



GATC Health Corp Valuation Analysis

GATC Health is a disruptive technology company using proprietary artificial intelligence to create safer, more effective drugs, optimize the development of drugs for the biotech and pharma industries and substantially de-risk investments in drug development.

The following valuation categories demonstrate a corporate value for GATC Health ranging from \$6.2 billion, not including potential future royalty revenue, to approximately \$31 billion inclusive of royalties.

Asset Valuation

GATC Health uses its Multiomics Advanced Technology™ (MAT) AI platform to create novel drug candidates. To date, the company has created 13 new therapeutic assets. In September 2023, GATC retained Ernst & Young to provide asset valuation analysis for its lead drug candidate for Opioid Use Disorder. E&Y produced two reports, the first being a fully discounted management report supporting the cash value of this pre-clinical asset at \$150 million. Further, E&Y's research supported a 12.5% royalty once that drug reaches the market. E&Y's second report, which reflects go-to-market valuations for the OUD asset indicates a \$400 million cash value and 17.5% royalty. The report notes that these cash valuations and royalty range would extend across GATC's pipeline, reflecting the typical price a buyer would expect to pay for a high-quality, substantially de-risked AI generated pre-clinical drug asset. Total addressable market is a separate issue and is reflected in potential royalties. (See E&Y reports)

GATC Drug Assets

Number of drug candidates	GATC asset value*	Total
13	\$200 million	\$2.6 billion

*Management's assumption, based on E&Y reports.

Royalty Valuation

The expected royalties noted in the E&Y reports reflect the percentage of revenue generated by the sale of each drug once it reaches the market. Market size and competition affect the value of potential royalties for a new drug. To understand the potential revenue GATC's drug assets could realize in royalties, our internal analysts compared the top three selling drugs in each indication, averaged their sales and multiplied that number by E&Y's lowest royalty figure, 12.5%, across a 10-year expected patent life for a commercialized drug. For this exercise, GATC's team looked at the 12 drug candidates in its pipeline at the time. Of those 12, the glioblastoma asset did not yield any comps, as there are no known treatments for this cancer. As such, the figures noted reflect predicted royalties on 11 drug assets. (See E&Y reports)



GATC Drug Asset Royalty Analysis

Number of drug candidates	Expected royalty (per E&Y)	10-Year Cumulative Pipeline Royalties
11	12.5%	\$24.6 billion

Risk Analysis—Insurance/Finance

GATC Health, MCI (a Lloyd's of London syndicate) and Acrisure Re are launching a program that provides the biotech industry with insurance coverage for clinical trial funding in the event of trial failure. Enabled by GATC Health's proprietary technology, which forecasts clinical trial endpoints, this innovative insurance model aims to significantly mitigate financial risks inherent in medical innovation and research, thereby bolstering the growth of therapeutic drug development necessary to address the world's health crisis. Lloyd's is backing the underwriting of these policies with \$1 billion for the first 12-month period. Policies will cost approximately 40% of the insured trial cost. Therefore, GATC's technology is enabling approximately \$400 million in revenue to Lloyd's and its partners per year. Further, finance partners who will lend against the MCI/Lloyd's policies are expected to charge approximate 10% interest and generate \$100 million. Applying a typical revenue multiple of 5x indicates a potential value of \$2 billion for GATC's analytic services.

GATC Risk Analysis Valuation

Committed capital to back insurance	Policy revenue	Valuation multiple	Value of GATC's Risk Analysis for Lloyd's Clinical Trial Insurance Program
\$1 billion/year	\$400 million	5x	\$2 billion
Debt financing for clinical trials	Interest rate	Valuation multiple	Value of GATC's Risk Analysis to Lender
\$1 billion/year	10%	5x	\$500 million

Platform Value

GATC Health's technology has proven to be substantially differentiated from companies normally considered competitors. However, it is useful from a valuation perspective to analyze industry comps to understand platform (technology) value when considering GATC Health's drug discovery and development capabilities. (See attached competitive analysis).



Competitive Platform Valuation Analysis

Insilico Medicine	\$1.1B (August 2022, Series D)
BenevolentAI	\$69.5M AMS: BAI
Recursion	\$2.79B NASDAQ: RXRX
Atomwise	\$278.5M (March 2024, Series C)
Relay Therapeutics	\$795.9M (NASDAQ: RLAY)
Schrodinger	\$1.57B NASDAQ: SDGR
Xaira	\$2.16-2.7B (per UpMarket, after last funding round in April 2024)
1910 Genetics	\$88-132M (per Dealroom.co, EV as of March 2021; additional round by Accenture Ventures in Oct 2024, valuation undisclosed)
Average Valuation	\$1.106 billion