



BIOROCK
— VENTURES —

BioRock Ventures is a life sciences VC fund
investing in biopharmaceutical companies
developing innovative treatments for
serious disease

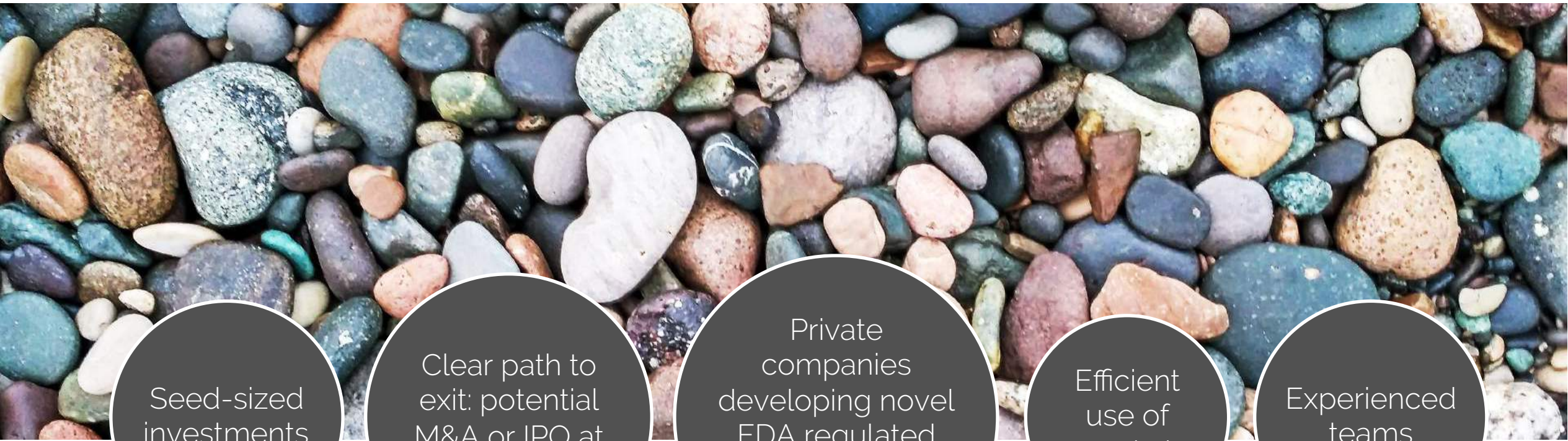
Mary Wheeler, PhD MBA

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www.biorockventures.com

Disclaimer: This introduction is made only to qualified investors, an offer to invest can be made only pursuant to an offering memorandum. There can be no assurance that any future fund will be successful or provide returns Past performance is no guarantee of future performance.

BioRock Ventures invests in underserved small bio-pharma startups



Seed-sized investments

Clear path to exit: potential M&A or IPO at next 'round'

Private companies developing novel FDA regulated therapeutic drugs

Efficient use of capital

Experienced teams

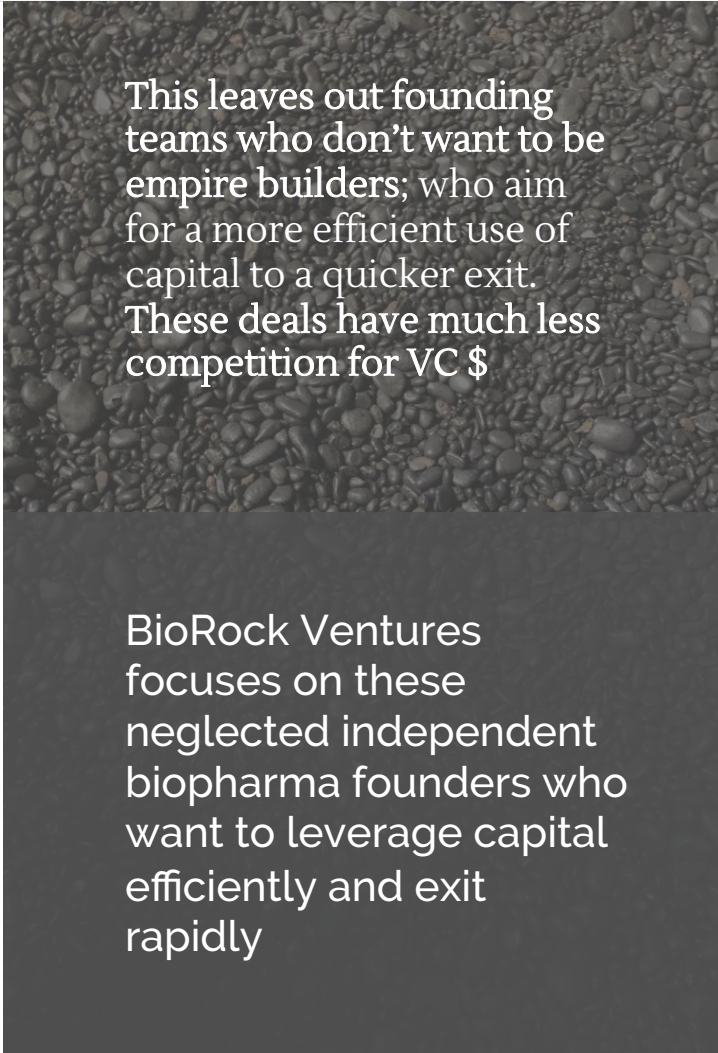
Large Flourishing Life Science Boom but not enough capital for small biopharma startups

