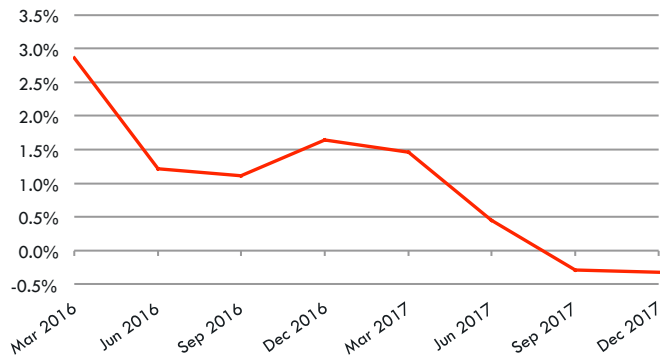
| | YTD | 3 Month | 1 Year | 2 Year | 3 Year | 2016 | 2015 | 2014 |
|--|--------|---------|--------|--------|--------|--------|--------|--------|
| Abbott Laboratories | 48.6% | 7.0% | 48.6% | 15.2% | 8.7% | -14.5% | -0.2% | 17.5% |
| Amgen Inc. | 18.9% | -6.7% | 18.9% | 16.1% | 9.9% | -9.9% | 1.9% | 39.6% |
| Ampio Pharmaceuticals, Inc. | 352.1% | 566.1% | 352.1% | -54.0% | -44.3% | -74.3% | 2.0% | -51.9% |
| Aquinox Pharmaceuticals, Inc. | -28.8% | -17.1% | -28.8% | 0.4% | 28.7% | 32.3% | 66.4% | N/A |
| Celgene Corporation | -9.8% | -28.4% | -9.8% | 16.1% | 15.4% | -3.3% | 7.1% | 32.4% |
| Concert Pharmaceuticals, Inc. | 151.4% | 75.4% | 151.4% | -11.4% | 5.4% | -45.8% | 42.4% | N/A |
| Gilead Sciences, Inc. | 0.0% | -11.6% | 0.0% | -9.2% | -8.7% | -29.2% | 7.4% | 25.5% |
| Immunomedics, Inc. | 340.3% | 15.6% | 340.3% | 185.1% | 55.5% | 19.5% | -36.0% | 4.3% |
| Ocular Therapeutix, Inc. | -46.8% | -28.0% | -46.8% | -33.7% | -25.5% | -10.7% | -60.2% | N/A |
| Omeros Corporation | 95.9% | -10.1% | 95.9% | 40.5% | 19.3% | -36.9% | -36.5% | 119.5% |
| Pfizer Inc. | 11.5% | 1.5% | 11.5% | 6.6% | 6.5% | 0.6% | 3.6% | 1.7% |
| Portola Pharmaceuticals, Inc. | 116.9% | -9.9% | 116.9% | 12.6% | 28.8% | -56.4% | 81.7% | 10.0% |
| Median of Industry Public Companies | 33.8% | -8.3% | 33.8% | 9.6% | 9.3% | -12.6% | 2.8% | 17.5% |

Multiple year periods are calculated as the average annual return.

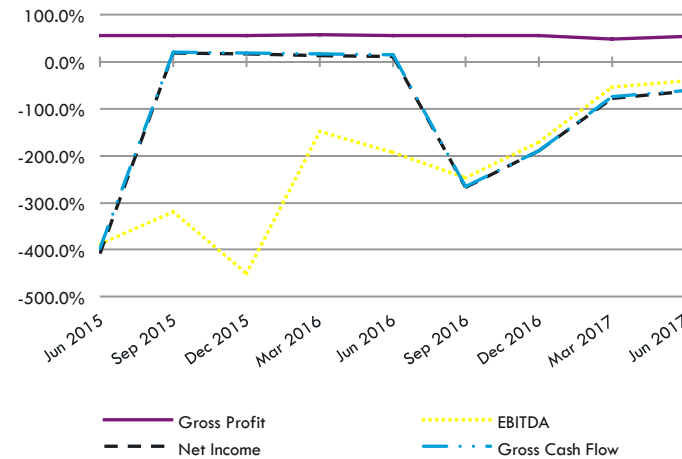
■ Highest Return
 ■ Lowest Return
 ■ Median Return

