Lifecare AS
Valuation Report

October 2023
Valuation of Sencell Continuous Glucose Monitoring (CGM) Sensor for Diabetes

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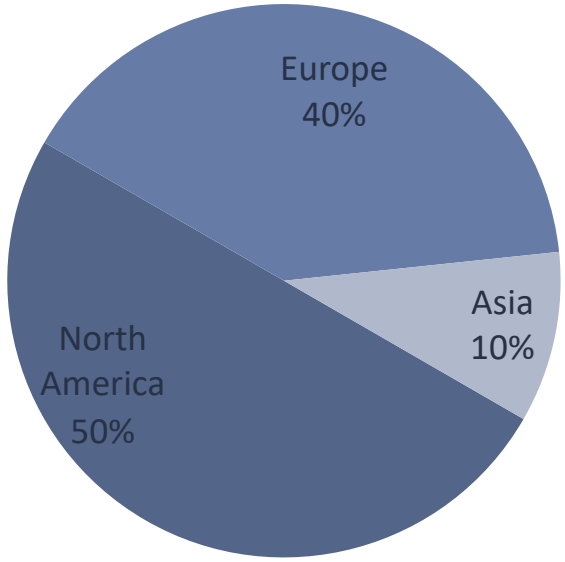
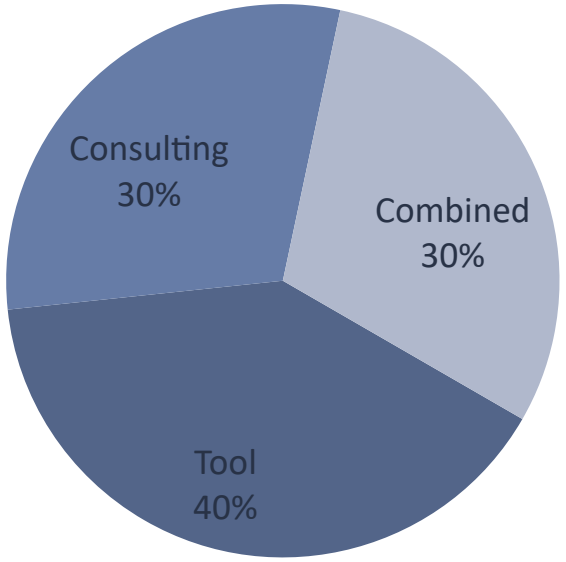
Introduction to Xplico

- Established in 2005 – Copenhagen, Denmark
- Market leader in Life Sciences Valuation
  - Xplico Evaluator (standardized valuation tool)
  - Consulting services (30-40 project or company valuations annually)
- Dedicated team of valuation experts with many years of experience
- Supporting 100+ companies on a on-going basis

Clients



Services



The Xplico Team

Uffe Boesen
CEO & Partner

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Partner

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Executive Assistant

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Senior Consultant

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Senior Consultant

Xplico – Some Licence Customers

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Xplico – Some Valuation Work

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Sources of information

All “Client”-specific information, including but not limited to Asset profile/descriptions, financial information, drug development activities and IP were sourced from the management of “Client”, either in written hard copy or digital form or through discussions with the management of “Client”. The information provided by the management of “Client” includes PowerPoint presentations, specifications and other relevant information.

Market & benchmark information were generated from information received from the management of “Client”, other publicly available information and databases like Medtrack, DataMonitor, Globaldata and BioMedTracker subscribed by Xplico.

It may be mentioned that the management of “Client” has been provided an opportunity to review our PowerPoint presentation as part of our standard practice to make sure that factual inaccuracies are avoided in our final presentation.

Statement of limiting factors

Valuation analysis and results are specific to the purpose of the valuation and specific to the date of this PowerPoint presentation. A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and biopharmaceutical industry trends in particular. As such, Xplico’s valuation results are, to a significant extent, subject to continuance of current trends beyond the date of the PowerPoint presentation. We provide no assurance that development of the underlying Assets and sale/deal with partners can be completed successfully at or close to the assumed development plan/exit value/deal terms within a particular time frame.

During the course of the valuation, Xplico was provided with both written and verbal information. We have, however, evaluated the information provided to us by “Client” through broad inquiry, analysis and review (but have not carried out a due diligence or audit of “Client” for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided). Through the above evaluation, nothing has come to our attention to indicate that the information provided was materially misstated/incorrect or would not afford reasonable grounds upon which to base the valuation. Also, we understand by the management that it has not omitted any relevant and material factors and that it has checked out relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our valuation is based on these assumptions and other information given by/on behalf of “Client”.

We express no opinion on the achievability of the forecasts assumed for the valuation. The assumptions are based on our present expectation of the most likely set of future business events and circumstances. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period may differ from the forecast and such differences may be material.

We owe responsibility to only the directors of “Client” that have retained us and nobody else. Xplico does not accept any liability to any party in relation to the issue of this PowerPoint presentation.

“Client” in the text above means Lifecare AS.

Lifecare AS
Valuation Report
Executive Summary

October 2023
Valuation of Sencell Continuous Glucose Monitoring (CGM) Sensor for Diabetes

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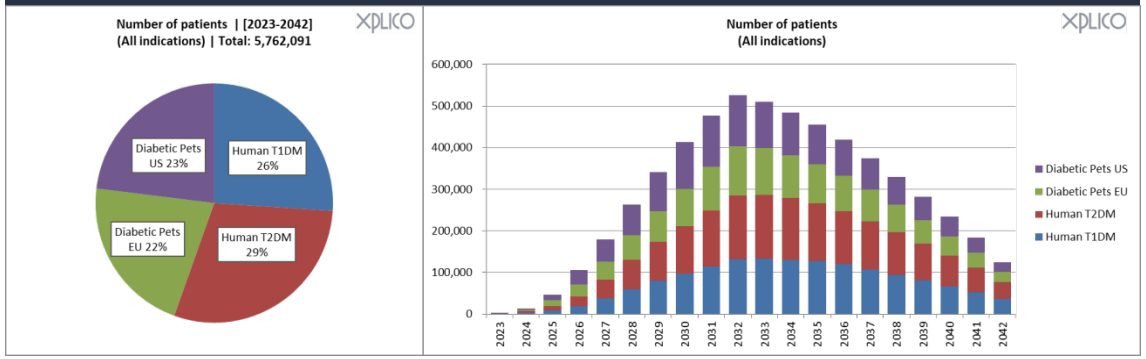
Lifecare – Outcome

- Company: Lifecare
- Asset: Sencell
- Indication: Diabetes
- NPV: EUR 355M
- rNPV: EUR 247M
- rNPV Human/Pet: EUR 137M/EUR 110M

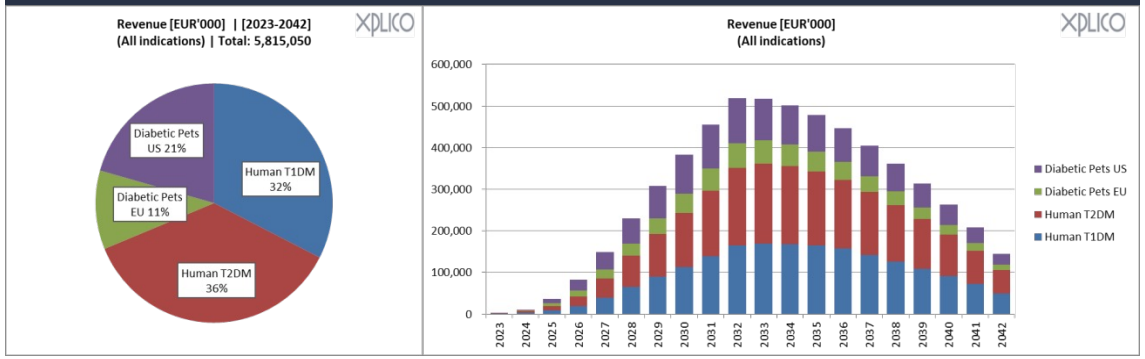
Key figures

		Lifecare AS
NPV (EUR'000)		354,893
NPV split [%]		100%
IRR (%)		58%
rNPV (EUR'000)		247,241
rNPV split [%]		100%
rIRR(%)		51%
First year with positive cash flow:		2025
Cumulated cash flow is positive from:		Jun 2026
Payback time from 2023 (years):		3.4
Payback time from end of development:	1 Jan 2023	3.4
Peak sales - year:		2032
Peak sales - EUR'000:		519,032
Project R&D cost:		-6,600

Addressable Target Market
10M Patients



Peak Year Sales
EUR 519M



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Lifecare – Development Assumptions

Description and advantages

- ✓ Unique technology - osmotic pressure.
- ✓ Small nanoscale sensor with size of a grain of rice injected under the skin.
- ✓ 6 months longevity and no calibration needed.
- ✓ In first study LFC-SEN-001 subcutaneous glucose concentrations was tracked in a manner comparable as the Libre 2 or Dexcom G7 needle sensors.
- ✓ Blue stamp of technology by signing Product Development Agreement with Sanofi.

Development Timeline

Product registration (Pet):	Q2-Q3 2024
Launch (Pet):	Q3-Q4 2024
LFC-SEN-002 study (Human):	Q4 2023
LFC-SEN-003 study EU (Human):	Q3 2024
LFC-SEN-004 study US (Human) :	Q4 2024
Filing EU/US (Human):	Q4 2024/Q4 2025
Approval EU/US (Human):	Q4 2025/Q4 2026

Development time to market

1 year Pet

2½-3½ years Human

Development costs (Human)

EUR 6.6M

For required clinical studies and approval.

Probability of Success

90.0% for Pet

64.8% for Human EU

51.8% for Human US

Lifecare – Market Assumptions

Patient Flow

Human:

- Diagnosed Patients (Prevalence)
- Treated Patients
- Insulin Intensive Patients
- Patients Using CGM

Pet:

- Diagnosed Diabetic Pets
- Diabetic Pets Require CGM

Markets

Indication:	Diabetes
Target :	Diabetes patients using/require CGM
Regions:	US & EU
Upside:	ROW Diabetes patients in general

Peak Market Share/Peak Sales

Human	3-5%/EUR 362M
Pet	30%/EUR 167M
Total	EUR 519M

Annual Treatment Price at Launch

US:	EUR 1,500 (Annual Increase 2%)
EU:	EUR 1,000
COGS:	EUR 10 per sensor (2 per year)

Lifecare AS
Valuation Report
General Assumptions

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Valuation of Sencell Continuous Glucose Monitoring (CGM) Sensor for Diabetes

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Lifecare – General Assumptions

Company: Lifecare AS

Asset: Sencell

	Assumption	Notes / Supporting data page
Indication	Diabetes	Continuous glucose monitoring in Diabetes Mellitus type 1 and type 2 for human and diabetes for pets.
Currency	EUR'000	
Discount Rate	15%	Discount rate in the range of 10-15% according to benchmark taken development, funding and risk into account. We have used 15% as Lifecare is a small MedTech company in competition with larger players in the market. There is also some clinical development work to be done.
Tax Rate	22%	Corporate tax rate in Norway.
Simulation Period	2023-2042	20 years simulation.
Patent Expiry	IP 2038	Device patent for sensor based on two chambers with pressure sensor. We have assumed that current and future IP will protect Sencell during the simulation period.
3rd Party Obligations	None included	We have not included any obligations to 3rd parties.
Competition	Improved/new technologies	Significant competition in the CGM market. Technical obstacles to entry and marketing power are important. We have assumed a 5-10% annual loss of sales after 2032.
Scenario	Distribution Agreement(s)	We have assumed a scenario where Lifecare will do production and have distributor(s) to do the marketing and selling.

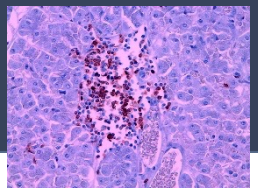
Lifecare – Cost Assumptions

Company: Lifecare

Asset: Sencell

	Assumption	Notes / Supporting data page
Distribution Fee	50% of sales	We have assumed distribution agreements with local partners of 50% for EU and US. Benchmark distribution fees are in general approx. 40% for life science products, but due to the very competitive market for CGM with strong players we have assumed 50% as more sales activities will be required.
Marketing & Sales Costs	10% of sales	We have assumed that Lifecare will have marketing costs of 10% of sales to support the distributors and markets. Benchmark for marketing and sales costs in the range 10% to 25%.
Launch Costs	EUR 20M	We have assumed Lifecare's part of launch costs of €20M taken the competitive market into account with 4-5 competitors. Launch costs to be used for support of distributors e.g. marketing material, getting access to doctors, conferences etc.
COGS	EUR 10 per sensor (EUR 20 per year)	Two sensors per year (2*EUR 10 per year) in line with Lifecare estimate. Assuming read-out device at cost.
R&D Costs	EUR 0.5M per year increase 5%	General R&D costs up to 2026. Estimated by Xplico.
G&A Costs	EUR 0.5M per year increase 5% 5% of sales after launch	Up to 2026. Estimated by Xplico. In line with general benchmark
Margin	33%	
Financing	Fully funded	We have assumed that Lifecare will be able to generate the cash and investors necessary to fund the planned activities. We have assume a spending of approx NOK 10M per quarter up to Human Launch.

Lifecare AS
Valuation Report
Development Assumptions



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Lifecare – Developmen Event Plan

Trigger Events

	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Production and market launch	Automation software for production	Place order automated production equipment	Automated pilot production	- Automated production - Product launch for veterinary market
Studies	Approval for LFC-SEN-002	- Start LFC-SEN-002 - Preparations for LFC-SEN-003	- Conclude LFC-SEN-002 - File for approval LFC-SEN-003	Start LFC-SEN-003
Regulatory compliance	ISO 13485 preparations	ISO 13485 audit	- Identify test site USA - Pre-IND meeting FDA	Prepare US study protocol in alignment with FDA

Lifecare – LFC-SEN -001

Study «LFC-SEN-001» – concluded May 2023
presented at American Diabetes Association Scientific Sessions June 23

Purpose:

Collect human proof-of-concept performance data for algorithm development during meal experiments and for further device optimization

Conclusion:

Subcutaneous glucose concentrations was tracked in a manner comparable as the Libre 2 or Dexcom G7 needle sensors.

Sencell – Key Development Assumptions

Market: Diabetes Mellitus **Europe** (EU)

Asset: Sencell Continous Glucose Monitoring (CGM)

	Assumption	Notes / Supporting data page
LFC-SEN-002	Q4 2023	LFC-SEN-002 trial to start in Q4 2023. This is a study in dogs at a estimated costs of €0.2M. Read-out in Q1. In accordance with the development plan
LFC-SEN-003	Q3 2024	LFC-SEN-003 trial to start in Q3 2024. This is a study in human at a estimated costs of €1.3M. Read-out in Q4 2024. In accordance with the development plan.
Filing CE Mark	Q4 2024	Filing for CE mark. We have used a 12 months approval time as first CGM with 180 days duration has been approved enable speeding up current approval time for CGM.
CE Mark Approval	Q4 2025	EU Approval. Continuous glucose monitoring system fulfil the requirements of the European Medical Device Regulation (MDR).
Launch	Q1 2026	Launch in EU.
Probability of Success	64.8%	Xplico assessment. Clinical challenges. PoC. Most of development is finished. Historical comparison to med tech approvals.
Development Costs	EUR 1.6M	We have estimated LFC-SEN-002 + LFC-SEN-003 of total costs of €1.5M in line with Lifecare estimate adding €0.1M for regulatory work/filing.

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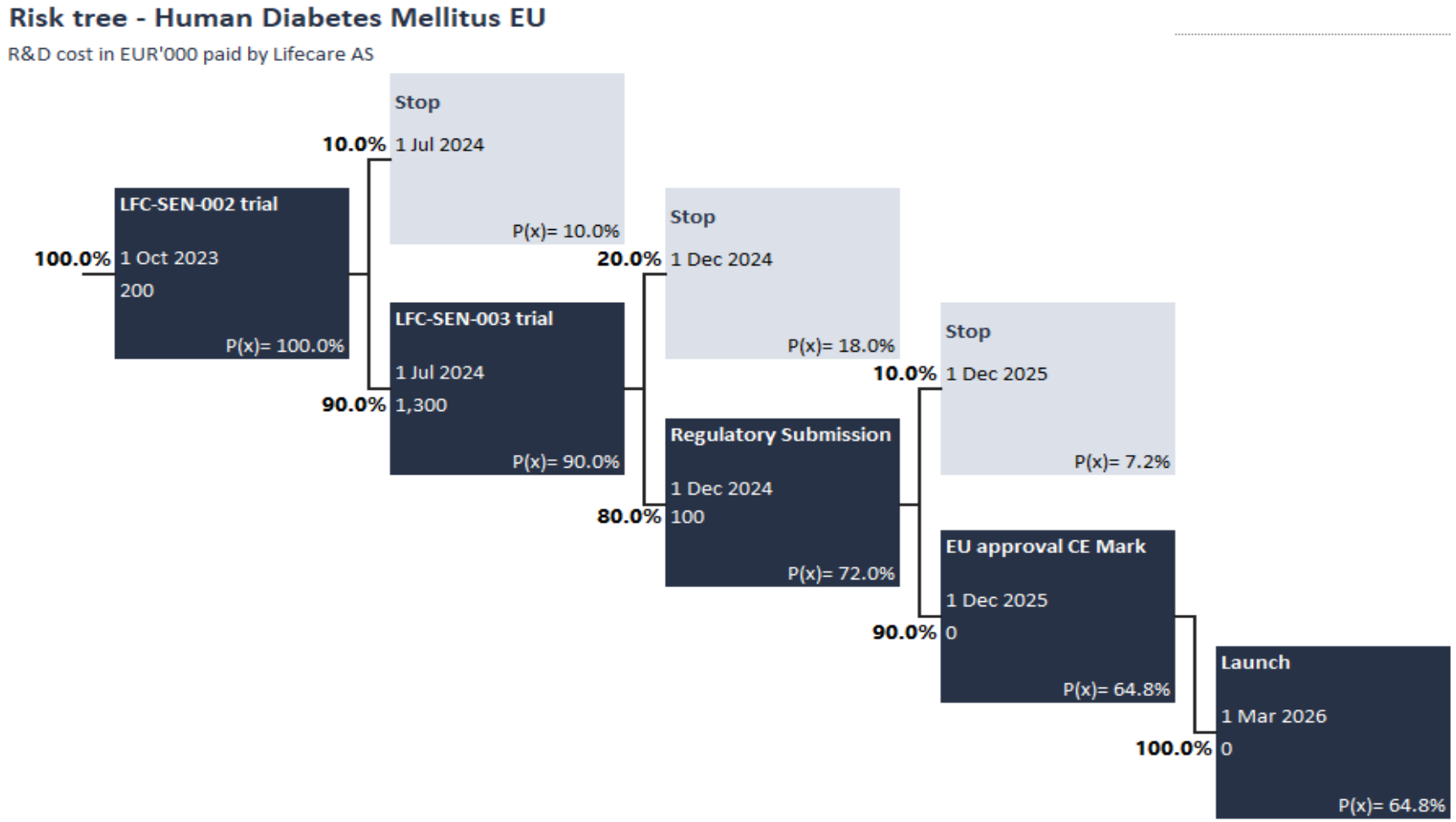
Sencell – Risk Tree & Timeline

Market: Diabetes Mellitus **Europe** (EU)

Asset: Sencell Continous Glucose Monitoring (CGM)



Key Date Assumptions

LFC-SEN-002:	Q4 2023
LFC-SEN-003:	Q3 2024
Filing CE Mark :	Q4 2024
Approval:	Q4 2025
Launch:	Q1 2026

Phase	Costs
LFC-SEN-002	EUR 0.2M
LFC-SEN-003	EUR 1.3M
Reg. work/Filing	EUR 0.1M
TOTAL	**EUR 1.6 M**

Sencell – Probability of Success

Market: Diabetes Mellitus **Europe** (EU)

Asset: Sencell Continous Glucose Monitoring (CGM)

Phase	Start date	Probability of continuation	Risk rNPV weight
LFC-SEN-002 trial	1 Oct 2023	90.0%	100.0%
LFC-SEN-003 trial	1 Jul 2024	80.0%	90.0%
Regulatory Submission	1 Dec 2024	90.0%	72.0%
EU approval CE Mark	1 Dec 2025	100.0%	64.8%
Launch	1 Mar 2026	0.0%	64.8%

POS Calculation:

64.8%

Clinical development success rates partly based on assessments from similar medical technology cases. Based on assessment of med tech peers, on Lifecare company data, GxP Lifeline Brandy Chittester 2014 article and on "Clinical development success rates for investigational drugs – Cancer", Nature 01/2014). Reference to Pharmacopremia. Xplico assessment.