BioPharma VC is a large attractive segment.

- BioPharma: routinely the **best returns** (Cambridge Associates) and the **largest VC segment** (by \$ and #) after Software (Pitchbook)
- 74% of VC backed IPO exits through 3Q'18 were life sciences companies (Pitchbook)
Record \$51B in M&A and IPO exits (SVB)
- "The Number of Novel Drug Approvals in the United States reached unprecedented heights ..." (Nature Biotechnology February 2019)

Boom in capital flow everywhere but seed stage biopharma (figure next slide)

- Life science Series A pre-money valuations moved from an average \$6M in 2012 to \$20M in 2018 (Cooley data via LifeSciVC)
 - VCs continue to invest larger rounds
- AND
- Established life science VC firms do not routinely fund seed companies started by an independent founding team



This leaves out founding teams who don't want to be empire builders; who aim for a more efficient use of capital to a quicker exit. These deals have much less competition for VC \$

BioRock Ventures focuses on these neglected independent biopharma founders who want to leverage capital efficiently and exit rapidly

BioRock looks for a clear path to major exits (M&A, IPO)

- **3 years median time to exit for all biopharma private M&A (SVB) in 2018 and again in 2019**
- In 2019 over 20 VC backed biopharma startups had \$1B+ exits (SVB)
- Record exit totals of \$51B and \$46B in 2018 and 2019 (SVB)