Industry Revenue Growth and Profit Margins for the Past Two Years

Median Quarterly Revenue Growth of All Inflammation Pharma Companies



Median Gross Profit, EBITDA, Net Income, and Gross Cash Flow Margins



Median Public Companies

| | 12/31/17 | 9/30/17 | 6/30/17 | 3/31/17 | 12/31/16 | 12/31/16 | 3/31/16 | 12/31/15 |
|-------------------------------------|----------|---------|---------|---------|----------|----------|---------|----------|
| EV/Revenues Multiple | 4.8x | 4.6x | 4.4x | 4.4x | 4.4x | 4.4x | 4.7x | 4.9x |
| EV/EBITDA Multiple | 10.3x | 11.9x | 11.8x | 11.7x | 11.2x | 11.2x | 10.6x | 11.9x |
| Price/Earnings Multiple | 20.2x | 21.0x | 27.5x | 28.8x | 27.3x | 27.3x | 15.1x | 21.4x |
| EV/Gross Cash Flows Multiple | 23.8x | 19.8x | 26.2x | 26.6x | 25.4x | 25.4x | 13.6x | 17.9x |

■ Highest Multiple
 ■ Lowest Multiple
 ■ Median Multiple

Industry Initial Public Offerings—Industry: Inflammation Pharmaceuticals (dollars in millions, except share prices)

| Offer Date | Company Name | Offer Price | Shares Offered | Amount Raised | Total Assets | Debt | LTM Revenues | LTM EBITDA | LTM Net Income | LTM Cash Flows |
|------------|--|-------------|----------------|---------------|--------------|--------|--------------|------------|----------------|----------------|
| 11/8/17 | InflaRx N.V. | \$15.00 | 5.0 | \$75.0 | \$62.2 | \$13.8 | \$0.0 | (\$16.2) | (\$4.3) | (\$2.6) |
| 7/26/17 | Sienna Biopharmaceuticals, Inc. | \$15.00 | 5.5 | \$60.5 | \$64.6 | \$0.0 | \$0.0 | (\$28.1) | (\$3.1) | \$1.4 |
| 7/19/17 | Kala Pharmaceuticals, Inc. | \$15.00 | 6.0 | \$84.0 | \$39.8 | \$15.5 | \$0.0 | (\$36.9) | (\$6.1) | (\$1.7) |
| 1/25/17 | AnaptysBio, Inc. | \$15.00 | 8.4 | \$122.1 | \$134.0 | \$0.0 | \$16.7 | (\$2.8) | \$6.4 | \$9.2 |
| 5/25/16 | Reata Pharmaceuticals, Inc. | \$11.00 | 7.1 | \$6.2 | \$3.2 | \$4.3 | \$49.7 | (\$0.1) | (\$13.7) | (\$11.6) |
| 2/12/14 | Concert Pharmaceuticals, Inc. | \$14.00 | 6.8 | \$68.2 | \$6.9 | \$14.0 | \$25.4 | (\$3.1) | (\$21.9) | (\$20.9) |
| 6/29/17 | Median of all IPOs | nm | nm | \$71.6 | \$51.0 | \$9.1 | \$8.3 | (\$9.6) | (\$5.2) | (\$2.1) |

Multiple year periods are calculated as the average annual return.

■ Highest Return ■ Lowest Return ■ Median Return

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

| Transaction Date | Target | Acquirer | Transaction Size | % Bought | LTM Revenues | EV/ Revenues |
|------------------|--------------------------------|------------------------|------------------|----------|--------------|--------------|
| 12/1/17 | Cleveland HeartLab, Inc. | Mylan N.V. | \$94.0 | 100% | \$2,322 | 4.3x |
| 8/3/17 | Confluence Life Sciences, Inc. | Vectura Group plc | \$109.4 | 100% | \$135.3 | 4.1x |
| 7/29/16 | Meda AB | N/A | \$10,071.1 | 100% | N/A | N/A |
| 6/10/16 | Skyepharma PLC | Fujifilm Medical | \$615.4 | 100% | \$16.7 | 15.3x |
| 7/1/15 | Icagen, Inc. | Cipher Pharmaceuticals | \$11.0 | 100% | \$10.1 | 4.8x |
| 5/1/15 | Cellular Dynamics | Argos Soditic | \$289.1 | 100% | \$41.5 | 0.8x |
| 4/13/15 | Innocutis Medical, LLC | Bausch & Lomb | \$48.5 | 100% | \$160.3 | 3.0x |
| 11/18/13 | Cisbio Bioassays | Pharmaniaga Bhd | \$34.0 | 100% | \$29.7 | 1.8x |
| 6/5/12 | ISTA Pharmaceuticals, Inc. | Medivir AB | \$551.5 | 100% | \$89.1 | 1.3x |
| 8/31/09 | Idaman Pharma | Bristol-Myers Squibb | \$53.4 | 98% | \$60.7 | 33.5x |
| 4/29/09 | EMO-FARM Sp. z o.o. | ICN Polfa Rzeszów S.A. | \$28.6 | 100% | \$12.0 | 2.4x |
| 12/15/08 | Amgen Inc. | Biovitrum AB | \$150.3 | 100% | \$70.0 | 2.1x |