Sencell – Key Development Assumptions

Market: Diabetes Mellitus **US**

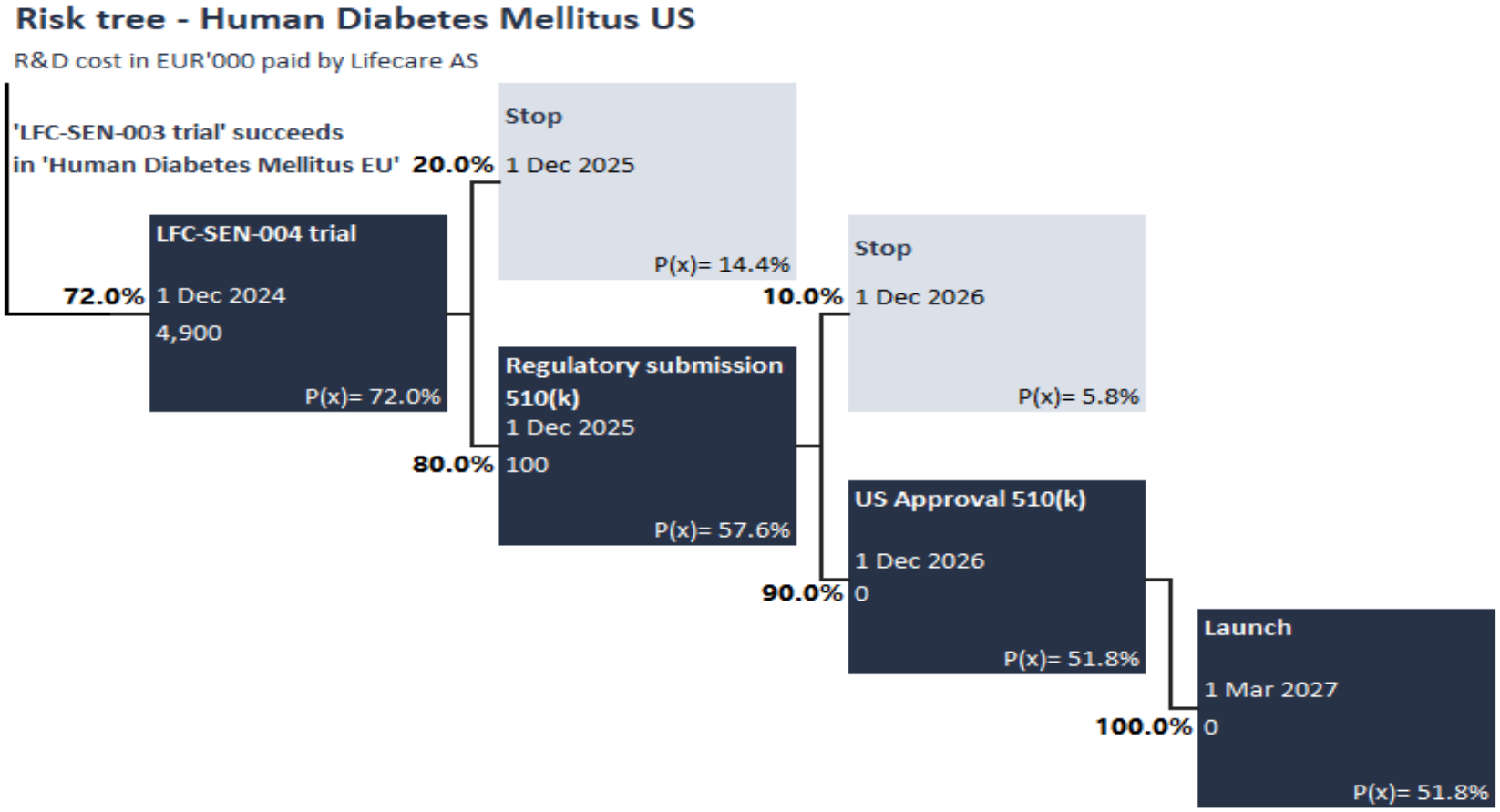
Asset: Sencell Continous Glucose Monitoring (CGM)

	Assumption	Notes / Supporting data page
Preparation	Q4 2023	Preparation for starting LFC-SEN-004 in the US to start after LFC-SEN-003 study in accordance with the development plan.
LFC-SEN-004	Q4 2024	Starting LFC-SEN-004 in the US. Read-out in Q4,2025.
Filing	Q4 2025	Filing for US Approval. We have used a 12 months approval time as first of CGM with 180 days duration has been approved enable speeding up current approval time for CGM.
Approval	Q4 2026	US Approval. Continuous glucose monitoring system is put into class II (special controls).
Launch	Q1 2027	Launch in the US.
Probability of Success	51.8%	PoC exits. Most of development is finished. Historical comparison to med tech approvals. Xplico assessment.
Development Costs	EUR 5.0M	We have estimated a total cost of €5M for the LFC-SEN-004 trial and regulatory work/filing.

Sencell – Risk Tree & Timeline

Market: Diabetes Mellitus **US**

Asset: Sencell Continous Glucose Monitoring (CGM)



Key Date Assumptions	
Preparation:	Q4 2023
LFC-SEN-004:	Q4 2024
Submission:	Q4 2025
Approval:	Q4 2026
Launch:	Q1 2027

Phase	Costs
LFC-SEN-004	EUR 4.9M
Reg. work/Filing	EUR 0.1M
TOTAL	**EUR 5.0M**

Sencell – Probability of Success

Market: Diabetes Mellitus **US**

Asset: Sencell Continous Glucose Monitoring (CGM)

Phase	Start date	Probability of continuation	Risk rNPV weight
LFC-SEN-004 trial	1 Dec 2024	80.0%	72.0%
Regulatory submission 510(k)	1 Dec 2025	90.0%	57.6%
US Approval 510(k)	1 Dec 2026	100.0%	51.8%
Launch	1 Mar 2027	0.0%	51.8%

POS Calculation:

51.8%

Clinical development success rates partly based on assessments from similar medical technology cases. Based on assessment of med tech peers, on Lifecare company data, GxP Lifeline Brandy Chittester 2014 article and on "Clinical development success rates for investigational drugs – Cancer", Nature 01/2014). Reference to Pharmacopremia. Xplico assessment.

Sencell – Key Development Assumptions

Market: Diabetes Mellitus **Europe** (EU) **in pets** (cats and dogs)

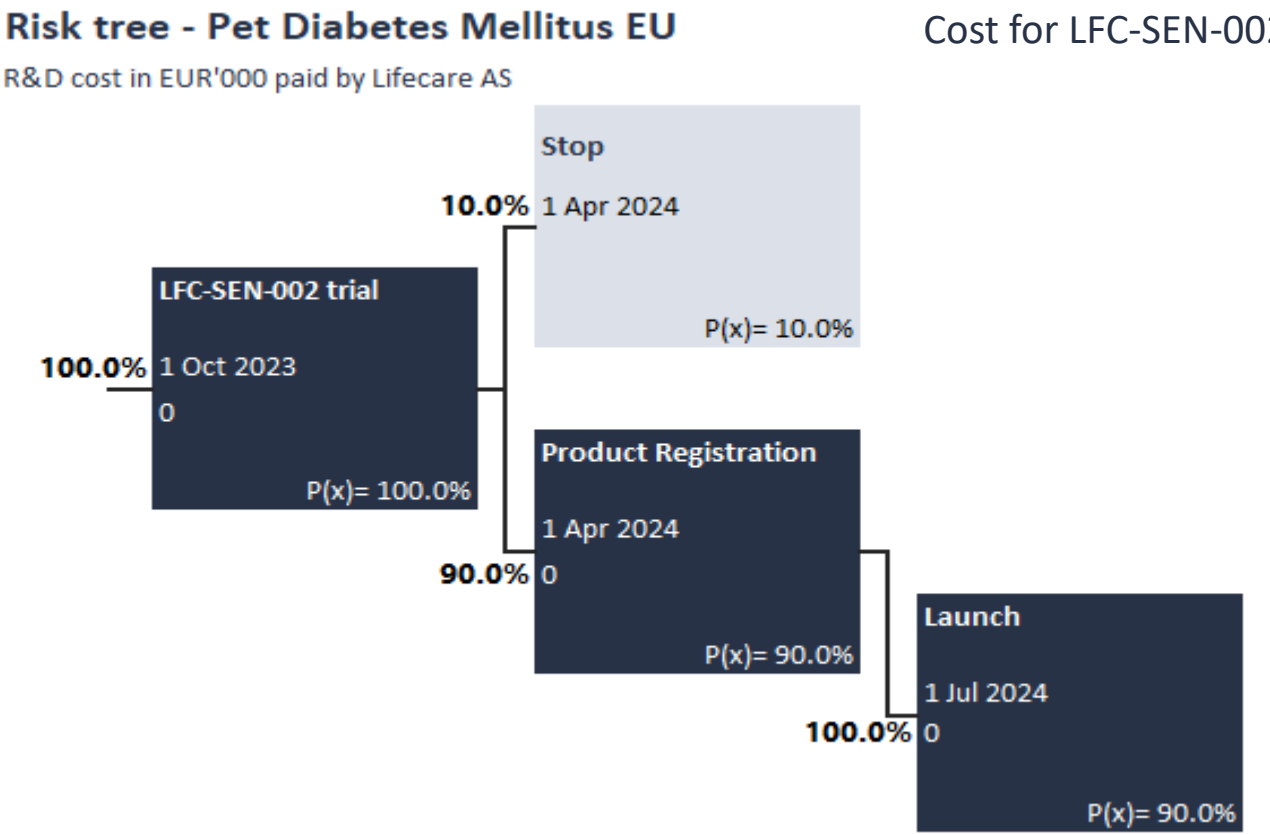
Asset: Sencell Continous Glucose Monitoring (CGM)

	Assumption	Notes / Supporting data page
LFC-SEN-002	Q4 2023	LFC-SEN-002 trial to start in Q4 2023. This is a study in dogs at a estimated costs of €0.2M. Read-out in Q1. In accordance with the development plan.
Product Registration	Q2 2024	No EMA requirements for Veterinary Medical Devices.
Launch	Q3 2024	Launch in EU for pets.
Probability of Success	90.0%	Xplico assessment. PoC. Most of development is finished. Historical comparison to med tech approvals.
Development Costs	EUR 0.0M	We have estimated cost of €0.2M for the LFC-SEN-002 biocompatibility trial (dog study). These costs are covered in the human development plan for EU.

Sencell – Risk Tree & Timeline

Market: Diabetes Mellitus **Europe** (EU) **in pets** (cats and dogs)

Asset: Sencell Continous Glucose Monitoring (CGM)



Cost for LFC-SEN-002 included in the Human development program.

Key Date Assumptions	
LFC-SEN-002:	Q4 2023
Product reg.:	Q2 2024
Launch:	Q3 2024

Sencell – Key Development Assumptions

Market: Diabetes Mellitus **US in pets** (cats and dogs)

Asset: Sencell Continous Glucose Monitoring (CGM)

	Assumption	Notes / Supporting data page
LFC-SEN-002	Q4 2023	LFC-SEN-002 trial to start in Q4 2023. This is a study in dogs at a estimated costs of €0.2M. Read-out in Q1. In accordance with the development plan.
Product Registration	Q3 2024	No FDA requirements for Veterinary Medical Devices.
Launch	Q4 2024	Launch in US for pets.
Probability of Success	90.0%	Xplico assessment. PoC. Most of development is finished. Historical comparison to med tech approvals.
Development Costs	EUR 0.0M	We have estimated cost of €0.2M for the LFC-SEN-002 biocompatibility trial (dog study). These costs are covered in the human development plan for EU. No further study for US anticipated.

Sencell – Risk Tree & Timeline

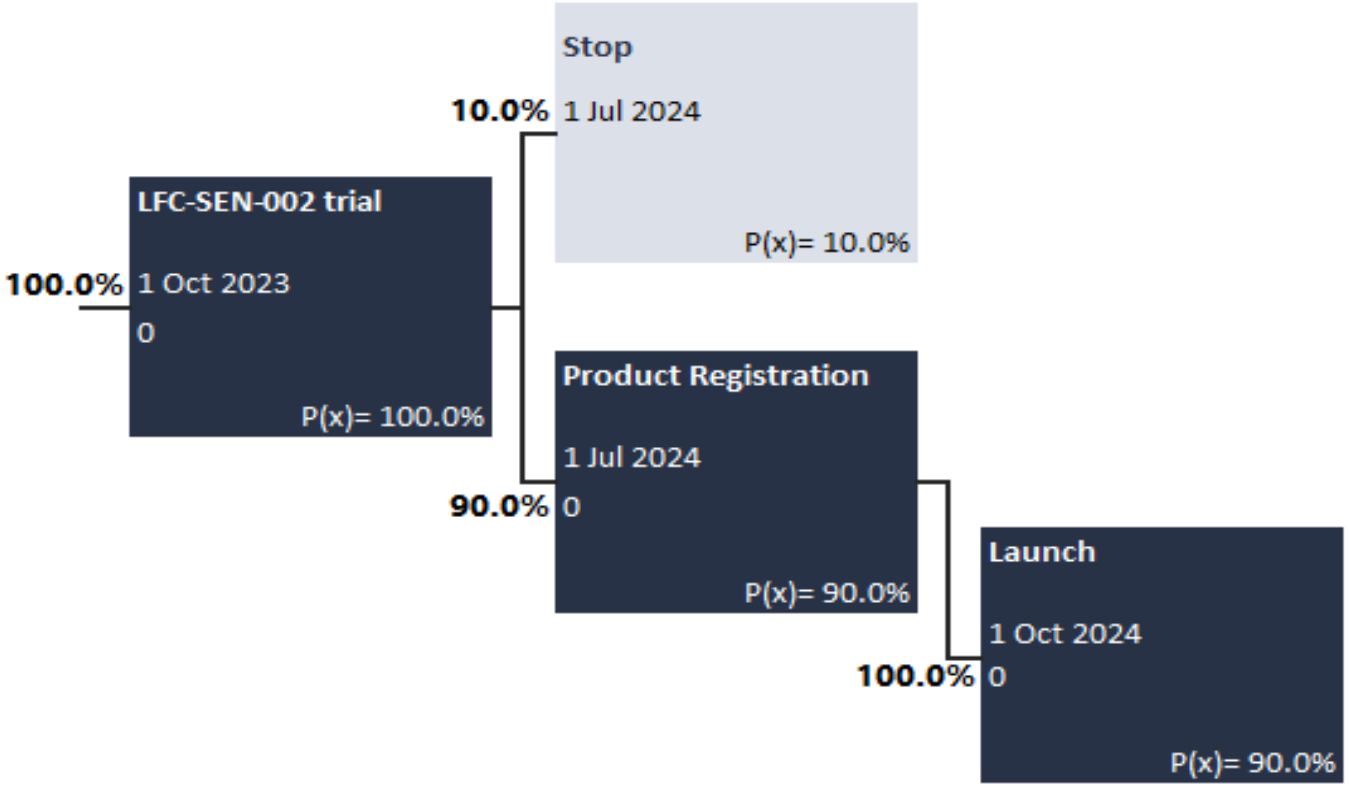
Market: Diabetes Mellitus **US in pets** (cats and dogs)

Asset: Sencell Continous Glucose Monitoring (CGM)

Risk tree - Pet Diabetes Mellitus US

R&D cost in EUR'000 paid by Lifecare AS

Cost for LFC-SEN-002 included in the Human development program.

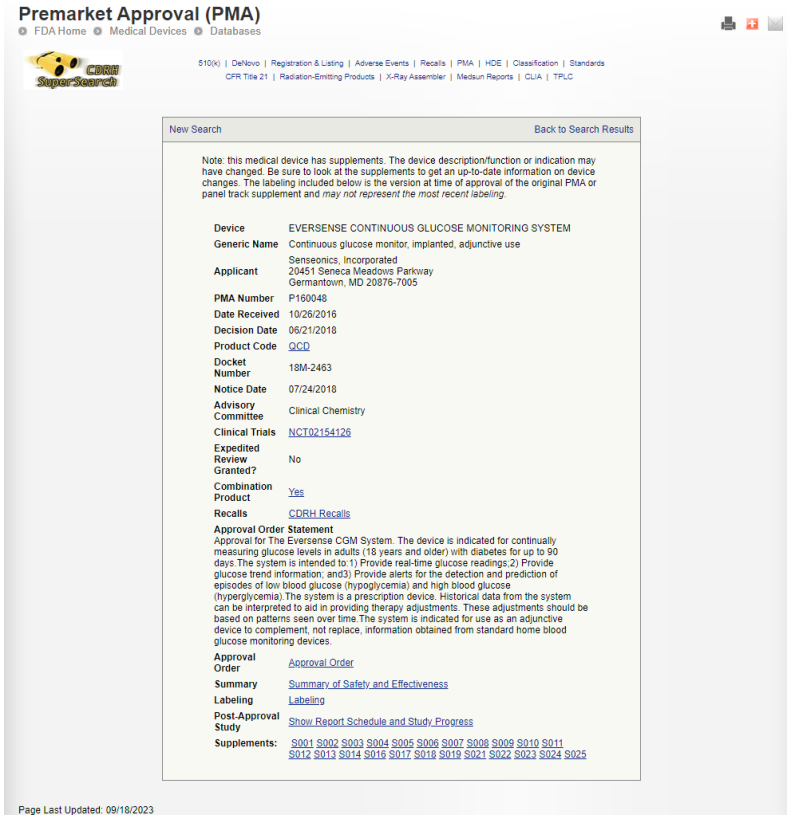


Key Date Assumptions

LFC-SEN-002:	Q4 2023
Product reg.:	Q3 2024
Launch:	Q4 2024

Sencell – Eversense Approval Time

- CGM US approval time 20 months original (Eversense/Senseonics example)
- Approval of first implantable CGM device ever
  - 6 months supplement to approval



Premarket Approval (PMA)

FDA Home | Medical Devices | Databases

510(k) | DeNovo | Registration & Listing | Adverse Events | Recalls | PMA | HDE | Classification | Standards
CFR Title 21 | Radiation-Emitting Products | X-Ray Assembler | Medsun Reports | CLIA | TPLC

New Search | Back to Search Results

Note: this medical device has supplements. The device description/function or indication may have changed. Be sure to look at the supplements to get an up-to-date information on device changes. The labeling included below is the version at time of approval of the original PMA or panel track supplement and *may not represent the most recent labeling.*

Device	EVERSENSE CONTINUOUS GLUCOSE MONITORING SYSTEM
Generic Name	Continuous glucose monitor, implanted, adjunctive use
Applicant	Senseonics, Incorporated 20451 Seneca Meadows Parkway Germantown, MD 20876-7005
PMA Number	P160048
Date Received	10/26/2016
Decision Date	06/21/2018
Product Code	QCD
Docket Number	18M-2463
Notice Date	07/24/2018
Advisory Committee	Clinical Chemistry
Clinical Trials	NCT02154126
Expedited Review Granted?	No
Combination Product	Yes
Recalls	CDRH Recalls

Approval Order Statement
Approval for The Eversense CGM System. The device is indicated for continually measuring glucose levels in adults (18 years and older) with diabetes for up to 90 days.The system is intended to:1) Provide real-time glucose readings;2) Provide glucose trend information; and3) Provide alerts for the detection and prediction of episodes of low blood glucose (hypoglycemia) and high blood glucose (hyperglycemia).The system is a prescription device. Historical data from the system can be interpreted to aid in providing therapy adjustments. These adjustments should be based on patterns seen over time.The system is indicated for use as an adjunctive device to complement, not replace, information obtained from standard home blood glucose monitoring devices.

Approval Order	Approval Order
Summary	Summary of Safety and Effectiveness
Labeling	Labeling
Post-Approval Study	Show Report Schedule and Study Progress
Supplements:	S001 S002 S003 S004 S005 S006 S007 S008 S009 S010 S011 S012 S013 S014 S016 S017 S018 S019 S021 S022 S023 S024 S025

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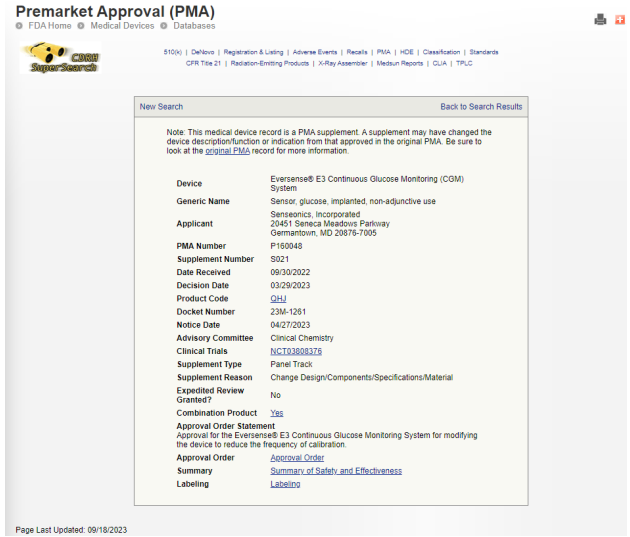


Premarket Approval (PMA)

FDA Home | Medical Devices | Databases

510(k) | DeNovo | Registration & Listing | Adverse Events | Recalls | PMA | HDE | Classification | Standards
CFR Title 21 | Radiation-Emitting Products | X-Ray Assembler | Medsun Reports | CLIA | TPLC

New Search | Back to Search Results

Note: This medical device record is a PMA supplement. A supplement may have changed the device description/function or indication from that approved in the original PMA. Be sure to look at the original PMA record for more information.

Device	Eversense® E3 Continuous Glucose Monitoring (CGM) System
Generic Name	Sensor, glucose, implanted, non-adjunctive use
Applicant	Senseonics, Incorporated 20451 Seneca Meadows Parkway Germantown, MD 20876-7005
PMA Number	P160048
Supplement Number	S021
Date Received	09/30/2022
Decision Date	03/29/2023
Product Code	QHJ
Docket Number	23M-1261
Notice Date	04/27/2023
Advisory Committee	Clinical Chemistry
Clinical Trials	NCT03808376
Supplement Type	Panel Track
Supplement Reason	Change Design/Components/Specifications/Material
Expedited Review Granted?	No
Combination Product	Yes

Approval Order Statement
Approval for the Eversense® E3 Continuous Glucose Monitoring System for modifying the device to reduce the frequency of calibration.

Approval Order	Approval Order
Summary	Summary of Safety and Effectiveness
Labeling	Labeling

Page Last Updated: 09/18/2023

Premarket Approval (PMA) (fda.gov) ; Date received October 26, 2016. Decision date June 21, 2018. (Date received September 29, 2022. Decision date March 29, 2023.)

Sencell – Eversense Outcome 180 Days

- Eversense Continous Glucose Monitoring (CGM)
  - Clintrials/Senseonics investor deck June 2023

Study Overview

Brief Summary

The purpose of this clinical investigation is to evaluate the accuracy of the Eversense® continuous Glucose Monitoring System (Eversense® 180 CGM System) measurements when compared with reference standard measurements up to 180 days of sensor use.

The investigation will also evaluate safety of the Eversense® 180 CGM System usage.

Official Title

PROMISE Study: A Prospective, Multicenter Evaluation of Accuracy and Safety of an Implantable Continuous Glucose Sensor Lasting up to 180 Days

Conditions

Diabetes Mellitus | Diabetes Mellitus, Type 1 | Diabetes Mellitus, Type 2

Intervention / Treatment

- Device: Continuous Glucose Monitoring System

Other Study ID Numbers

- CTP-0036

Study Start (Actual)
2018-12-27

Primary Completion (Actual)
2020-05-08

Study Completion (Actual)
2020-05-08

Enrollment (Actual)
181

Study Type
Interventional

Phase
Not Applicable

PROVEN TOP-TIER ACCURACY IN **PROMISE STUDY**[1]

MARD: 8.5%

Prospective multi-center pivotal trial at 8 sites in the US for new 180-day sensor

181 T1 and T2 subjects inserted with primary sensor

Subset (n=43) inserted with secondary sensor with modified (SBA) chemistry

* MARD (Mean Absolute Relative Difference) is a measure of accuracy. A lower value indicates closer accuracy to reference value.