BioRock Ventures invests in this large high unmet need segment

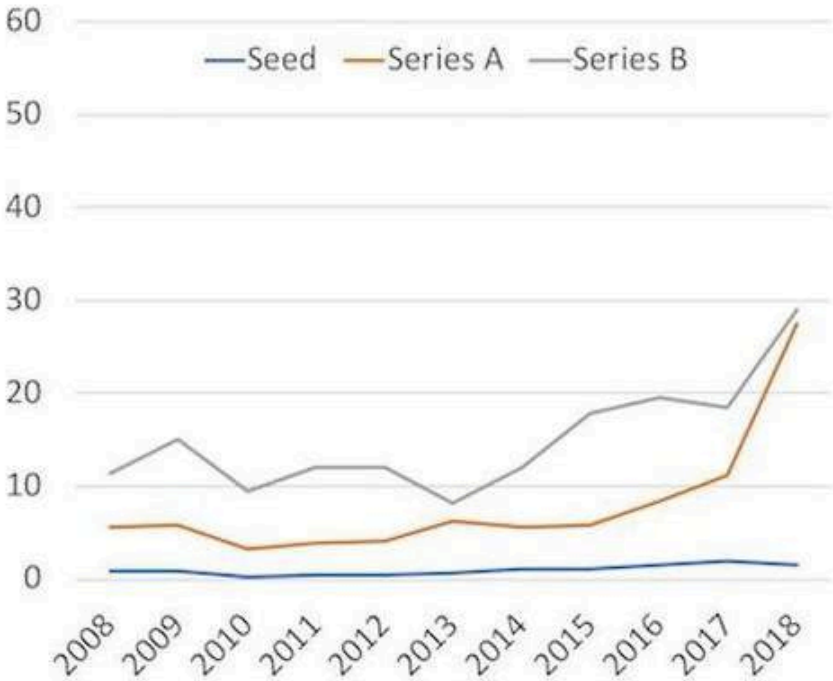


BioPharma VC funding by round

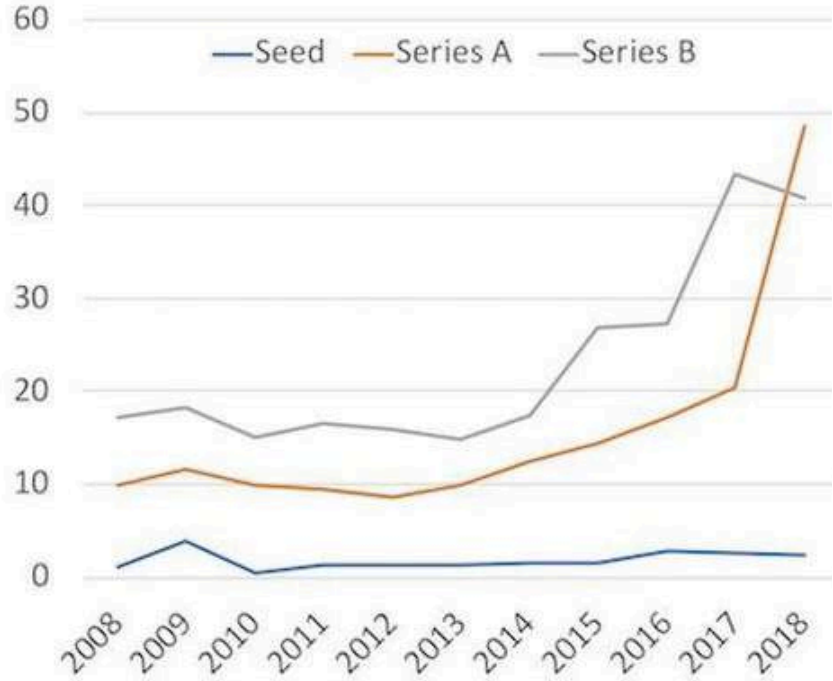
US-only, \$ Millions

Source Pitchbook

Median



Average



Investing and Operating Expertise: 20 years of deal experience assessing 1000s of Rx opportunities



Mary Wheeler

TEAM: As the sole GP, Mary is based in Silicon Valley and has 20 years of experience in biopharma therapeutics(Rx).

She has led assessment of 1000s of Rx opportunities over her career as the buyer and as the seller. She has led strategy, assessment and contract negotiations for multi-billion dollar M&A and licensing deals at companies including Johnson and Johnson's California Innovation Center, Forest Laboratories (now Allergan) in New York City and as a startup founder in the Boston area (via M&A, now part of Pfizer).

She has also advised dozens of venture backed startups as Chief Business Officer and deal lead.

Education: Mary holds an MBA from MIT Sloan, a PhD from Princeton and a BA from Yale. Mary is Class 18 Kauffman Fellow.

M&A, BigCo Deal experience enables expert investment selection and exit negotiations for portfolio companies. Broad operating experience from startup founder to public multinational BigCos.

-Venture

-Startup CBO, Advisor, Angel



-Johnson & Johnson



-Forest-Allergan



-Startup Founder



-MBA, PhD



Criteria—Highly selective. No “spray and pray” in BioPharma

Fundamental emphasis on quality and path to exit. Careful selection of investments even at the earliest stages.



Grit, Humility, Coach-ability
Relevant experience and training
Clarity of communication and vision
Diversity, leads to better decision making and returns



Size > \$250M to \$1B+ in sales potential for lead asset (TAM)

- TAM is not “curing cancer” but the precise indication and label targeted in the TPP in clinical trials

All therapeutic areas and all modalities

- Rare diseases, Cancer, Metabolic and cardiovascular (diabetes, NASH), infectious disease, CNS (Alzheimer’s disease, depression, anxiety, ALS, Parkinson’s), Orphan diseases, Ophthalmology, many others
- Small molecules (pills), biologic injected proteins, gene therapies, mRNA, digital, others



Usually need to see a path to **Novel COM IP** (Composition of Matter Intellectual Property-patents)

Meaningful **improvements over the current Standard of Care**. What is the real impact for the patient?

Criteria—Highly selective. No “spray and pray” in BioPharma

Process: Fundamental emphasis on path to exit. Plus all criteria must be excellent or no investment.

4

Milestones

Clear **milestones** and efficient use of funds

Data generation plan that will be compelling and relevant to potential M&A buyers and to the FDA

- Clear plan for Manufacturing, Regulatory, Clinical trial enrollment and pre-clinical work, as applicable

5

Safety and efficacy

Evidence of **safety** and **efficacy** in the target indication -> meaningful benefit over SOC

Available high quality data providing a reason to believe the team can achieve the milestones

6

Exit potential

Near term **exit potential**

Clear potential path to 10X+ exit in 1–3 steps and less than 5 years; often via M&A

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Follow on

Follow on VC investment potential, in the event ideal exit is delayed

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Thank You.