■ USA
 ■ International
 ■ Highest
 ■ Lowest
 ■ Median

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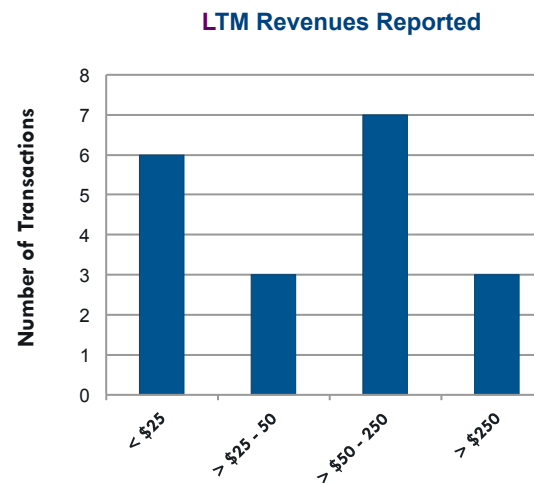
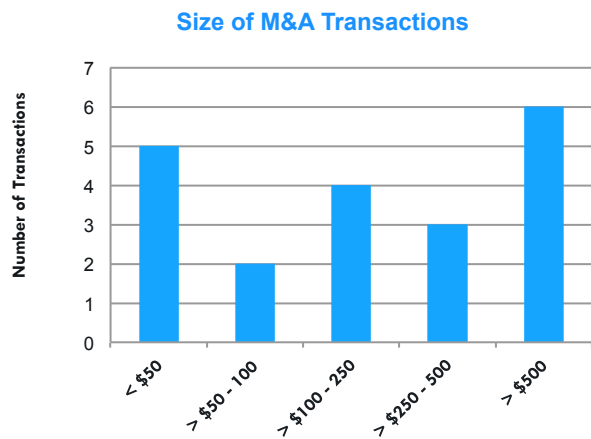
Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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| Transaction Date | Target | Acquirer | Transaction Size | % Bought | LTM Revenues | EV/ Revenues |
|--|--------------------------------|----------------------|------------------|-------------|---------------|--------------|
| 8/3/17 | Confluence Life Sciences, Inc. | Shire Limited | \$396.0 | 84% | \$14.2 | 31.3x |
| 7/29/16 | Meda AB | MBK Partners | \$239.1 | 77% | \$75.9 | 3.7x |
| 6/10/16 | Skyepharma PLC | Genstar Capital, LLC | \$700.8 | 87% | \$381.9 | 2.0x |
| 7/1/15 | Icagen, Inc. | Genentech, Inc. | \$921.7 | 100% | \$60.9 | 12.4x |
| 5/1/15 | Cellular Dynamics | Bioprogess plc | \$456.5 | 100% | \$18.9 | 24.2x |
| 4/13/15 | Innocutis Medical, LLC | Actavis Group ehf. | \$30.8 | 51% | \$19.1 | 3.2x |
| 11/18/13 | Cisbio Bioassays | Abbott Laboratories | \$4,190.9 | 100% | \$849.3 | 4.3x |
| 11/24/06 | ISTA Pharmaceuticals, Inc. | Recordati SpA | \$57.4 | 100% | \$49.7 | 1.2x |
| Median of the 20 M&A Transaction Targets | | | \$264.1 | 100% | \$46.4 | 3.7x |

USA
 International
 Highest
 Lowest
 Median

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of December 31, 2017



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Definitions of Financial Terms Used in this Quarterly Industry Update: Enterprise Value (EV): Market Value of Equity + Market Value of Debt
—Cash Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Profitability metric sometimes also referred to as operating profit or operating earnings.

Gross Cash Flows: Net Income + Depreciation and Amortization Expense Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

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