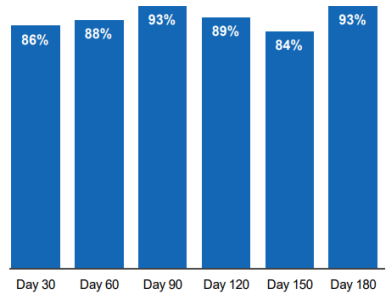
* Eversense E3 CGM System includes the Eversense E3 Sensor where sacrificial boronic acid (SBA) design modification was incorporated. In the PROMISE study, MARD of 8.5% was observed in the E3 Sensor, and MARD of 9.1% was observed in primary Sensor (which did not have SBA design modification).

[1] ATTD Scientific Session Oral Presentation June 3, 2021

Exceptional Performance for Duration of 180 Days

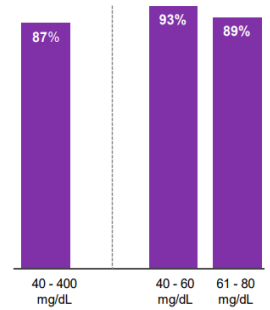
Accurate and stable for 6 months

Percent of readings within 15 mg/dL or 15% of reference value



Highly accurate – particularly in low range

Percent of readings within 15 mg/dL or 15% of reference value



9

Sencell – Eversense Clinical Trial 365 Days

- Eversense ENHANCE study (CGM)
  - Clintrials/Senseonics investor deck June 2023

Study Overview

Brief Summary

A Prospective, Multicenter Evaluation of Accuracy and Safety of the Eversense CGM System with Enhanced Features. The purpose of this clinical investigation is to evaluate the accuracy of the Eversense 524 Continuous Glucose Monitoring System (Eversense 524 CGM System) and ROME CGM System with next generation feature enhancements compared to reference glucose measurements in adults 18 years of age and older with diabetes. The investigation will also evaluate safety of the Eversense 524 CGM System and ROME CGM System usage. Additionally, the safety and accuracy of the Eversense 524 CGM System will be evaluated in the pediatric population ages 14-17 with Type 1 Diabetes Mellitus.

— Show less

Official Title

Enhance Study: A Prospective, Multicenter Evaluation of Accuracy and Safety of the Eversense CGM System With Enhanced Features

Conditions

Diabetes Mellitus | Diabetes Mellitus, Type 1 | Diabetes Mellitus, Type 2

Intervention / Treatment

- Device: Continuous Glucose Monitoring System

Other Study ID Numbers

- CTP-0041

Study Start (Actual)

2021-10-20

Primary Completion (Estimated)

2025-03-30

Study Completion (Estimated)

2025-09-30

Enrollment (Estimated)

350

Study Type

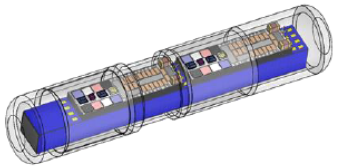
Interventional

Phase

Not Applicable

EVERSENSE 365 SYSTEM

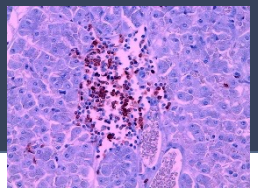
One annual sensor for use – CGM for peace of mind and FGM for discretion



TECHNOLOGY	Gen 2 sensor (Rome); array-based sensing
USE CASE	Full year use with 1 sensor and 1 cal/week
TARGET	Intensively managed patients who want better control **+ All insulin-using patients**
PROGRESS	Fully enrolled in the ENHANCE pivotal clinical study Initiated enrollment of FDA IDE approved pediatric cohort On track to submit data in the upcoming months for iCGM claim for E3

Product development timelines and specifications subject to risks and uncertainties.

Lifecare AS
Valuation Report
Market Assumptions



October 2023
Valuation of Sencell Continuous Glucose Monitoring (CGM) Sensor for Diabetes

© www.xplico.com

Sencell – Continous Glucose Monitoring (CGM)

LIFECARE

Sencell system

- ✓ Size of a grain of rice
- ✓ Injected under the skin
- ✓ 6 months longevity
- ✓ No calibration needed

Product development agreement with Sanofi

Sanofi-Avenis Group sponsor the development program for miniaturizing the Sencell Glucose sensor with funding of EUR 290.000 based on completion of defined development phases

The Development Agreement is **based on a robust evaluation and due diligence process** from Sanofi scientists and business department, including a detailed review of the product development plan and the commercial aspects of Lifecare's Sencell Glucose relative to Sanofi's product portfolio and the competitive landscape

Sanofi is entitled to a "first right of refusal" to negotiate an exclusive and worldwide distribution license of Lifecare technology and IP for glucose monitoring.

- ✓ Unique technology - osmotic pressure
- ✓ Small nanoscale sensor
- ✓ Patented chemistry solution consists of ConA and Dextrane, forming a dynamic system reactive to glucose- causing increase or decrease of osmotic pressure.
- ✓ In first study LFC-SEN-001 subcutaneous glucose concentrations was tracked in a manner comparable as the Libre 2 or Dexcom G7 needle sensors.

CGM – Key Market Assumptions

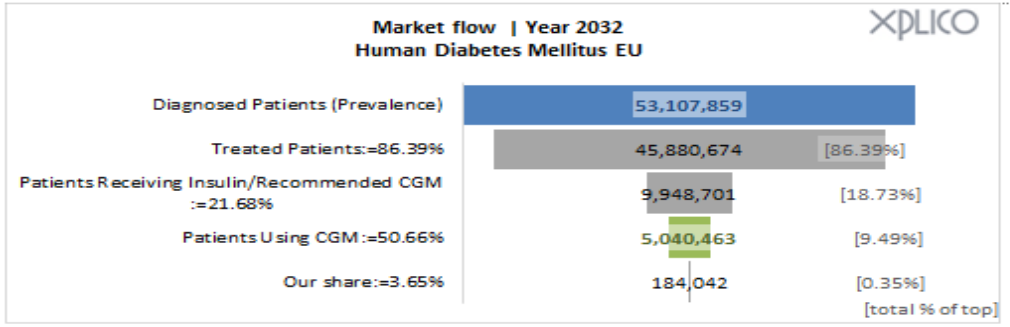
Market: Diabetes Mellitus **Europe** (EU)

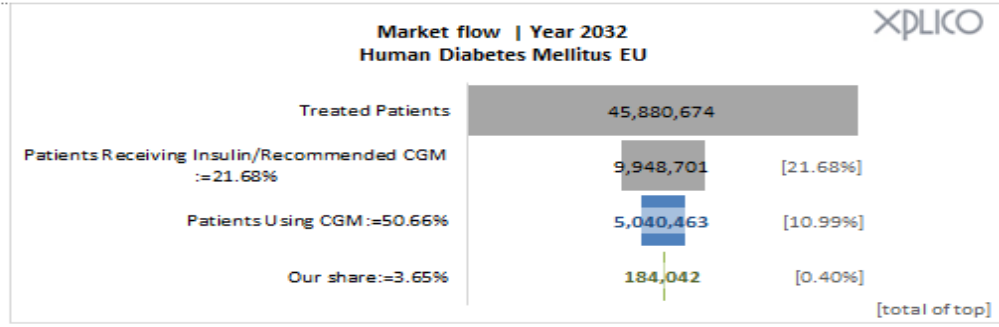
Asset: Sencell Continous Glucose Monitoring (CGM)

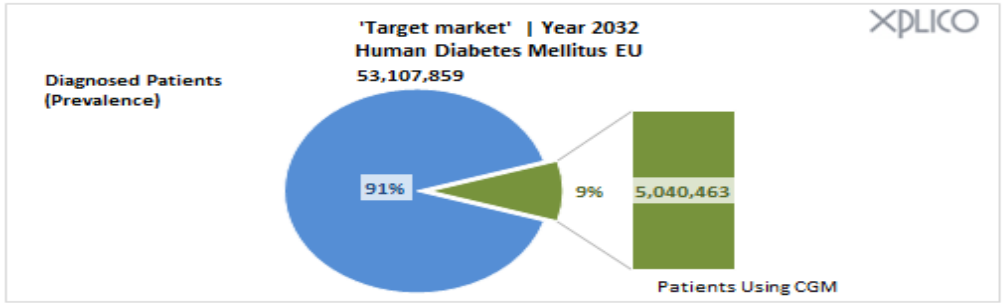
	Assumption	Notes / Supporting data page
Markets	EU	T1DM + T2DM in EU
Patient Flow	➢ Diagnosed Patients (Prevalence) ➢ Treated Patients ➢ Insulin Intensive Patients ➢ Patients Using CGM	We have used GlobalData's patient-based T1DM & T2DM forecasts for 2019-2029 published in March 2021 and December 2022. We have estimated potential size CGM market based on patients receiving insulin. Current CGM market estimates are based on various publications showing 30- 50% of T1DM patient and 15-30% of T2DM insulin intensive patients using CGM. We have assumed 40% for T1DM and 30% for T2DM insulin intensive patients. **We have not taken other T2DM patient groups into account whom are expected to be an expanding part of the future market.**
Launch	Q1 2026	
Peak Market Share	5% for T1DM 3% for T2DM	Estimates taken direct competitors with very large players (Abbott, Medtronic and Dexcom) and order of entry to the market into account.
Uptake Curve:	8-years linear uptake curve	We have assumed a slower uptake curve than benchmark of 5 years due to the very competitive market.
Annual Net Revenue Sencell	EUR 1,000. No increase assumed (Retail price including all costs approx. EUR 3,000)	We have assumed a competitive annual US pharmacy price of approx. €4,000 including transmitter, insertion and removal of sensor compared to direct competitors price in the range €4,000 to €7,000. We have assumed a discount/margin of approx. 30% giving a net annual WPP for Sencell of € 1,500 in US and € 1,000 in EU (2/3 of US price)

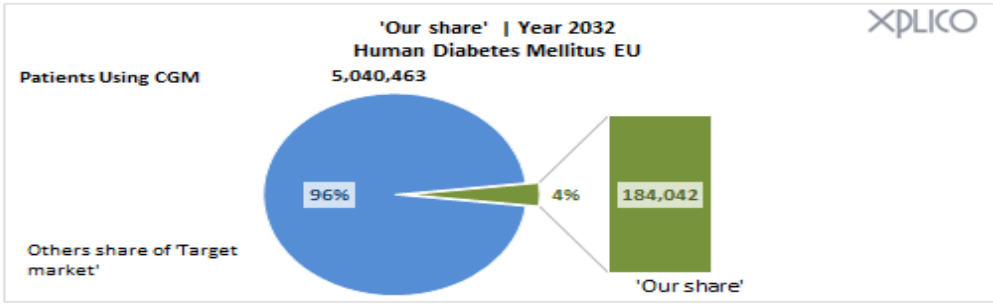
CGM – Patient Flow EU

Market flow for year:= 2032

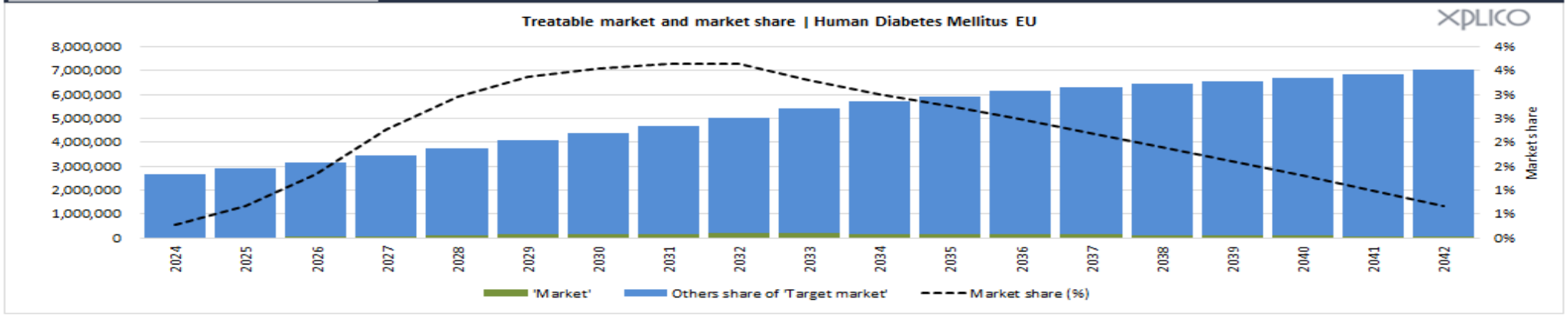






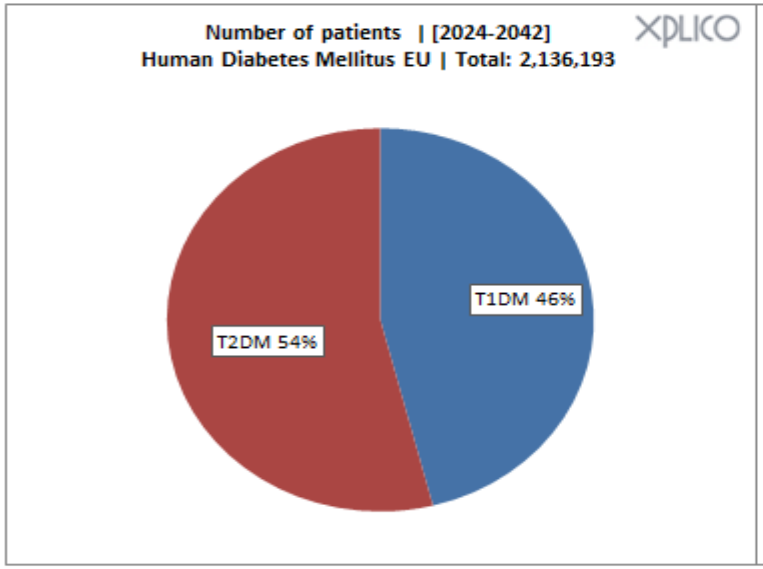


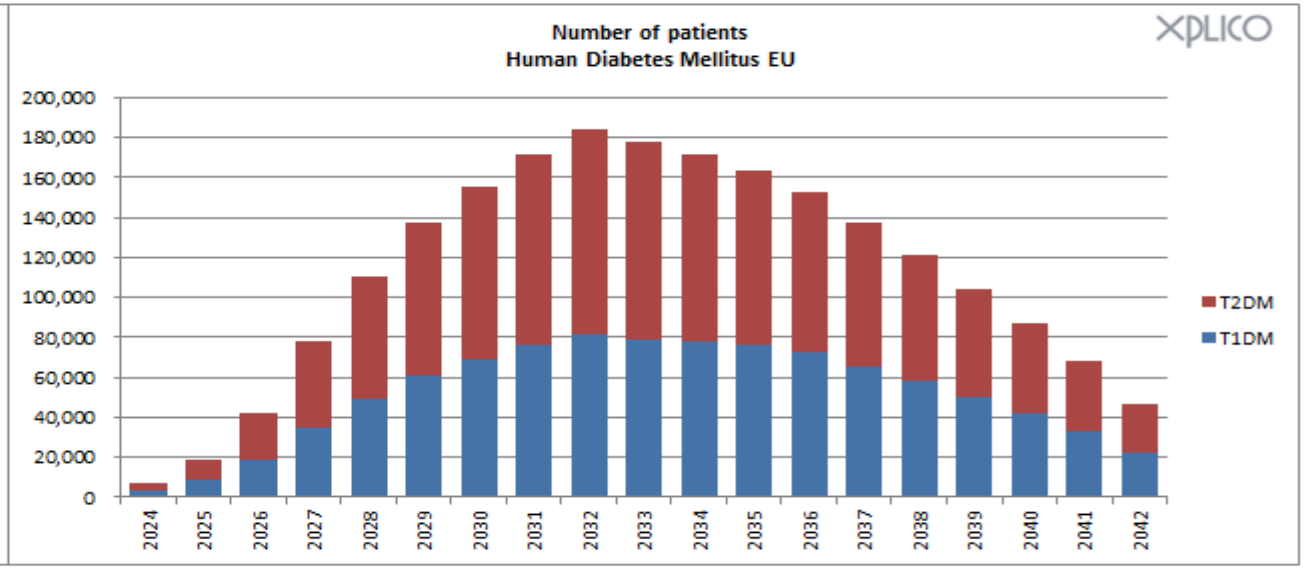
Treatable market and market share

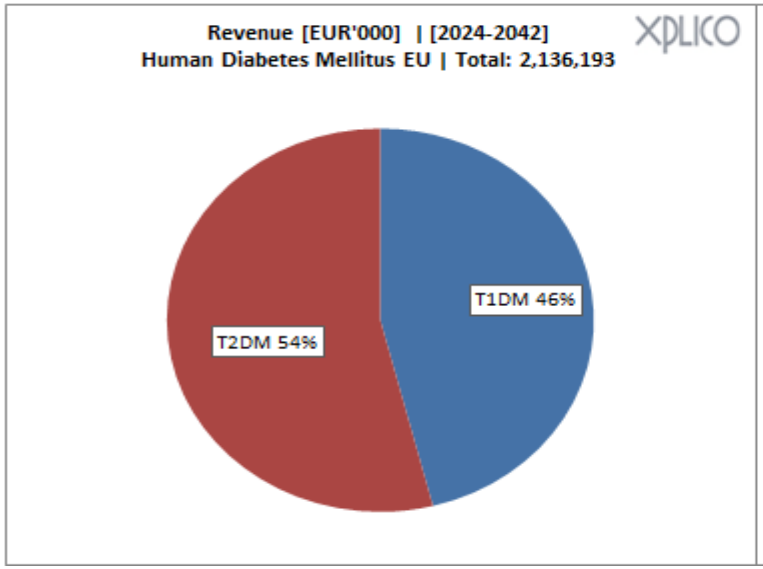


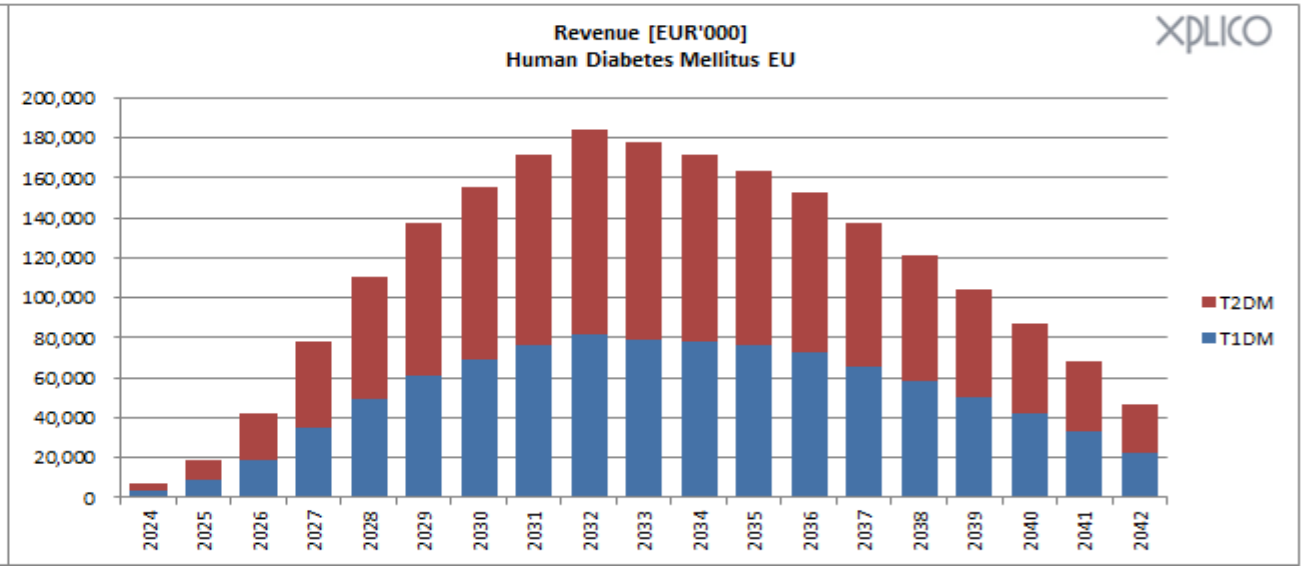
CGM – Sales Forecast EU

Market summary - [2024-2042]









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CGM – GlobalData Epidemiology EU

Type 1 Diabetes
Europe (5EU)

Legend
- Data obtained from sources
- Data calculated
- Data obtained from primary research - KOL interviews
- Data obtained from primary research - prescriber survey
- Assumed values
- Drug launch
- Drug patent expiry

Epidemiology
Number of Patients
Total Sales

GlobalData.