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APPENDIX

Analysts call 2019 BioPharma exits “spectacular”

3 Years to exit on average

Quick Early Stage Exits Generate Healthy Returns

Despite private M&A deal activity equaling a five-year low, acquirers are still interested in venture-backed companies. The recent IPO surge has caused acquisitions of venture-backed companies to shift from the private to the public market. Prime examples of this trend were the 2019 acquisitions of Audentes and Synthorx, both pre-clinical at IPO and each picked up in the public market for more than \$2B+.

For private M&A exits, overall time to exit decreased again, upfront deal value set a six year high, and total deal value matched 2016’s record. Most deals exited early, with nine of 14 deals transacting with pre-clinical or phase I data. This group required less capital (median \$57M), leading to robust 4x upfront and 11x total deal multiples on invested capital.

*Only nine of 29 acquisitions since 2018 had a Big Pharma collaboration (four oncology, four neuro, one metabolic). Five were subsequently bought by their collaborator, and all of these M&A deals were early stage. We think this may lead to more collaboration-to-acquisition and build-to-buy deals.

Private Biopharma M&A by Stage

Global, 2014–2019

■ Pre-Clinical ■ Phase I ■ Phase II ■ Phase III ■ U.S. Commercial



Medians	2014	2015	2016	2017	2018	2019
Upfront	\$225M	\$200M	\$200M	\$171M	\$140M	\$250M
Total Deal	\$413M	\$570M	\$600M	\$461M	\$480M	\$600M
Years to Exit	4.0	4.2	5.9	3.5	3.1	2.9

Biopharma Collaborations Leads to Acquisitions, 2018 to 2019*

Acquisition*	BlueRock Therapeutics	AVAL	POTENZA	ViraTherapeutics	Inception 5
Acquirer	MACTEN	Roche/Boehringer Ingelheim	astellas	Boehringer Ingelheim	Roche
Upfront (Total)	\$240M (\$600M)	\$364M (\$477M)	\$165M (\$405M)	\$244M (\$244M)	Not Reported



M&A defined as all private, venture-backed M&A deals with upfront payments of at least \$75M, globally. Stage defined as last completed clinical trial prior to M&A announcement. Source: PitchBook, press releases and SVB proprietary data.

Analysts call 2019 BioPharma exits “spectacular”

Recent IPOs Exit in Public Market, Driving \$1B+ Exits

We revised the period for \$1B+ activity on this slide to include any private M&A since 2015 or any IPO or public M&A by the IPO classes of 2015–2019 (we removed class of 2013 and 2014.)

Every IPO class has added \$1B+ market cap companies from mid-year to end of year: 2017 IPO class increased from seven to 10, 2018 IPO class almost doubled from seven to 13 and 2019 IPO class almost tripled from seven to 20.

The 20 \$1B+ end-of-year market caps for the class of 2019 IPOs are the highest \$1B+ companies we have seen in any IPO class. Even more impressive is that 12 of the 20 IPOs had market caps less than \$1B at IPO (median \$582M) and grew into \$1B+ value in the public market.

\$1B+ public M&A of recent IPOs also picked up in 2019, with five deals exiting at great premiums, selling for a combined deal value of more than \$13B. These exits provided amazing returns, especially for crossover investors.