Market Forecast (2019–2029)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Epidemiology											
Total Population, All Ages (N)	**325,379,314**	**326,187,386**	**326,931,598**	**327,616,066**	**328,243,410**	**328,816,385**	**329,336,716**	**329,803,138**	**330,214,884**	**330,573,968**	**330,882,836**
Type 1 Diabetes-Prevalent Cases	1,576,642	1,618,060	1,664,415	1,719,046	1,765,955	1,813,147	1,860,663	1,901,825	1,950,878	1,998,354	2,039,102
Diagnosed Prevalent Cases	1,233,423	1,272,767	1,308,962	1,346,176	1,383,997	1,422,328	1,458,004	1,494,023	1,529,885	1,565,788	1,602,069
Total Treated Cases (N)	**1,171,752**	**1,209,129**	**1,243,514**	**1,278,867**	**1,314,797**	**1,351,212**	**1,385,104**	**1,419,322**	**1,453,391**	**1,487,499**	**1,521,966**
France	189,600	194,767	202,466	210,372	218,504	226,922	235,671	244,712	253,978	263,407	272,955
Germany	216,712	218,161	219,595	221,072	222,521	223,921	225,261	226,522	227,588	228,408	229,119
Italy	387,957	399,780	412,153	424,875	437,832	451,062	464,389	477,882	491,455	505,234	519,395
Spain	162,000	173,139	178,790	184,499	190,307	196,084	198,870	201,521	204,086	206,578	209,005
Number of Patients Treated (N)											
Human Insulins	**152,516**	**155,119**	**151,806**	**146,600**	**140,809**	**137,741**	**136,436**	**131,999**	**127,142**	**123,887**	**122,696**
Rapid-Acting Insulin Analogs	**876,385**	**932,666**	**1,004,509**	**1,092,668**	**1,149,915**	**1,190,629**	**1,233,864**	**1,273,955**	**1,319,377**	**1,365,863**	**1,413,539**
Humalog (Insulin lispro)	319,460	332,367	343,281	347,668	350,989	351,896	342,556	316,077	282,952	261,608	256,867
Basal Insulin Analogs	**780,568**	**802,864**	**823,810**	**833,852**	**838,581**	**863,476**	**886,447**	**874,407**	**861,111**	**844,288**	**854,250**
Mixes of Rapid-Acting Insulin Analogs and	**168,637**	**174,177**	**174,141**	**172,687**	**170,425**	**167,982**	**164,025**	**155,649**	**146,136**	**138,803**	**136,371**
Adjunctive Therapies	**198,710**	**207,791**	**254,376**	**270,449**	**285,136**	**305,605**	**380,508**	**441,740**	**523,921**	**615,391**	**676,529**
Vaccines	-	-	-	-	-	-	-	-	**3,311**	**5,083**	**7,153**
Immunomodulating Therapies	-	-	-	**919**	**1,514**	**2,037**	**2,560**	**4,271**	**14,319**	**21,726**	**29,770**
Islet Transplantation	-	-	-	-	-	-	-	-	**1,530**	**1,566**	**1,602**

Type 2 Diabetes
Europe (5EU)

Legend
- Data obtained from sources
- Data calculated
- Data obtained from primary research
- Assumed values
- Drug launches
- Drug patent expiries
- Generic, Biosimilar launches

Key Abbreviations:
T2D: type 2 diabetes
SU: sulfonylurea
AGI: alpha-glucosidase inhibitor
TZD: thiazolidinedione
GLP: glucagon-like peptide
DPP: dipeptidyl peptidase
SGLT: sodium-glucose cotransporter

GlobalData.

Market forecast (2019-2029)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Epidemiology											
Total French population	**325,082,619**	**325,888,399**	**326,629,437**	**327,313,274**	**327,943,646**	**328,519,136**	**329,042,048**	**329,511,131**	**329,925,512**	**330,287,121**	**330,640,298**
Total T2D diagnosed	23,466,967	24,079,684	24,693,285	25,311,913	25,933,147	26,507,286	27,083,610	27,665,040	28,251,687	28,840,688	29,305,434
% T2D drug treated	86%	86%	86%	86%	86%	86%	86%	86%	86%	86%	86%
T2D total treated patients	**20,133,137**	**20,660,760**	**21,189,226**	**21,722,244**	**22,257,545**	**22,752,913**	**23,250,274**	**23,752,125**	**24,258,324**	**24,766,553**	**25,169,165**
Number of patients											
Metformin total	10,807,722	11,218,865	11,587,709	12,136,129	12,684,954	13,225,548	13,793,959	14,650,956	15,309,771	15,930,849	16,495,966
SU and non-SU total	2,479,175	2,495,522	2,472,332	2,388,238	2,320,399	2,200,485	2,114,711	2,045,121	1,966,149	1,887,546	1,804,558
AGI total	653,683	643,137	608,429	580,776	542,793	469,771	437,429	408,145	381,085	355,780	333,672
TZD total	721,339	745,163	769,101	793,273	817,518	839,582	861,660	883,859	905,921	928,000	939,516
GLP-1 receptor agonist total	867,714	1,082,488	1,386,399	1,670,345	1,952,321	2,318,028	2,598,668	2,817,207	3,015,614	3,224,360	3,590,369
GLP-1/GIP agonist total	0	0	0	26,930	35,853	74,934	127,033	137,126	145,572	153,855	163,064
Glimins total	0	0	0	0	0	0	0	118,761	173,402	201,606	229,824
DPP-4 inhibitor total	**2,496,676**	**2,443,141**	**2,743,154**	**3,017,205**	**3,149,096**	**3,382,453**	**3,619,582**	**3,855,652**	**4,030,262**	**4,201,522**	**4,426,196**
SGLT inhibitor total	**1,183,366**	**1,464,255**	**1,944,405**	**2,206,514**	**2,599,917**	**2,917,150**	**3,194,682**	**3,427,074**	**3,763,994**	**3,938,906**	**4,207,464**
Insulin total	5,303,286	5,444,526	6,050,364	6,501,068	7,029,174	7,516,320	7,950,148	8,388,019	8,825,182	9,281,589	9,747,955
Advanced OADs (SGLT+DPP-4)	**3,680,042**	**3,907,396**	**4,687,559**	**5,223,719**	**5,749,013**	**6,299,603**	**6,814,264**	**7,282,727**	**7,794,255**	**8,140,427**	**8,633,660**

CGM – Key Market Assumptions

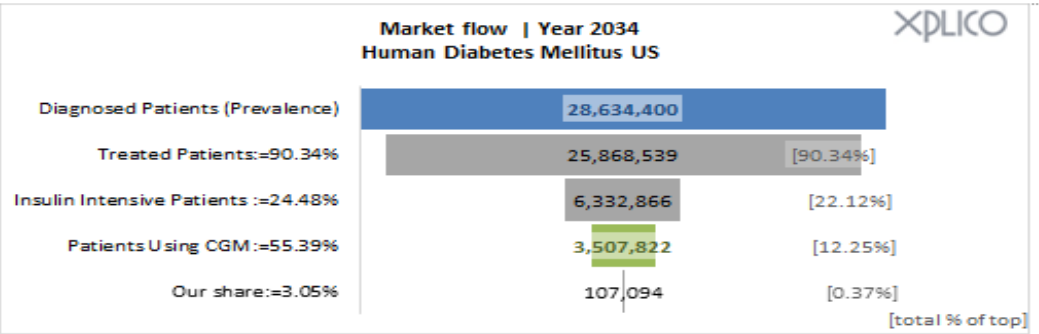
Market: Diabetes Mellitus **USA** (US)

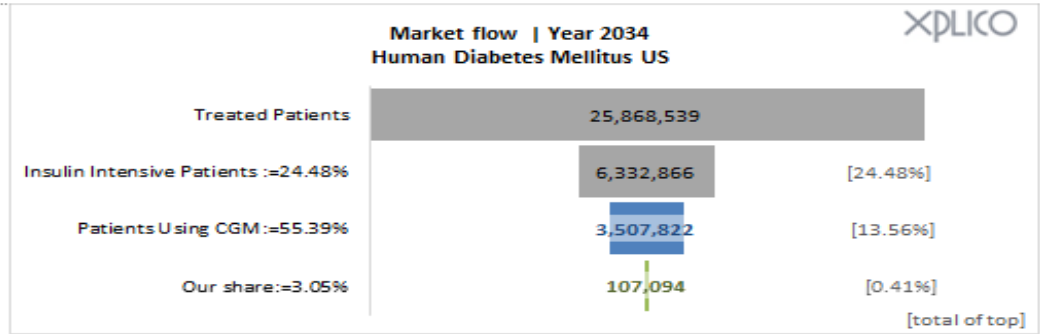
Asset: Sencell Continous Glucose Monitoring (CGM)

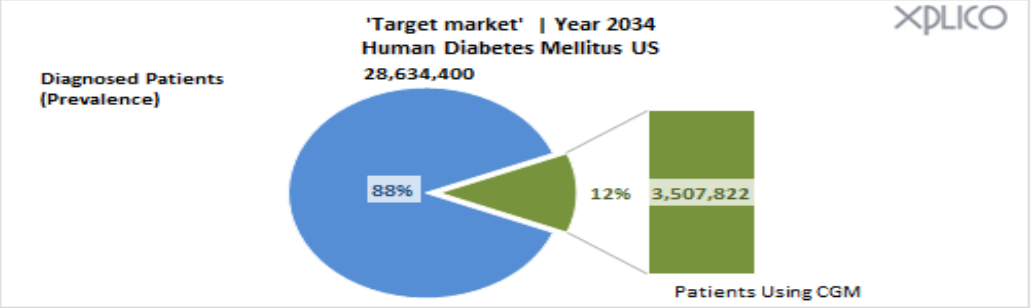
	Assumption	Notes / Supporting data page
Markets	US	T1DM + T2DM in US
Patient Flow	➢ Diagnosed Patients (Prevalence) ➢ Treated Patients ➢ Insulin Intensive Patients ➢ Patients Using CGM	We have used GlobalData's patient-based T1DM & T2DM forecasts for 2019-2029 published in March 2021 and December 2022. We have estimated potential size CGM market based on patients receiving insulin. Current CGM market estimates are based on various publications showing 30- 50% of T1DM patient and 15-30% of T2DM insulin intensive patients using CGM. We have assumed 40% for T1DM and 30% for T2DM insulin intensive patients with annual growth of 5%.
Launch	Q1 2027	
Peak Market Share	5% for T1DM 3% for T2DM	Estimates taken direct competitors with very large players (Abbott, Medtronic and Dexcom) and order of entry to the market into account.
Uptake Curve:	6-years linear uptake curve	We have assumed a slower uptake curve than benchmark of 5 years due to the very competitive market.
Annual Net Revenue Sencell	EUR 1,500. Annual Increase 2%. (Retail price including all costs approx. EUR 4,000)	We have assumed a competitive annual US pharmacy price of approx. €4,000 including transmitter, insertion and removal of sensor compared to direct competitors price in the range €4,000 to €7,000. We have assumed a discount/margin of approx. 30% giving a net annual WPP for Sencell of € 1,500 in US and € 1,000 in EU (2/3 of US price)

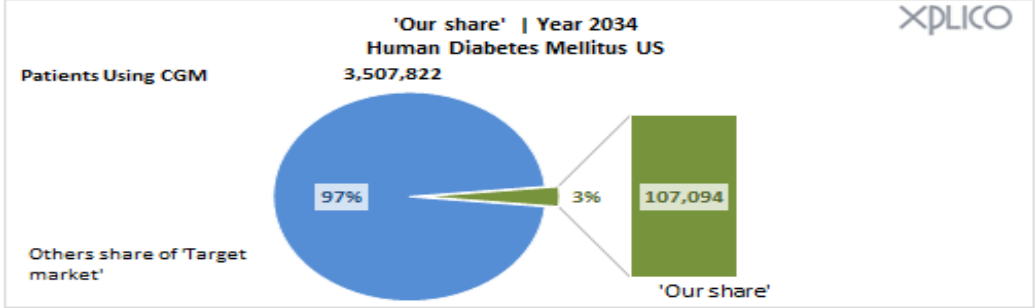
CGM – Patient Flow US

Market flow for year:= 2034

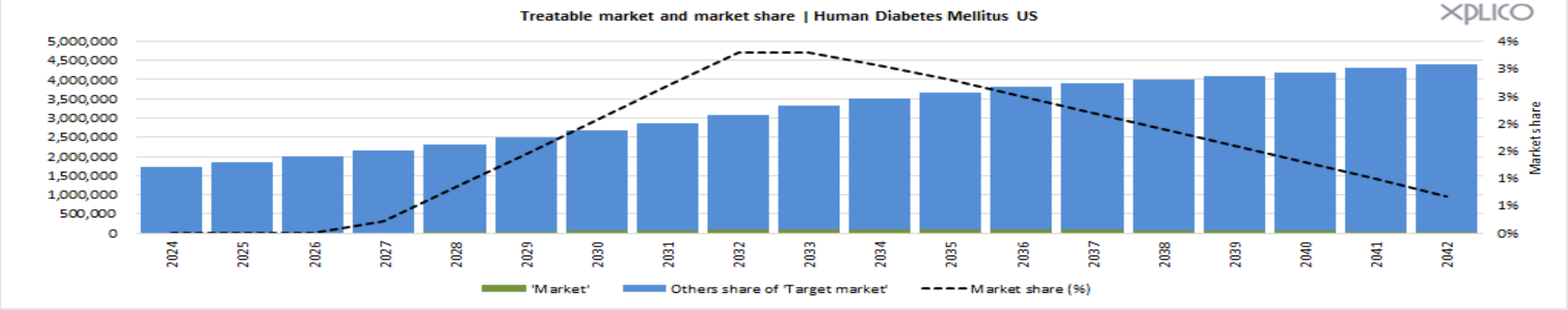






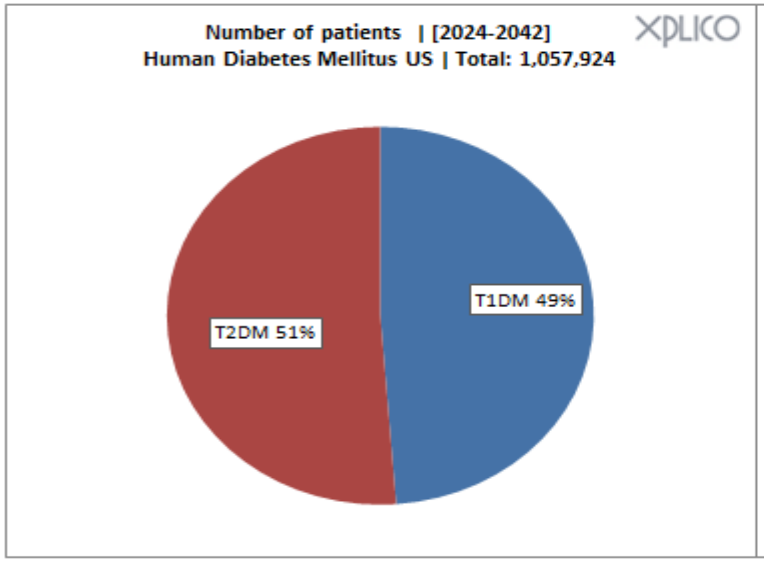


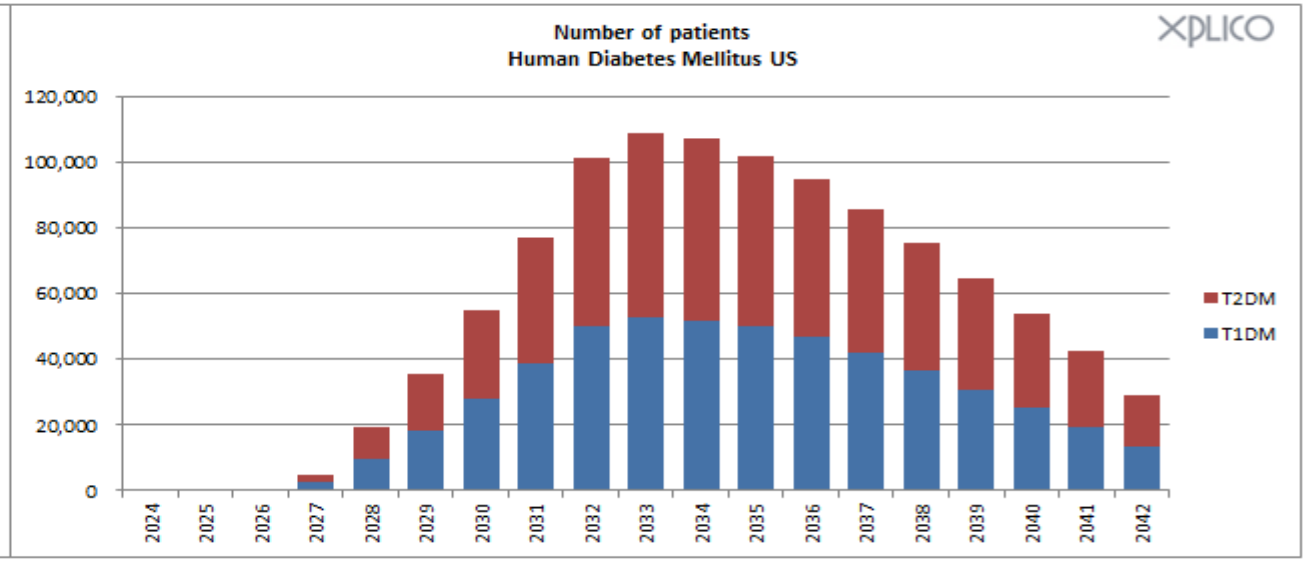
Treatable market and market share

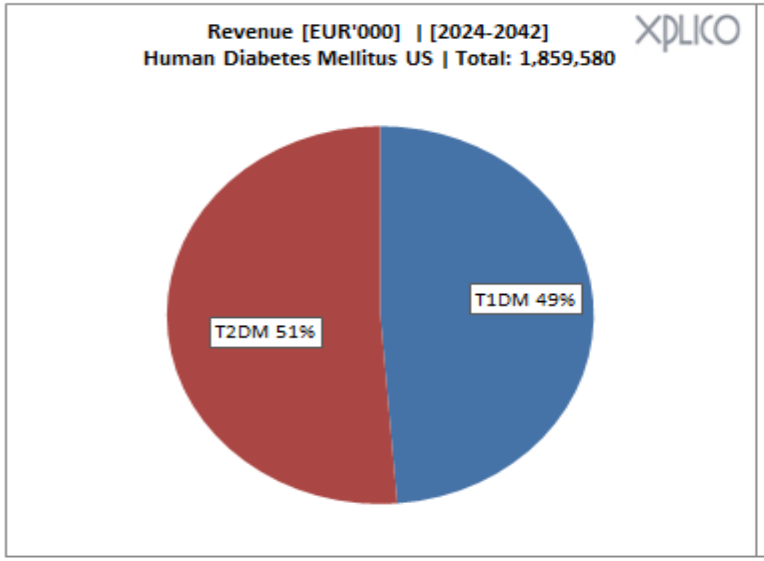


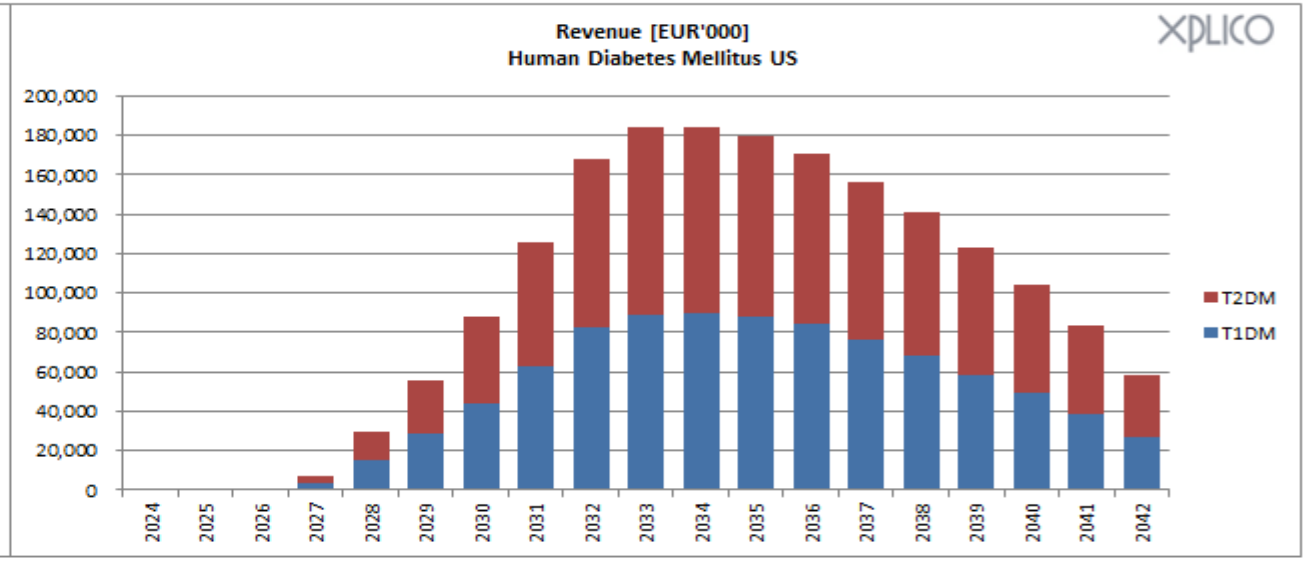
CGM – Sales Forecast US

Market summary - [2024-2042]









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CGM – GlobalData Epidemiology US

Type 1 Diabetes
United States

Legend

Data obtained from sources
Data calculated
Data obtained from primary research - KOL interviews
Data obtained from primary research - prescriber survey
Assumed values
Drug launch
Drug patent expiry

Epidemiology | *Cost per Day* | *Compliance*
Patient Share (%) | *Days of Therapy* | *Total Sales*
Number of Patients | *ACOT*

GlobalData.

	Market Forecast (2019–2029)										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Epidemiology											
Total Population, All Ages (N)	330,268,840	332,639,102	334,998,398	337,341,954	339,665,118	341,963,408	344,234,377	346,481,182	348,695,115	350,872,007	353,008,224
Type 1 Diabetes-Prevalent Cases	2,188,841	2,246,945	2,262,881	2,278,712	2,294,405	2,309,929	2,325,269	2,340,446	2,355,401	2,370,106	2,384,536
Diagnosed Prevalent Cases	1,719,922	1,755,328	1,769,554	1,783,604	1,797,580	1,811,513	1,825,582	1,839,410	1,853,279	1,866,921	1,880,013
Total Treated Cases (N)	1,633,926	1,667,562	1,681,076	1,694,424	1,707,701	1,720,937	1,734,303	1,747,440	1,760,615	1,773,575	1,786,012
Number of Patients Treated (N)	-	-	-	-	-	-	-	-	-	-	-
Human Insulins	254,892	257,987	234,414	210,830	191,680	176,381	164,474	155,760	149,300	145,264	142,523
Rapid-Acting Insulin Analogs	1,032,805	1,058,575	1,083,967	1,244,943	1,279,663	1,306,058	1,325,422	1,337,305	1,386,558	1,437,680	1,476,120
Basal Insulin Analogs	846,374	879,338	930,312	966,916	984,866	986,815	971,857	937,337	900,024	852,607	821,094
Mixes of Rapid-Acting Insulin Analogs and Bas	74,344	76,423	75,166	72,149	67,297	60,568	52,623	45,841	40,784	37,487	35,985
Adjunctive Therapies	120,094	122,680	136,323	150,013	161,711	206,397	266,115	318,550	392,467	481,539	581,158
Vaccines	-	-	-	-	-	-	-	-	3,521	5,321	5,358
Immunomodulating Therapies	-	-	631	848	1,067	1,074	1,081	2,836	12,891	16,177	18,255
Islet Transplantation	-	-	-	-	-	-	-	-	1,761	1,774	1,786

Type 2 Diabetes
United States

Legend

Data obtained from sources
Data calculated
Data obtained from primary research
Assumed values
Drug launches
Drug patent expiries
Generic, Biosimilar launches

Key Abbreviations:
T2D: type 2 diabetes
SU: sulfonylurea
AGI: alpha-glucosidase inhibitor
TZD: thiazolidinedione
GLP: glucagon-like peptide
DPP: dipeptidyl peptidase
SGLT: sodium-glucose cotransporter

GlobalData.