20 “Billion Dollar Exits” in 2019 alone

\$1B+ VC-Backed Biopharma M&A and IPO Market Cap Values Global, 2015–2019

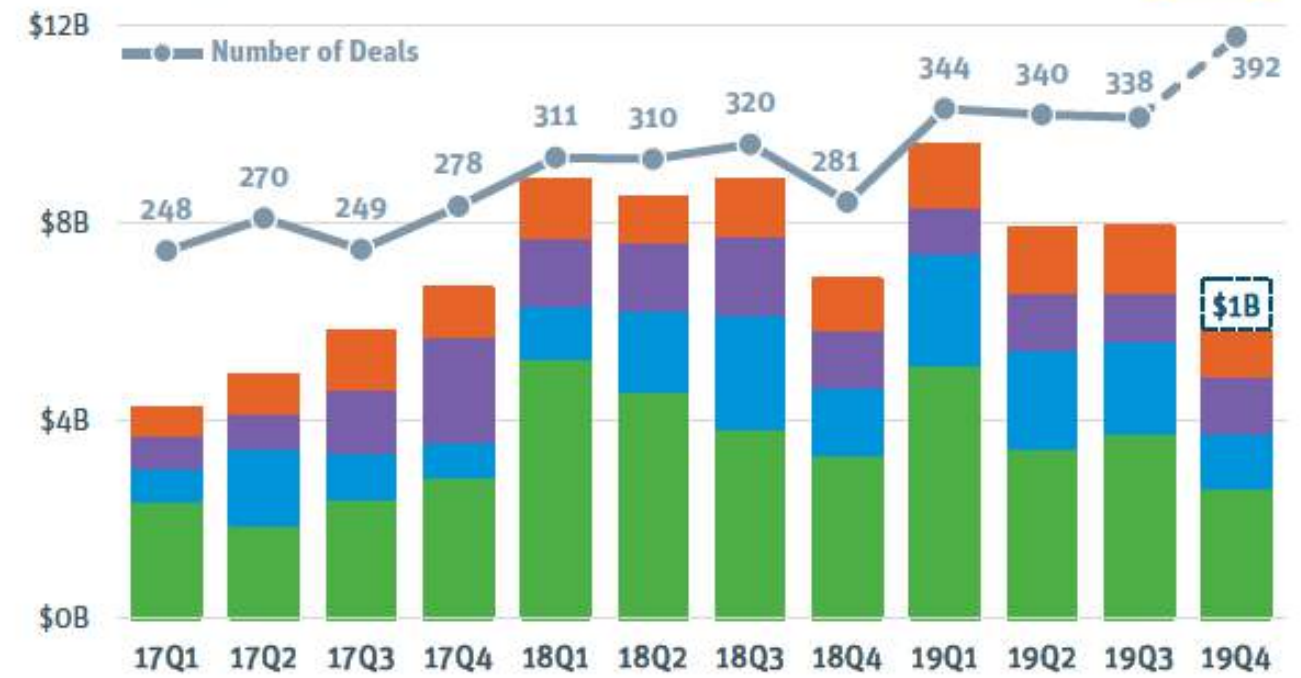


\$1B+ Public Deals by IPO Vintage: 53 Companies



Private M&A defined as all private, venture-backed M&A deals with upfront payments of at least \$75M and total deal value of \$1B+, globally. Public M&A defined as M&A total deal value of \$1B+ from a VC-backed company that went public between 2015–2019, globally. IPO defined as all private, venture-backed IPOs raising at least \$25M in proceeds, globally. Public market performance metrics calculated as of 12/29/19. Source: PitchBook, press releases and SVB proprietary data.

VC Dollars and Deals by Healthcare Sectors US and Europe



Sectors (\$M)	2017			2018			2019*		
	US	Europe	Total	US	Europe	Total	US	Europe	Total
Biopharma	\$7,700	\$1,914	\$9,614	\$14,390	\$2,710	\$17,100	\$12,168	\$3,472	\$15,640
HealthTech	\$3,320	\$541	\$3,861	\$5,898	\$480	\$6,378	\$6,073	\$1,440	\$7,513
Dx/Tools	\$4,431	\$354	\$4,785	\$5,116	\$422	\$5,538	\$3,659	\$760	\$4,419
Device	\$2,944	\$499	\$3,443	\$3,617	\$538	\$4,155	\$4,019	\$907	\$4,926
Total	\$18,395	\$3,308	\$21,703	\$29,021	\$4,150	\$33,171	\$25,919	\$6,579	\$32,498

Device and HealthTech Investment Rises, Dx/Tools Dollars Dip

Despite a significant increase in the number of deals in 2019, total investment dollars are slightly down from 2018's record. Still, this figure is a 50% increase from 2017.

With increased investment in every sector, European investment showed a significant 50% uptick year over year in 2019 and has increased each of the last three years.

Device and healthtech both saw jumps in investment dollars in 2019, increasing 15% and 13%, respectively. Device is up 43% since 2017, and healthtech investment jumped 95% over the same period.

Dx/Tools saw the largest decline in 2019 at -20%. This was driven by a reduction in the number of mezzanine financings (>\$50M) in the sector.

HealthTech deals overlap with ~10% of deals in the other three healthcare sectors. We have removed these deals and dollars from healthtech totals for this slide. For example, the three \$100M+ deals that overlapped in 2019 were Tempus (dx/tools), Schrödinger (biopharma), and Instro (biopharma).

Analysts call 2019 BioPharma exits “spectacular”

The BioPharma VC sector is the largest in Healthcare-not a small niche