	Market forecast (2019-2029)										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Epidemiology											
Total American population	331,883,986	334,503,458	337,108,968	339,698,079	342,267,302	344,814,299	347,334,912	349,825,585	352,281,475	354,698,370	357,280,075
Total T2D diagnosed	21,391,526	21,979,727	22,291,800	22,614,792	22,937,023	23,260,871	23,610,363	23,941,818	24,266,146	24,581,920	24,909,812
T2D total treated patients	19,252,373	19,781,754	20,062,620	20,353,313	20,643,321	20,934,784	21,249,327	21,547,636	21,839,531	22,123,728	22,418,830
Number of patients											
Metformin total	11,701,593	12,056,979	12,260,587	12,525,302	12,792,697	13,064,130	13,289,492	13,508,213	13,844,079	14,247,681	14,664,157
SU and non-SU total	3,378,792	3,426,200	3,388,775	3,231,603	3,048,214	2,874,864	2,684,614	2,661,133	2,553,041	2,398,212	2,268,038
AGI total	356,169	356,072	349,452	322,608	297,757	274,784	253,811	241,334	235,867	221,237	206,253
TZD total	1,155,142	1,186,905	1,203,757	1,221,199	1,238,599	1,256,087	1,274,960	1,292,858	1,310,372	1,327,424	1,345,130
GLP-1 receptor agonist total	1,453,660	1,180,377	1,237,262	1,621,141	1,693,372	2,078,988	2,246,705	2,497,429	2,743,310	3,039,644	3,266,923
GLP-1/GIP agonist total	0	0	0	20,353	121,796	251,217	384,613	521,453	661,738	805,304	952,800
GLP-1/GIP/GR agonist total	0	0	0	0	0	0	0	23,622	44,699	77,546	97,808
Glimins total	0	0	0	0	0	0	0	0	0	22,124	33,628
DPP-4 inhibitor total	652,270	416,010	385,202	341,936	322,036	180,039	178,494	170,226	599,932	679,641	728,388
SGLT inhibitor total	446,761	405,526	352,582	392,819	784,279	1,044,920	1,268,511	1,317,029	1,547,901	1,582,136	1,750,911
Insulin total	4,265,363	3,692,719	3,625,837	3,933,415	4,079,051	4,295,115	4,474,201	4,552,939	4,684,047	4,813,025	4,944,578

CGM – T1DM Patients Using CGM

J Diabetes Sci Technol. 2023 Mar; 17(2): 322–328. PMCID: PMC10012384
Published online 2021 Oct 9. doi: 10.1177/19322968211049783 PMID: 34632823

Patient Demographics and Clinical Outcomes Among Type 1 Diabetes Patients Using Continuous Glucose Monitors: Data From T1D Exchange Real-World Observational Study

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Abstract Go to: ▸

Background:

The benefits of Continuous Glucose Monitoring (CGM) on glycemic management have been demonstrated in numerous studies; however, widespread uptake remians limited. The aim of this study was to provide real-world evidence of patient attributes and clinical outcomes associated with CGM use across clinics in the U.S. based T1D Exchange Quality Improvement (T1DX-QI) Collaborative.

Method:

We examined electronic Health Record data from eight endocrinology clinics participating in the T1DX-QI Collaborative during the years 2017-2019.

Results:

Among 11,469 type 1 diabetes patients, 48% were CGM users. CGM use varied by race/ethnicity with Non-Hispanic Whites having higher rates of CGM use (50%) compared to Non-Hispanic Blacks (18%) or Hispanics (38%). Patients with private insurance were more likely to use CGM (57.2%) than those with public insurance (33.3%) including Medicaid or Medicare. CGM users had lower median HbA1c (7.7%) compared to nonusers (8.4%). Rates of diabetic ketoacidosis (DKA) and severe hypoglycemia were significantly higher in nonusers compared to CGM users.

Table 1: Participant Characteristics

	2010-2012	2015-2016
Age - mean±SD (yrs)	14±5	15±5
Age - N(%)		
<6 years	676(4%)	506(4%)
6-<13 years	5341(35%)	3700(27%)
13-<18 years	5591(36%)	5780(43%)
18-<26 years	3753(24%)	3488(26%)
Gender – Female N(%)	7480(49%)	6109(49%)
White Non-Hispanic N(%)	12053(79%)	10591(79%)
Private Insurance - N(%)	9689(73%)	9448(74%)
Diabetes Duration - mean±SD (yrs)	6±5	8±4
Pump Users - N(%)	8446(55%)	8262(62%)
CGM Users - N(%)	530 (3%)	2377(18%)

Source: P034 - Continuous glucose monitorin g (CGM) use in type 1 diabetes: an update from the T1D exchange clinic registry K. Miller, N. Foster, D. DeSalvo, L. DiMeglio, L. Laffel, W. Tamborlane, R. Beck, for the TD Exchange Clinic Registry ISPAD 2016

Comments:

We have assumed a **conservative estimate of 40% of T1DM patients using CGM** with an annual growth of 5%. Analysis indicate 3% in 2010-2012 increased to 18% in 2015-2016 and further increased to 48% in 2017-2019 due to new and improved CGM products. However Jefferies estimated 30% in 2021 – see next slide.

CGM – T2DM Patients Using CGM

Table 1

Characteristics of Adults with Type 2 Diabetes Seen in Primary Care or Endocrinology Clinics at Vanderbilt University Medical Center in 2021, by Continuous Glucose Monitor (CGM) Use

Mean (SD) or % (*n*)	Total cohort *N* = 30,585	No CGM use *n* = 26,692	CGM use *n* = 3893	*p* value
Age, years	62.5 (13.7)	63.3 (13.5)	57.5 (13.5)	< 0.001
Female gender	50.6 (15,573)	50.6% (13,501)	50.7% (1973)	0.921
Race				0.154
White	72.3% (22,109)	72.1% (19,255)	73.3% (2854)	
Black	18.0% (5489)	17.8% (4742)	19.2% (747)	
Asian	2.3% (693)	2.3% (613)	2.1% (80)	
American Indian	0.2% (62)	0.2% (55)	0.2% (7)	
Native Hawaiian	0.1% (27)	0.1% (20)	0.2% (7)	
Multiple	0.7% (222)	0.7% (189)	0.9% (33)	
Missing	6.5% (1983)	6.8% (1818)	4.2% (165)	
Hispanic ethnicity	3.1% (954)	3.2% (842)	2.9% (112)	0.167
Insurance status				< 0.001
Government	44.4% (13,582)	46.7% (12,464)	28.7% (1118)	
Private	52.7% (16,114)	50.3% (13,437)	68.8% (2677)	
Other	2.0% (598)	1.9% (501)	2.5% (97)	
2021 visit type(s)				< 0.001
Primary care	59.6% (18,239)	65.0% (17,337)	23.2% (902)	
Endocrinology	19.7% (6015)	17.3% (4624)	35.7% (1391)	
Both	20.7% (6331)	17.7% (4731)	41.1% (1600)	
Insulin type				< 0.001
None	48.7% (14,892)	54.0% (14,413)	12.3% (479)	
Basal	6.9% (2113)	6.9% (1828)	7.3% (285)	
Prandial*	12.6% (3849)	13.2% (3526)	8.3% (323)	
Both	31.8% (9731)	25.9% (6925)	72.1% (2806)	
Most recent HbA1c (%)†	7.4 (1.7)	7.3 (1.7)	8.0 (1.8)	< 0.001
HbA1c ≥ 8.5%	19.2% (5207)	17.1% (3963)	32.3% (1244)	
HbA1c (%) prior to first CGM prescription†	NA	NA	8.6 (2.0)	NA
HbA1c ≥ 8.5%	NA	NA	46.1% (1564)	

Nonparametric tests of difference used (e.g., Wilcoxon rank sum Kruskal–Wallis test)

NA not applicable, *SD* standard deviation

*We were unable to differentiate those using prandial insulin with an insulin pump from those on multiple daily injections

†88.5% (27,074/30,585) had a recent HbA1c value; 87.0% (23,221/26,692) no CGM use and 98.5% CGM use (3835/3893)

Source: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC10228889/

The forecast takes into account 1.6 million U.S. Type 1 patients, 2.5 million U.S. Type 2 insulin intensive patients, and 6.8 million total worldwide Type 2 insulin intensive patients, based on data from sources including the American Diabetes Association, Centers for Disease Control and Prevention, JDRF, and private and public companies, according to Jefferies.

Current CGM and insulin pump penetration is about 30% in the U.S. Type 1 market and 10% to 15% across the global Type 2 market, according to the report.

Source: https://www.medtechdive.com/news/abbott-dexcom-diabetes-tech-type-2-jefferies/608118/, Oct 2021

Comments:

In 2021 based on analysis of 30k T2DM patients estimated 13% used CGM. For insulin intensive patients 29% used CGM.

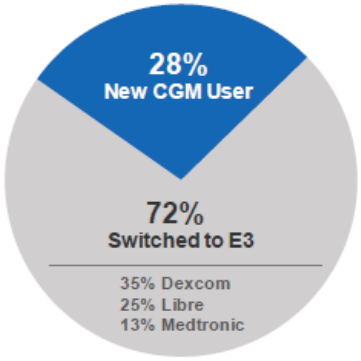
We have assumed 30% of T2DM insulin intensive patients using CGM with an annual growth of 5%.

CGM – Patients Using CGM with 180 Days Sensor

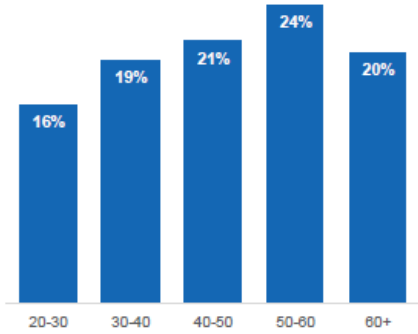
EVERSENSE US **PATIENT PROFILES**[1]

Broad appeal of Eversense with new and existing CGM users

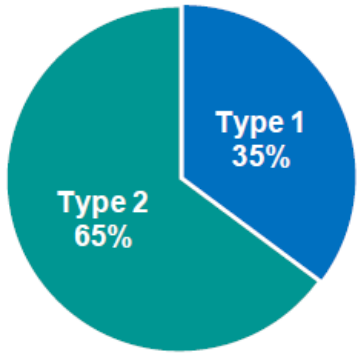
Over 2/3 of our US patients switched from other CGM solutions[2]



Usage split evenly across age groups



New Users by Diabetes Type



Target patient profiles	▪ Dissatisfied with Current CGM ▪ New to CGM ▪ Gateway (Libre)
Top preferred features of existing users	▪ Accuracy ▪ Sensor Life ▪ Implantable Convenience

[1] Senseonics Analysis
[2] Ascensia internal data

Comments: Senseonics analysis of their US patients:

- 2/3 from T2DM and 1/3 from T1DM in line with our split of patients
- About 3/4 of new patients coming from competitors which indicated that Sencell should be able to penetrate the market in spite of the tough competitive environment due to the benefits over current competitors.

CGM – Pricing

Rough retail costs per year without insurance:

- a total of $1,200 for Dexcom G6 transmitters (each lasts 90 days, so 4 transmitters per year)
- a total of $4,800 for a box of 3 Dexcom G6 sensors (each sensor is supposed to last up to 10 days)
- **estimated total: $6,000 per year, or $500 a month**

EXPLORE DEXCOM G6

Rough retail costs per year without insurance:

- one transmitter (with a 12-month warranty): $620
- Medtronic Minimed Guardian Connect CGM sensors (5-pack, each approved for 7-day wear): $345
- **estimated total: approximately $4,760 per year, or $397 per month**

EXPLORE MEDTRONIC GUARDIAN CONNECT

Approximate prices in pharmacies:

- list price of $54 per 14-day sensor, according to Abbott — generally $58 to $69 at retail pharmacies like Costco and Walgreens
- with commercial insurance, most people pay between $10 and $75 per month for the Abbott Libre 14-day sensors at participating pharmacies, according to the company
- hand-held reader: $70 (not required if you use a smartphone app to scan the Libre 2 sensor)
- **total: $1,582 to $1,868 for a year's worth, or as much as $160 per month**

EXPLORE ABBOTT FREESTYLE LIBRE

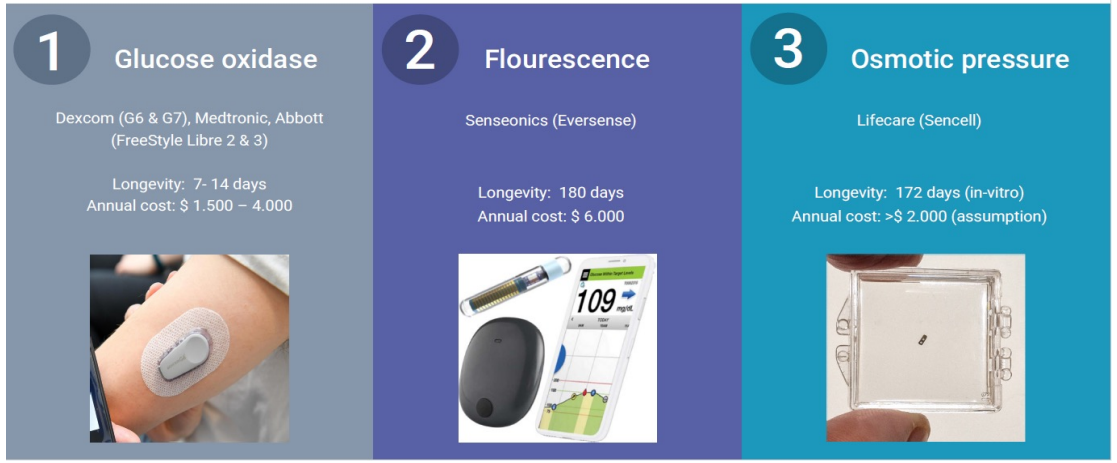
Approximate pricing without insurance:

- a healthcare provider usually determines the cost of sensor insertion and removal, which typically run between $200 to $300 for insertion and $300 to $400 for removal and reinsertion
- **estimated total: $6,400 per year, or $533 a month.**

EXPLORE EVERSENSE

Source: https://www.healthline.com/diabetesmine/what-is-continuous-glucose-monitor-and-choosing-one#Four-leading-CGM-systems, Dec 2021

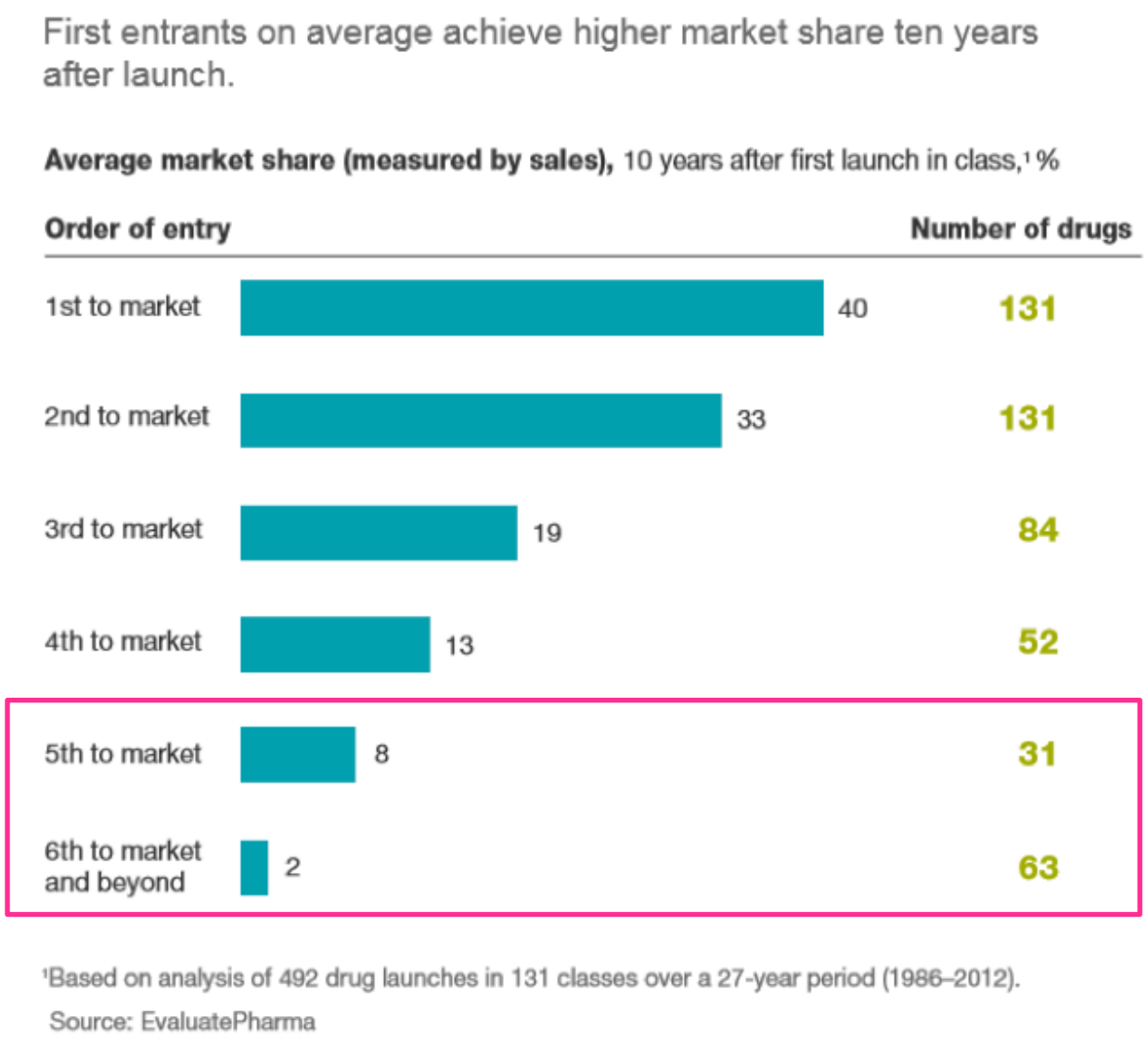
Sensing principles – Continuous Glucose Monitoring



Source: Lifecare presentation, September 2023

We have assumed a competitive annual US pharmacy price of approx. €4,000 including transmitter, insertion and removal, discount/margin of approx. 30% giving a net annual WPP for Sencell of € 1,500 (EU 2/3).

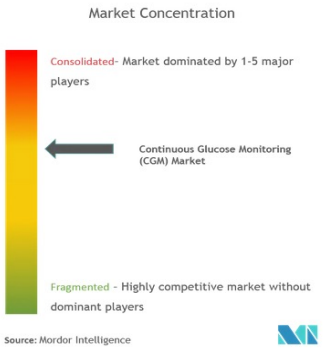
CGM – Benchmark Market Share



We have assumed a market share of 5% for T1DM and 3% for T2DM taken the competitive market with large players into account. We have assumed a higher market share for T1DM due to the fact that long term sensor will be more important for T1DM patients. The market share of 3- 5% equals entering the defined target market as number 5th to 6th.

CGM – Competitive Environment

Continuous Glucose Monitoring (CGM) Market Concentration



Continuous Glucose Monitoring (CGM) Company List

- Abbott Laboratories
- Dexcom, Inc.
- A. Menarini Diagnostics
- Echo Therapeutics, Inc.
- GlySens Incorporated
- Johnson and Johnson
- Medtronic Plc
- Senseonics Holdings, Inc.
- F. Hoffmann-La Roche Ltd
- Ypsomed AG
- Insulet Corporation
- Medtrum Technologies, Inc.
- Tandem Diabetes Care
- Nemaura Medical, Inc
- Texas Instruments Inc
- Company Share Analysis

Source: https://www.mordorintelligence.com/industry-reports/continuous-glucose-monitoring-market/companies

Disruption is almost guaranteed, as many of the CGM startups, such as myLevels, Levels (which entered the UK this February), Veri and Supersapiens, rely on hardware from Abbott and Dexcom – which share 53% and 39% of the market, respectively, while Medtronic has 8%.

Zooming in on CGM, the robust gains follow several significant developments in 2023 so far:

- Sales of its FreeStyle Libre 2 system grew 25%, hitting $1.3B in Q2, and received expanded reimbursement in France on evidence it cut hopitalisations by 67%.
- Preparations are underway for a US launch of FDA-cleared FreeStyle Libre 3, which was greenlit for automated insulin delivery in the UK.
- A dual CGM sensor measuring glucose and ketones (and possibly lactate) is in progress, which could boost diabetes care for diet and exercise.

Source: https://www.welltodoglobal.com/post/abbott-eyes-cgm-market-beyond-diabetes-care/, July 2023

Excluding the effect of foreign exchange, total Medical Devices sales grew 8.1 percent in 2022 and 19.4 percent in 2021. In 2022 and 2021, the increase was driven by growth in Diabetes Care, Structural Heart, Electrophysiology and Heart Failure. The 2022 and 2021 growth in Diabetes Care sales was driven by continued growth of FreeStyle Libre, Abbott's continuous glucose monitoring system, in the U.S. and internationally. FreeStyle Libre sales totaled $4.3 billion in 2022, which reflected a 22.4 percent increase, excluding the effect of foreign exchange, over 2021. FreeStyle Libre sales totaled $3.7 billion in 2021, which reflected a 36.8 percent increase, excluding the effect of foreign exchange, over 2020 when sales totaled $2.6 billion.

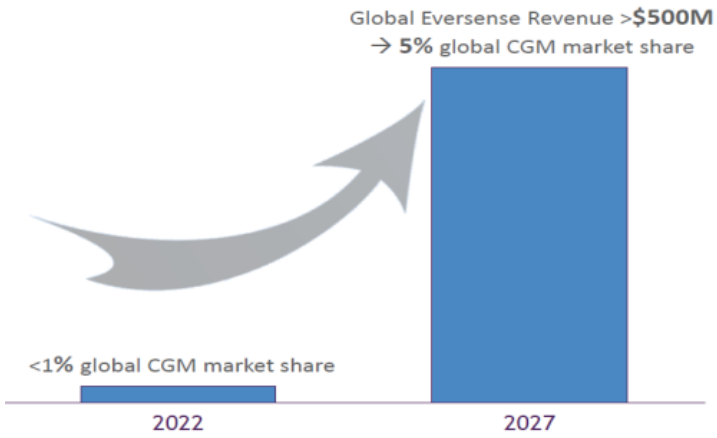
Approximately 4.5 million people in 60 countries rely on our *FreeStyle Libre* portfolio to help them manage their diabetes.

Source: Abbott Annual Account and Form 10-K for 2022

Comments:
Market dominated by few main players like Abbott, Dexcom and Medtronic adding Senseonics as a "direct" competitor with a 180 days sensor. There are a number of small players trying to get into the market e.g. Senseonics only got 1,200 patients in US introducing 180 days sensor having less than 1% of the market (Abbott adding more than 1 million new patients per year).
The estimated US CGM market (patients) seems in line with Abbott revenue of $1.5B for US with a market share about 50% with their "low price products" giving a total US sensor market of around $4-5B (WPP).

CGM – Eversense (180 Days Sensor) Market Estimate

Eversense Users and Growth Targets – 5% in 5 Years



Source: ADC internal data and forecast

Future Device Features to Enable Market Share Goal:

→ Expand patient base
- Pump and Smart Pen integration
- Flash monitoring option

→ Improve ease of use
- Reduced calibration
- One-year sensor life

19 Projected Eversense® revenue growth based on a number of assumptions, including without limitation relating to market growth, product development, regulatory approvals, patient adoption and penetration, market share and other factors. Subject to risks and uncertainties.

Comments:

Relative slow start with 1,200 US patients first year on 180 days sensor. Very competitive and challenging market due to the large players. Senseonics estimate “peak” 5% market share equal more than $ 500M in sales in line with our estimates for 5% market share.

CGM – Competition Freestyle Libre - Abbott

- In 2019 accounted for ca 50% of the CGM market
- Sales of around USD 4.3 bn of both CGM and BGM.
- Non-inserted device with a battery life of 14 days.
- Combined with an insulin pump.
- Widely available.
- Abbott's products have high sales, but appears somewhat less innovative and is in future perhaps not the most interesting competitor to Sencell.

CGM – Competition - Dexcom

- Accounting for ca 38% of the CGM market
- Pioneer of CGM technology. Sales of USD 2.9 bn in 2022.
- Has interoperable systems. Approved as part of a hybrid closed-loop system.
- Developed smaller device with faster warm-up time and simplified design.
- Intends to expand indications.
- Dexcom 6 disposable sensor, reusable transmitter, real-time continuously, two-hour warm-up period. Dexcom 7 smaller faster warm-up, insulin pump sync, MARD of 8.2%,
- Dexcom 7 US launch 2023

CGM – Competition – Medtronic

- Accounting for ca 3.3% of the CGM market
- Sales of USD 376.3m in 2022. Lack of Medicare coverage.
- Only CGM devices. Device under FDA review.
- Offering CGM – insulin pump system (MiniMed line).
- Offering two CGMs – Guardian Connect
- Recording every five minutes, predictive algorithm (hypo/hyper glycemia)
- Last Sensor 3 (has Medicare coverage)
- Guardian 4 announcing long-term results with MARD of 8.7%.

CGM – Competition – Senseonics

- Accounting for <1% of the CGM market. Just starting in the CGM market.
- Sales USD 13.7m in 2021.
- Implantable technology. 10 min process. Eversense 3 launched 2022. Six-month lifespan. Transmitter must be held close to the implant site.
- Predicts hypoglycemic events 30 min in advance.
- Standalone device so far. Deals with marketers (Ascensia)
- Smartphone-based.

CGM – Key Market Assumptions

Market: Diabetes Mellitus **Type 1 and Type 2** in pets in **EU & US**

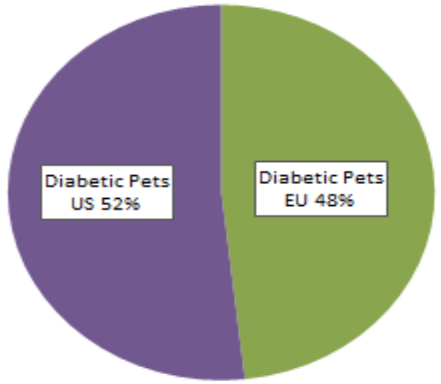
Asset: Sencell Continous Glucose Monitoring (CGM)

	Assumption	Notes / Supporting data page
Markets	EU & US	Diabetic pets
Patient Flow	➢ Diagnosed Diabetic Pets ➢ Diabetic Pets Require CGM	We have used Agria Veterinary's database forecast on diabetic pets for EU and used similar figures for US. We have assumed that 25% of the diagnosed pets will require CGM taken current practice with initial monitoring to decide need for and dosing of insulin into account.
Launch	EU: Q3 2024, US Q4 2024	
Peak Market Share	30%	Estimates taken direct competitors including Glucurve and Abbott Freestyle Libre into account.
Compliance	50%	We have assumed that pets will get monitoring 50% of the time in average as some pets will only get the initial monitoring.
Uptake Curve:	6-8 years linear uptake curve	Similar uptake as human.
Annual Net Revenue Sencell	US: EUR 1,500. Annual Increase 2%. EU: EUR 1,000. No increase assumed (Retail price including all costs approx. EUR 3-4,000)	We have assumed same price for pets as for human – see previous slides

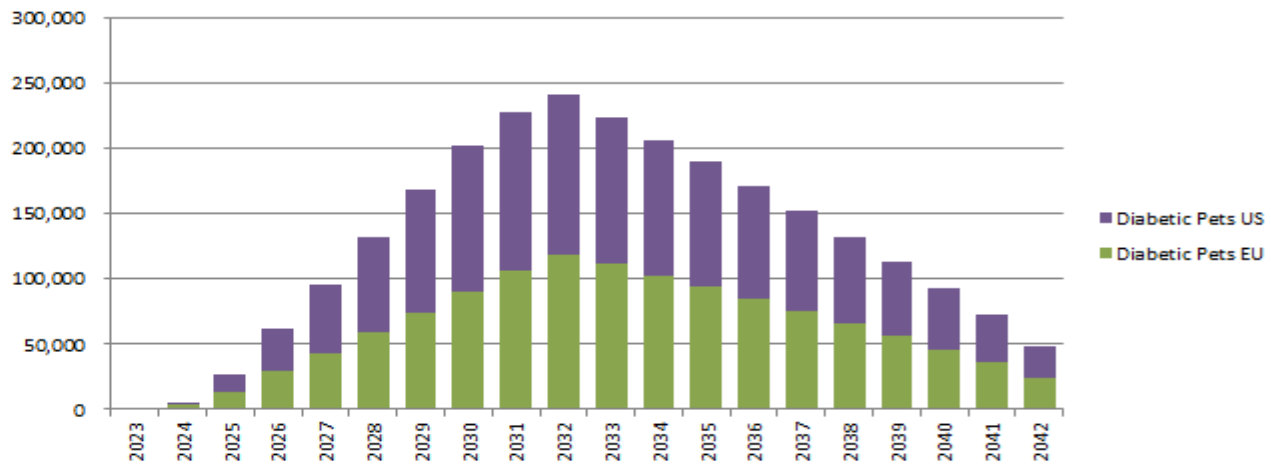
CGM – Sales Forecast Pets

Market summary - [2023-2042]

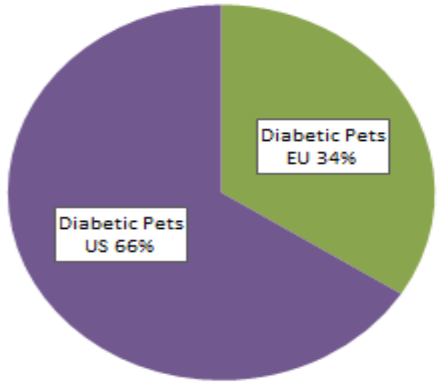
Number of patients | [2023-2042]
(All indications) | Total: 2,565,926



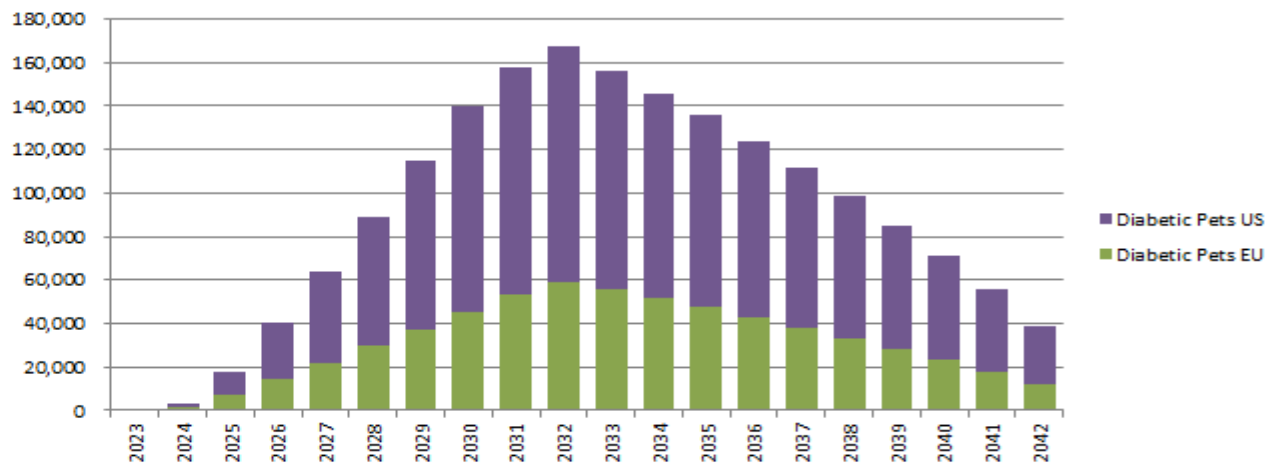
Number of patients
(All indications)



Revenue [EUR'000] | [2023-2042]
(All indications) | Total: 1,817,229



Revenue [EUR'000]
(All indications)



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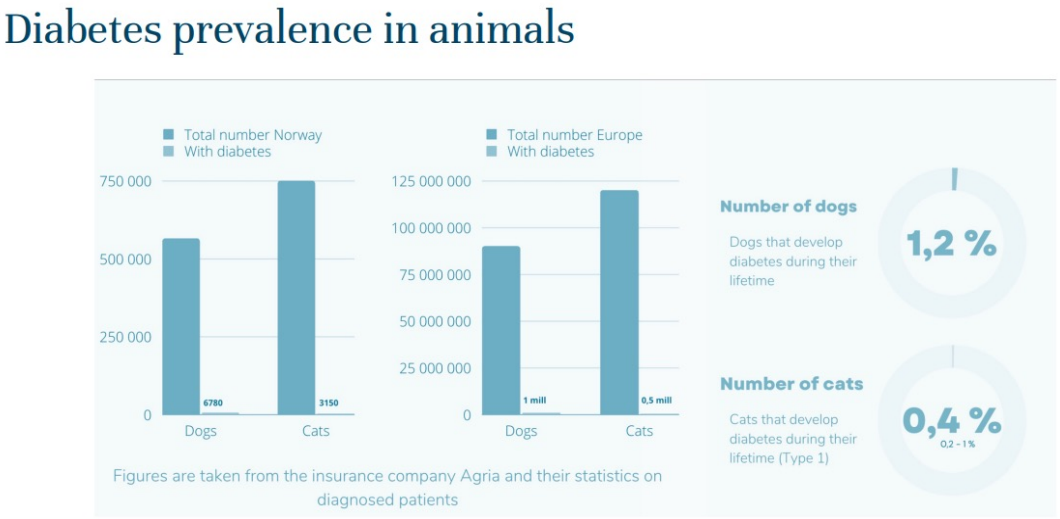
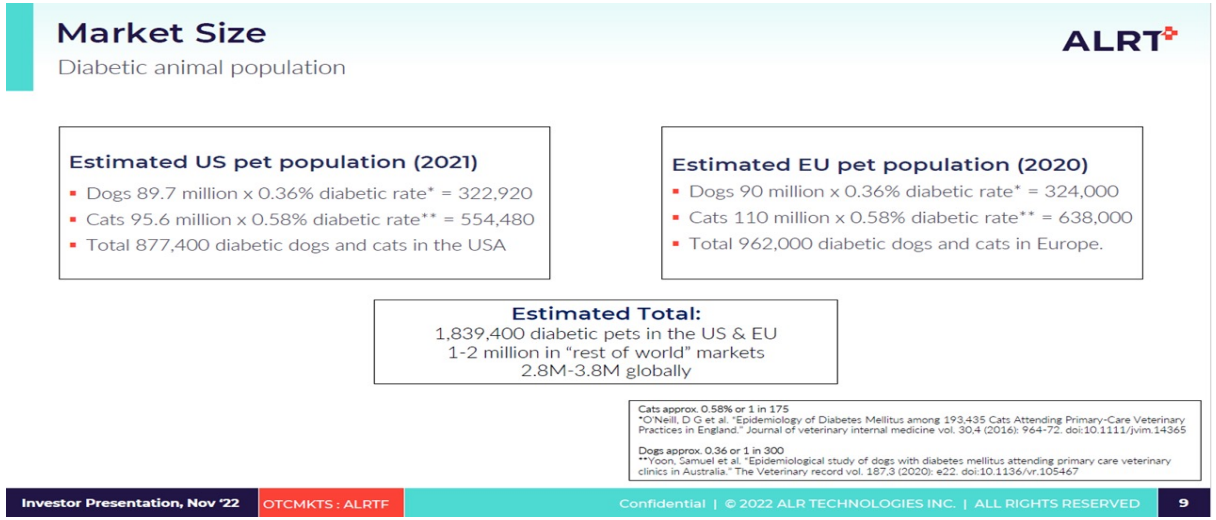
CGM – Prevalence in Pets



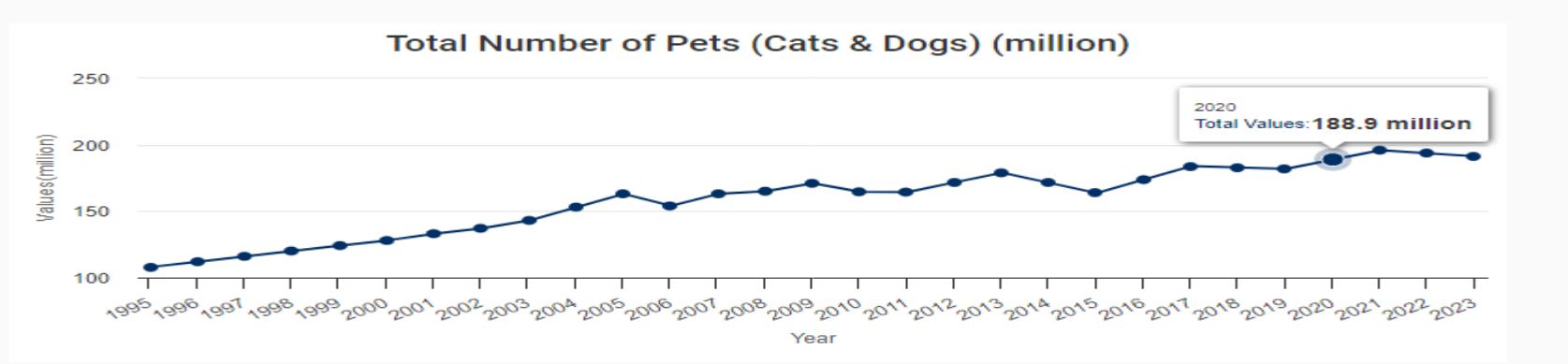


Comments:

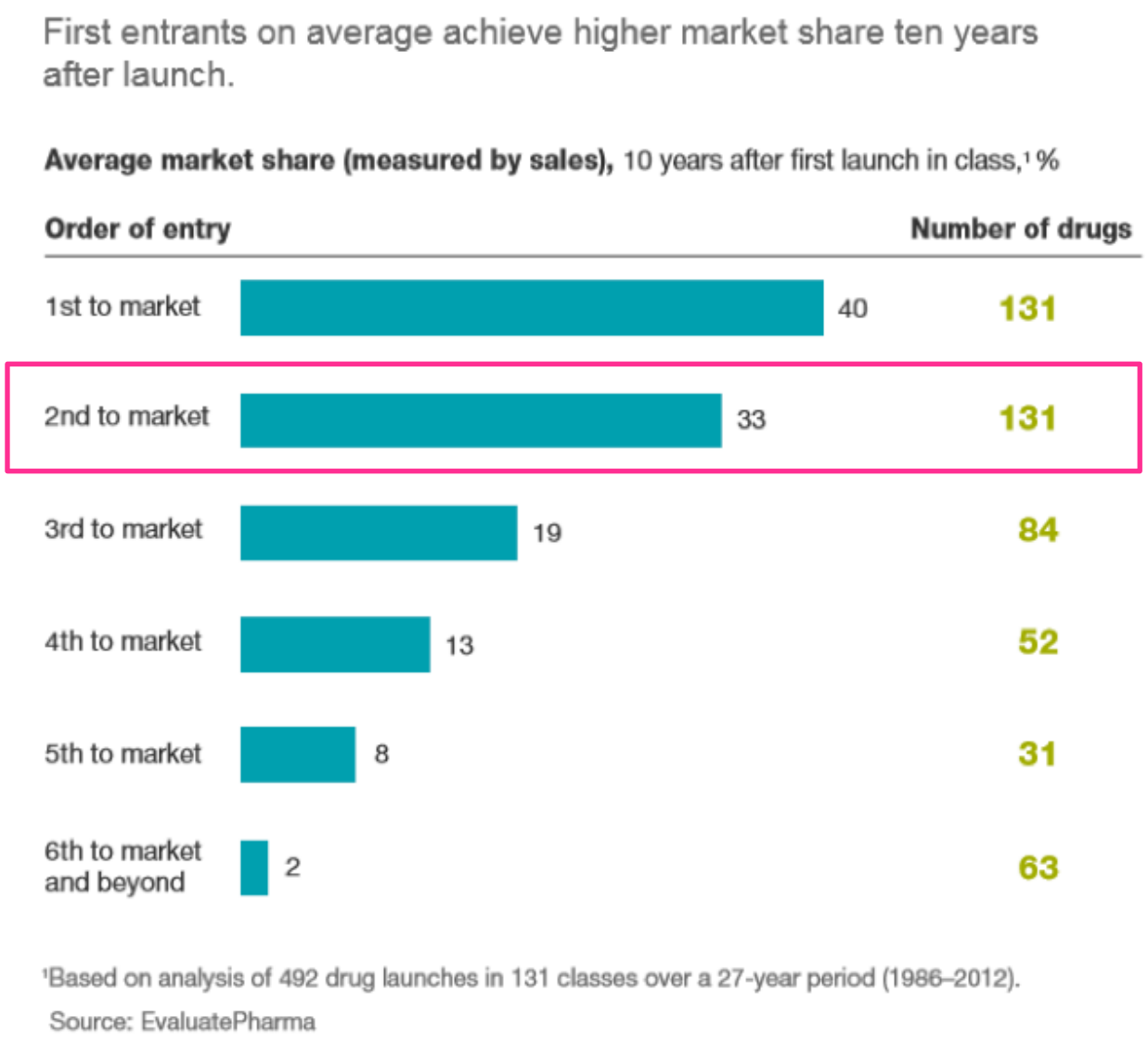
We have used Agria estimated figures for pets for EU using similar figures for US. These figures are higher than estimates by competitor ALR Tecnologies but we think Agria has the best available data. Further we have assumed that 25% of these pets require CGM to decide need for and dosing of insulin based on current practice with initial monitoring. Further we have assumed that pets will get CGM 50% of the time in average as some pets will only get initial monitoring.

CGM – Prevalence in Pets

- As a result, the number of pets has increased over the past five years, at an annualized rate of 0.9% to 191.3 million in 2023. [Number of Pets (Cats & Dogs) - United States | IBISWorld]
- The APPA estimates that more US households than ever before now own pets, and there may only be room for modest growth in adoptions over the next five years. The APPA also reports that 56.0% of households owned a pet in 1988, compared with 67.0% of households in 2019.



CGM – Benchmark Market Share



We have assumed a market share of 30% taken the competitive market with Abbott Freestyle Libre (off label – require human prescription),GluCurve and other CGM for the human market into account. The market share of 30% equals entering the defined target market as number 2 after GluCurve/off label use of CGM for the human market.

We think that Sencell has advantages over competitors due to the small size injected under the skin.

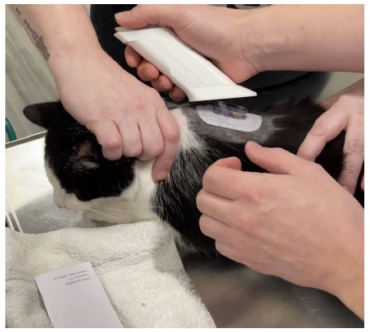
CGM – Competitor GluCurve

The GluCurve Pet CGM

Revolutionizing diabetes management

ALRT

- Hardware
  - Up to 14-day sensor life
  - Glucose readings every 3 minutes
  - 1 year shelf life
  - Bluetooth communicates between CGM and mobile app
- Software
  - iOS and Android mobile app for pet owners
  - Web based platform for veterinarians
- GluCurve Platform Features
  - Large scale Patient Management software
  - Compares/overlays daily glucose curves
  - Insulin dose calculators
  - Insulin guidelines
  - Provides remote care
  - Insulin prescription tracking



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Animal Health Opportunity

Anticipated to become the new standard of care

ALRT

The current way of monitoring glucose levels in pets

In-clinic Blood Glucose Curve

- Labor Intensive
  - Blood is drawn from vein of pet via syringe
  - Takes 2+ members of clinic staff
  - Blood is drawn every 2 hours for 10-12 hours
  - Must record, plot, and interpret data manually
- Inaccurate
  - Pets experience high levels of stress making glucose readings inaccurate
  - 6-7 glucose readings in a clinical setting, 2-hour gaps between readings miss highs/lows
- High Cost
  - $100-$300+ depending on blood draw fees, housing fees, and appointment fees
  - Not financially favorable to clinic due to time and effort involved

Our solution for monitoring glucose levels in pets

The GluCurve™ Pet CGM

- Effortless
  - Applied in minutes and pet is sent home
  - Glucose readings captured automatically every 3 minutes for up to 14 days
  - Data is securely sent to web platform where it's analyzed and organized for ease of use by veterinarian
- Accurate
  - Readings recorded in a home environment – stress free results (no elevated glucose levels) showing daily activities, feeding, and insulin injections
- Low Cost
  - Sold directly to veterinarians to stock in-clinic and upcharge to cover expenses / create profit
  - Cheaper for pet owner then most in-clinic blood glucose curves

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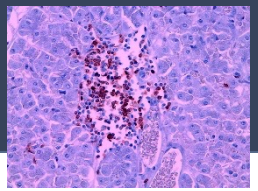
Comments:

Abbott Freestyle Libre is the main CGM product used today (off-label) and mainly used in the introduction phase for setting the right dosing of insulin.

GluCurve is the only CGM product launch for the pet market.

Lifecare AS
Valuation Report
Outcome



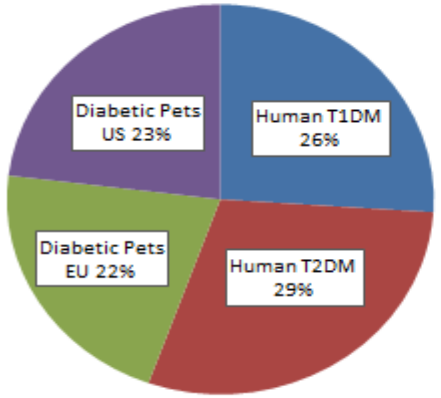
October 2023
Valuation of Sencell Continuous Glucose Monitoring (CGM) Sensor for Diabetes

© www.xplico.com

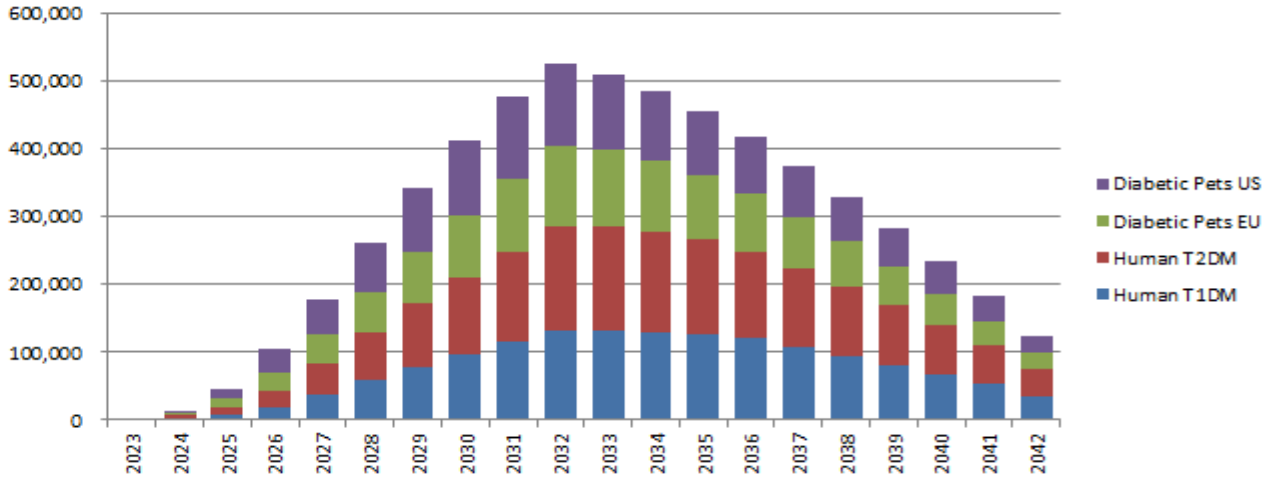
Sencell – Total Sales Forecast

Market summary - [2023-2042]

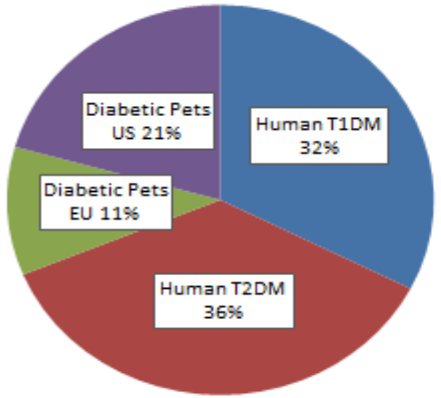
Number of patients | [2023-2042]
(All indications) | Total: 5,762,091



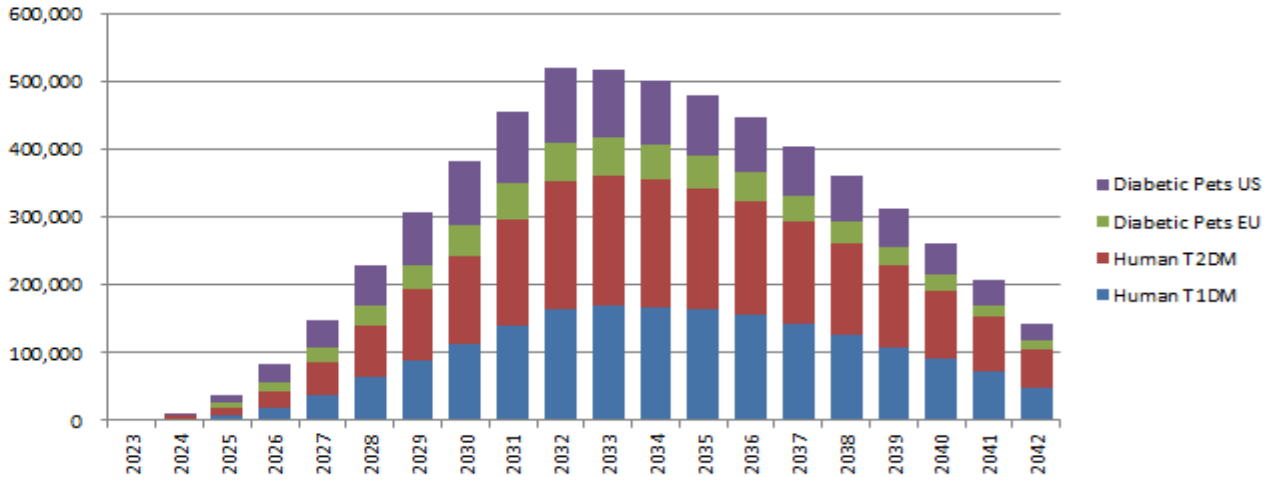
Number of patients
(All indications)



Revenue [EUR'000] | [2023-2042]
(All indications) | Total: 5,815,050



Revenue [EUR'000]
(All indications)



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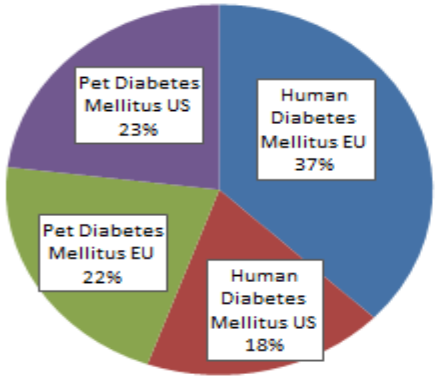
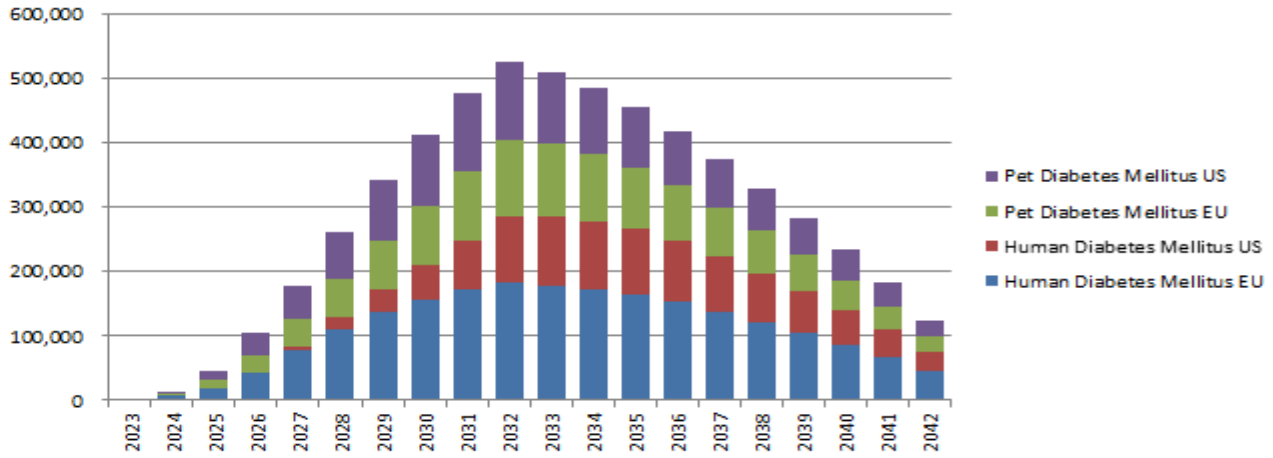
Sencell – Total Sales Forecast Per Region

Market summary - [2023-2042]

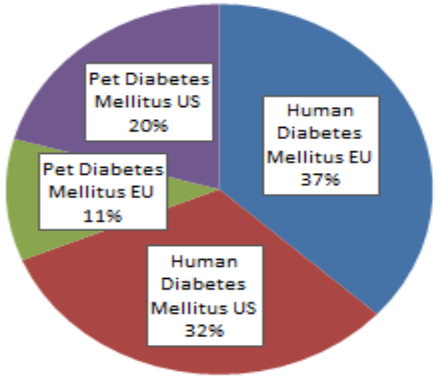
Number of patients | [2023-2042]
(All indications) | Total: 5,762,091



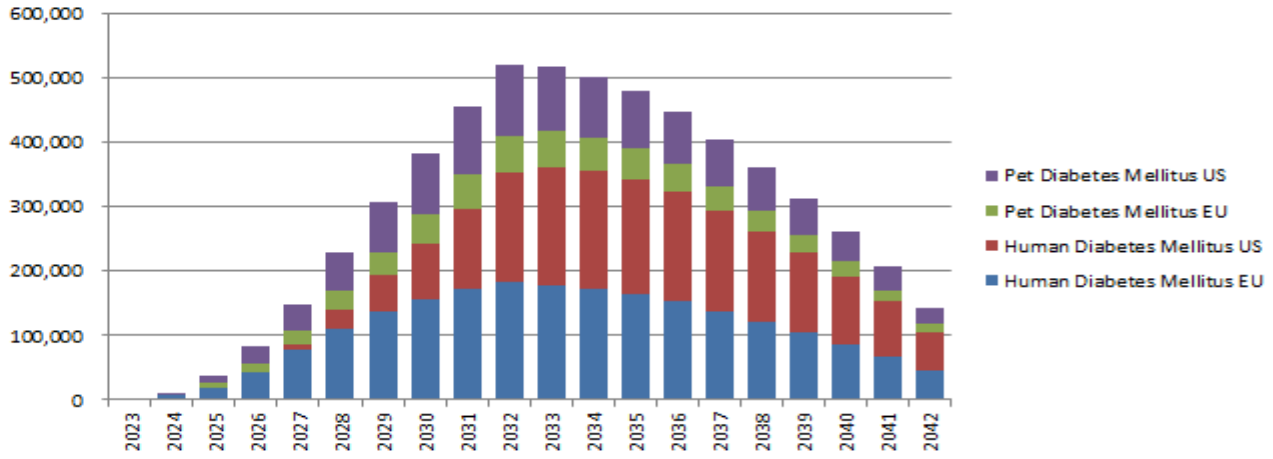
Number of patients
(All indications)



Revenue [EUR'000] | [2023-2042]
(All indications) | Total: 5,815,050



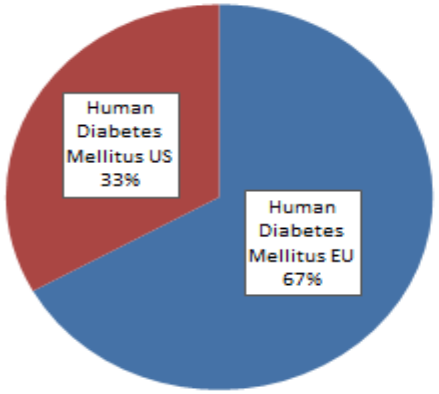
Revenue [EUR'000]
(All indications)



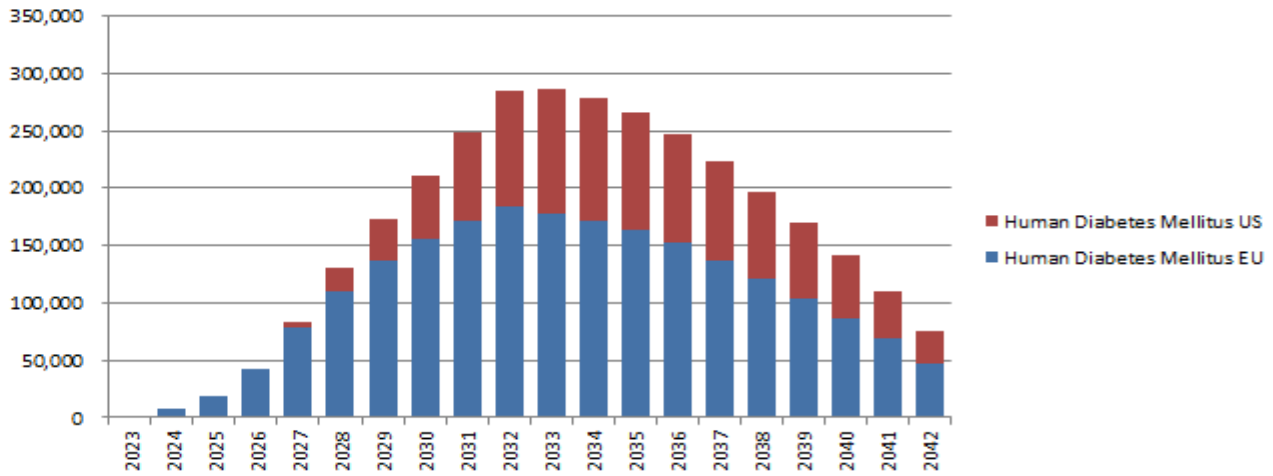
Sencell – Human Sales Forecast

Market summary - [2023-2042]

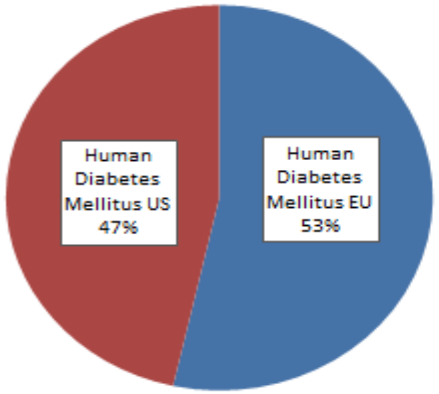
Number of patients | [2023-2042]
(All indications) | Total: 3,196,165



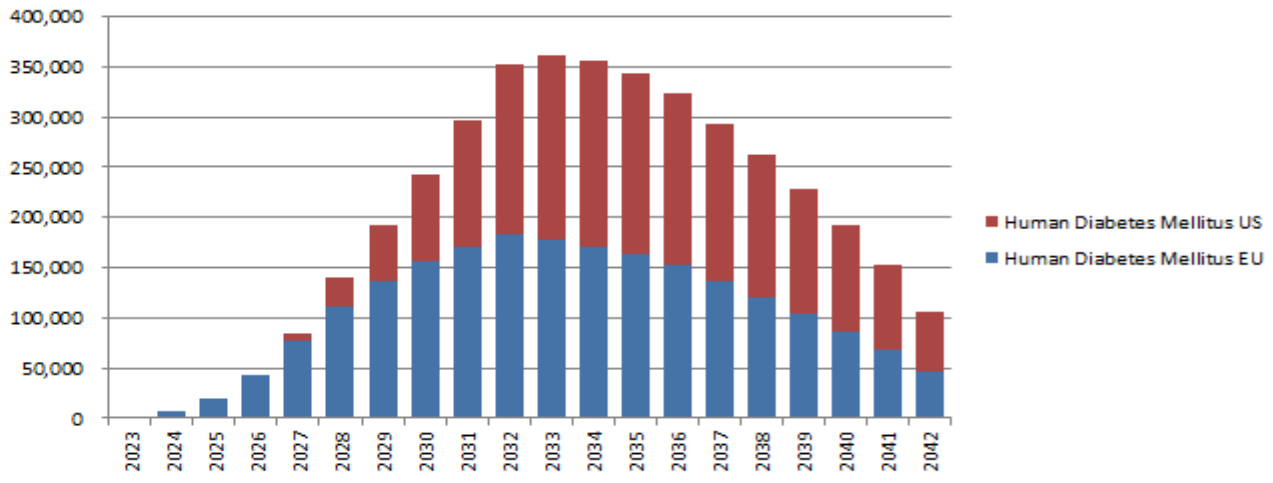
Number of patients
(All indications)



Revenue [EUR'000] | [2023-2042]
(All indications) | Total: 3,997,821



Revenue [EUR'000]
(All indications)



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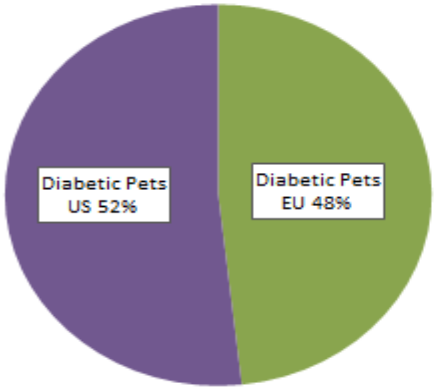
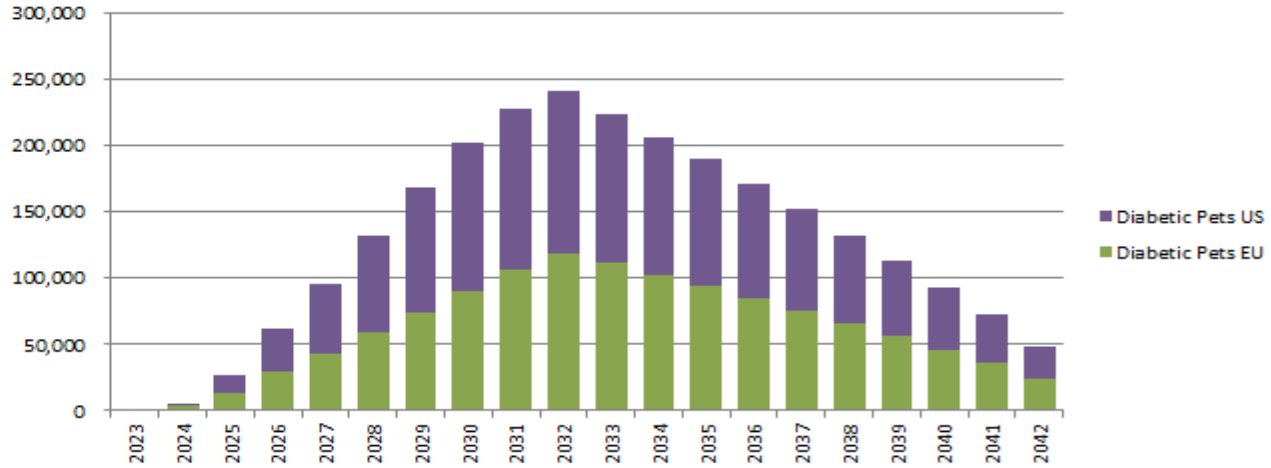
Sencell – Pet Sales Forecast

Market summary - [2023-2042]

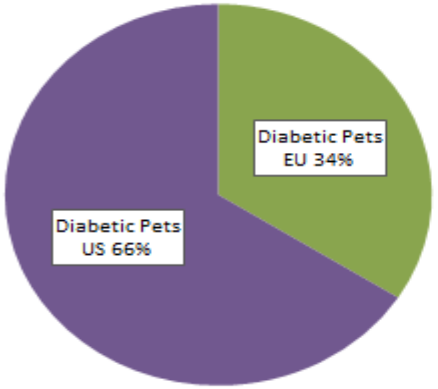
Number of patients | [2023-2042]
(All indications) | Total: 2,565,926



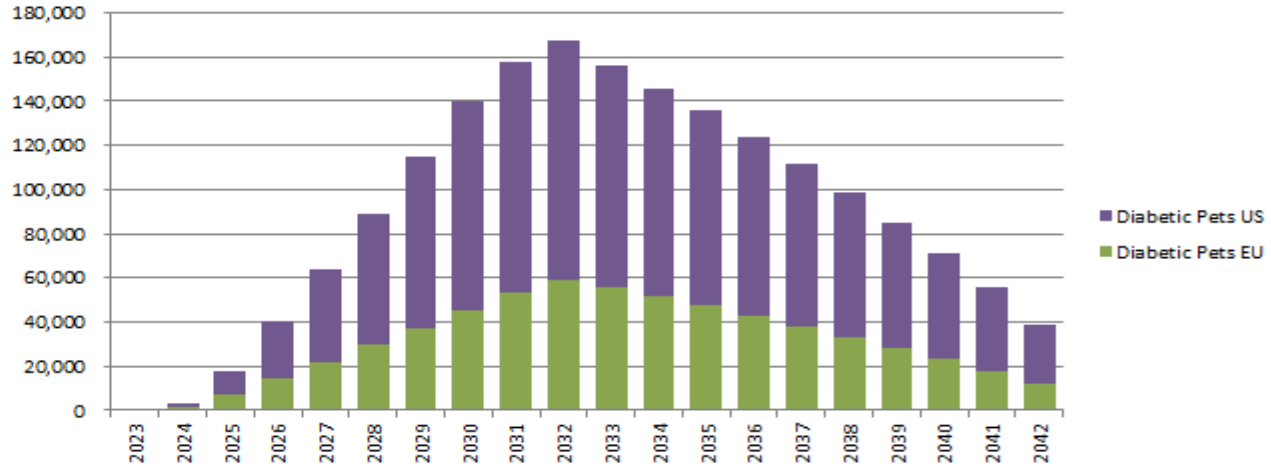
Number of patients
(All indications)



Revenue [EUR'000] | [2023-2042]
(All indications) | Total: 1,817,229



Revenue [EUR'000]
(All indications)



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Sencell – Valuation & Outcome

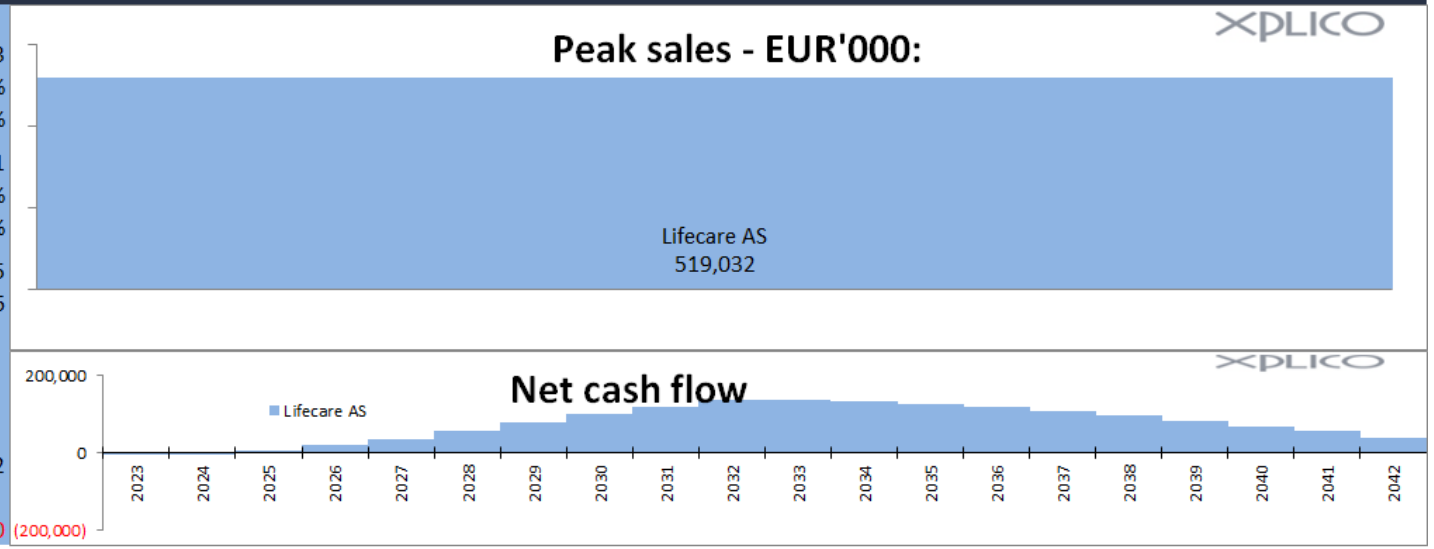
Project: Sencell - Continous Glucose Monitoring (CGM) — **Lifecare AS**
Scenario: Base Case Human & Pet
Outcome: All succeeds

Valuation summary

Presentation currency: EUR'000
Discount rate: 15.00%
Year 0: 2023
Simulation end year: 2042
Scenario: Base Case Human & Pet
-
-

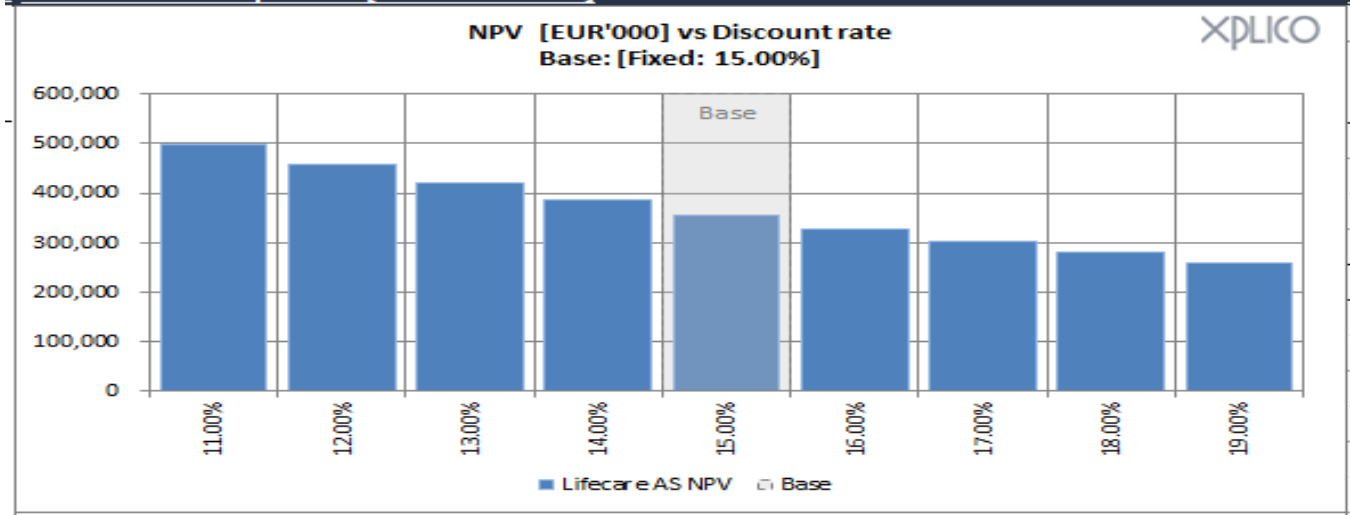
Key figures

		Lifecare AS
NPV (EUR'000)		354,893
NPV split [%]		100%
IRR (%)		58%
rNPV (EUR'000)		247,241
rNPV split [%]		100%
rIRR(%)		51%
First year with positive cash flow:		2025
Cumulated cash flow is positive from:		Jun 2026
Payback time from 2023 (years):		3.4
Payback time from end of development:	1 Jan 2023	3.4
Peak sales - year:		2032
Peak sales - EUR'000:		519,032
Project R&D cost:		-6,600

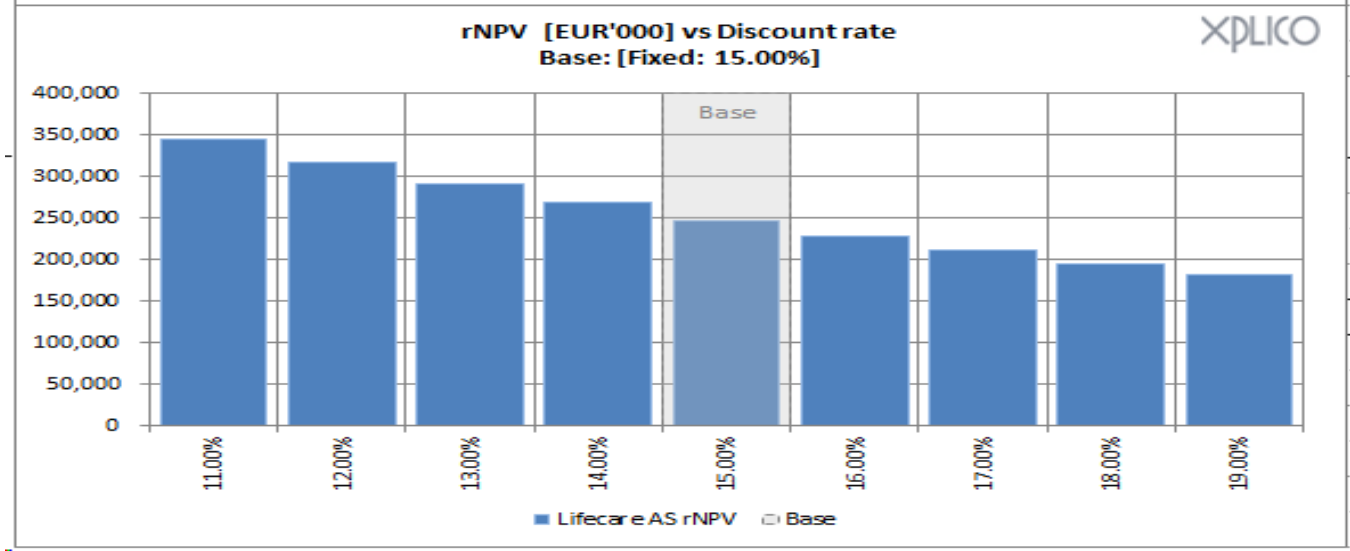


Sencell – Sensitivity Analysis Discount Rate (base =15%)

Discount rate | Base: [Fixed: 15.00%]

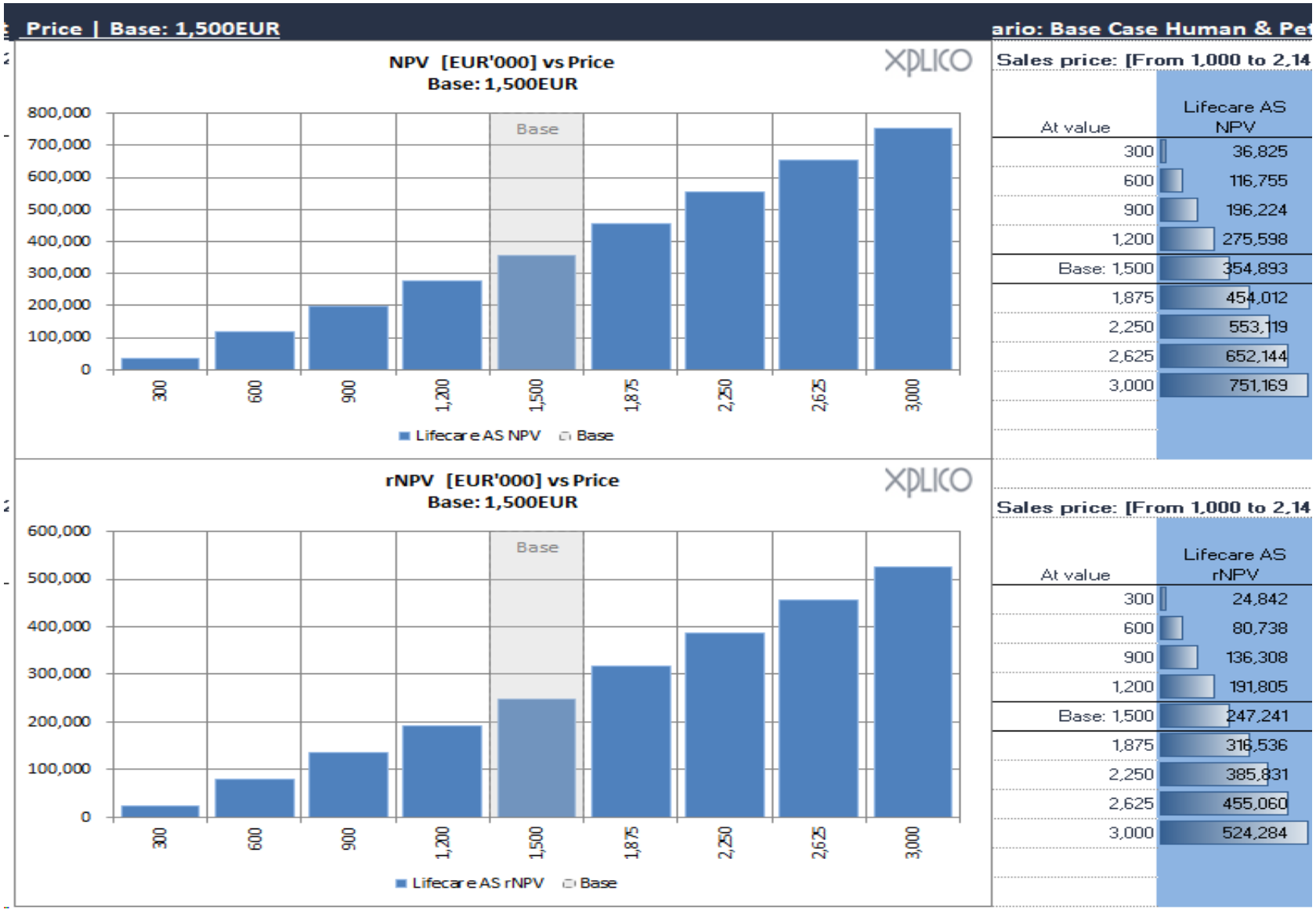


Discount rate: [Fixed: 15.00%]	
Discount Rate	Lifecare AS NPV
11.00%	497,792
12.00%	456,228
13.00%	418,876
14.00%	385,241
Base: 15.00%	354,893
16.00%	327,458
17.00%	302,611
18.00%	280,064
19.00%	259,570



Discount rate: [Fixed: 15.00%]	
Discount Rate	Lifecare AS rNPV
11.00%	345,242
12.00%	316,778
13.00%	291,172
14.00%	268,090
Base: 15.00%	247,241
16.00%	228,375
17.00%	211,269
18.00%	195,731
19.00%	181,592

Sencell – Sensitivity Analysis Sales Price (base US = € 1,500)



ario: Base Case Human & Pe

Sales price: [From 1,000 to 2,14

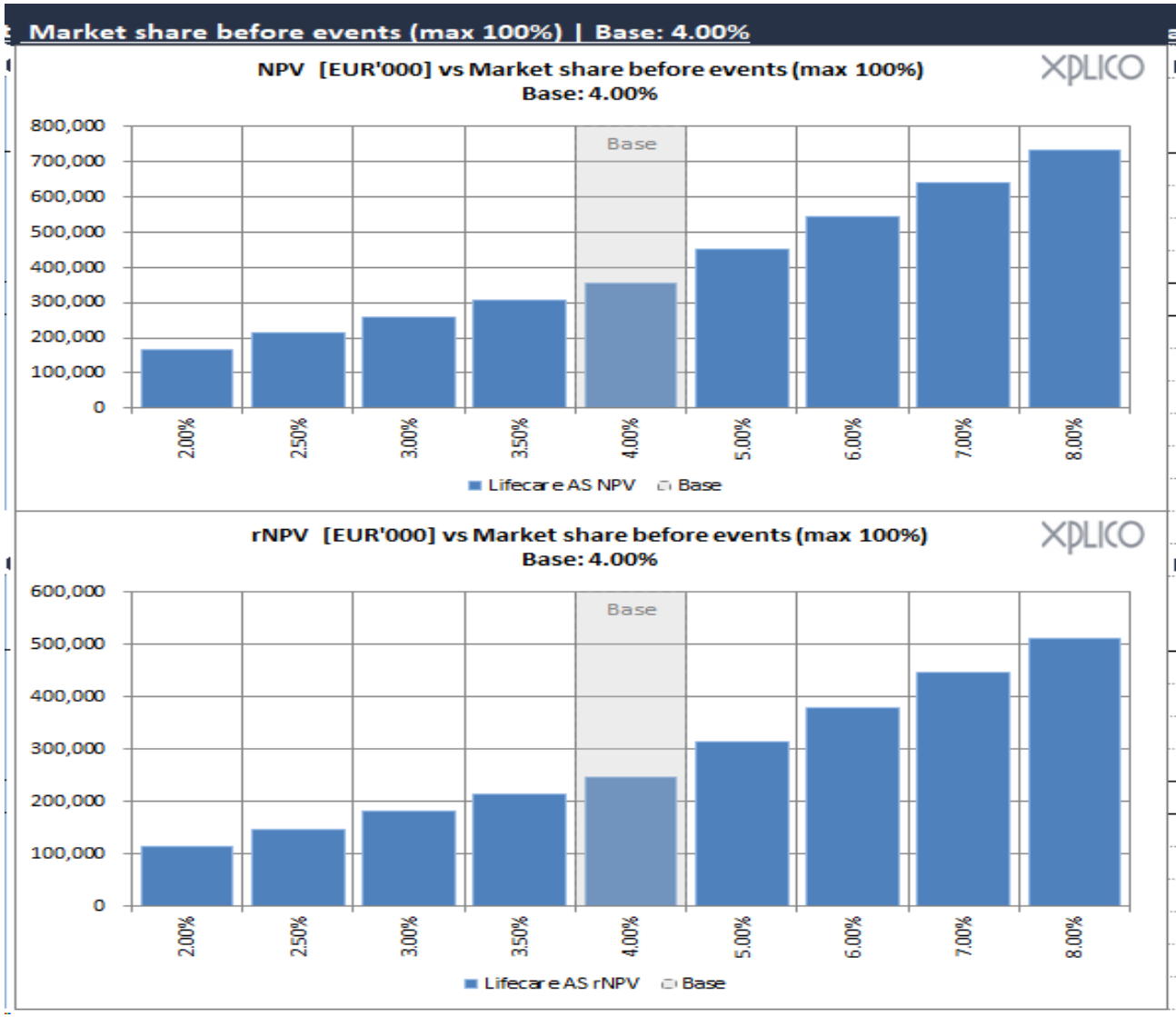
At value	Lifecare AS NPV
300	36,825
600	116,755
900	196,224
1,200	275,598
Base: 1,500	354,893
1,875	454,012
2,250	553,119
2,625	652,144
3,000	751,169

Sales price: [From 1,000 to 2,14

At value	Lifecare AS rNPV
300	24,842
600	80,738
900	136,308
1,200	191,805
Base: 1,500	247,241
1,875	316,536
2,250	385,831
2,625	455,060
3,000	524,284

Comments:
Price in Europe changed with similar percentages.

Sencell – Sensitivity Analysis Market Share (base Human = 4%)



ario: Base Case Human & Pe

Market share: [From 0.07% to 3

At value	Lifecare AS NPV
2.00%	165,540
2.50%	212,946
3.00%	260,289
3.50%	307,591
Base: 4.00%	354,893
5.00%	449,497
6.00%	544,100
7.00%	638,616
8.00%	733,132

Market share: [From 0.07% to 3

At value	Lifecare AS rNPV
2.00%	114,861
2.50%	148,007
3.00%	181,107
3.50%	214,174
Base: 4.00%	247,241
5.00%	313,376
6.00%	379,510
7.00%	445,589
8.00%	511,656

Comments:
Market share pets changed with similar percentages.

Lifecare AS
Valuation Report
Comparable

October 2023
Valuation of Sencell Continuous Glucose Monitoring (CGM) Sensor for Diabetes

© www.xplico.com

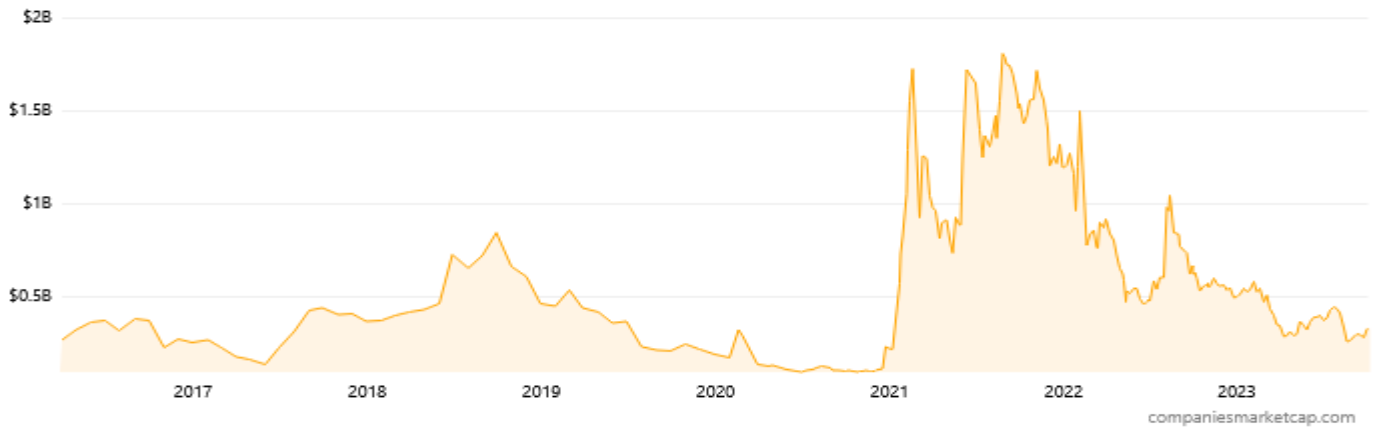
Comparable – Senseonics

Market capitalization of Senseonics Holdings (SENS)

Market cap: $0.31 Billion

As of October 2023 **Senseonics Holdings** has a market cap of **$0.31 Billion**. This makes Senseonics Holdings the world's **6124th** most valuable company by market cap according to our data. The market capitalization, commonly called market cap, is the total market value of a publicly traded company's outstanding shares and is commonly used to measure how much a company is worth.

Market cap history of Senseonics Holdings from 2016 to 2023



End of year Market Cap

Year	Market cap	Change
2023	$0.31 B	-35.25%
2022	$0.49 B	-58.63%
2021	$1.19 B	455.99%
2020	$0.21 B	14.92%
2019	$0.18 B	-59.33%
2018	$0.45 B	25.96%
2017	$0.36 B	45.89%
2016	$0.24 B	

End of Day market cap according to different sources

Comments:

Senseonics has a current market cap of $ 300M similar to the market cap when listed back in 2016 where they got the first approval of their CGM product in EU.

We think a value of Sencell of approx. €250M seems reasonable taken current development stage, market development for CGM and product profile into account.