



Valuing Contingent Value Rights (CVRs) in Life Sciences Transactions



Centri Team



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Ryan is a Partner at Centri Business Consulting and the leader of the firm's Life Sciences Practice. He has more than 25 years of public and private accounting experience. He joined Centri in July 2018, and throughout his career, has worked with public, privately held, and private equity portfolio entities, ranging from pre-IPO entrepreneurial startups to large public multinational corporations assisting, collectively from an audit, consultative and internal perspective, while supporting a multitude of financial accounting advisory, financial reporting and internal control issues and transactions.

Prior to his time with Centri, Ryan was an Audit Partner at BDO USA, LLP for 12 years (2005-2018). Ryan also served as the National Life Sciences Practice Leader for BDO USA, LLP, and previously as one of its Practice Leaders for the firm's Technology & Life Sciences Industry Group. Ryan's prior experience also includes leading the SEC Reporting Group at a Fortune 50 pharmaceutical company (2002-2005). Ryan was also a Partner at a technical accounting and consulting firm that provides financial accounting advisory and financial reporting services to private and public companies and pre-IPO companies.

Ryan received a B.B.A. in Accounting from Hofstra University in 1992 and is a Certified Public Accountant. He is a member of both the AICPA, New York, and New Jersey State Society of Certified Public Accountants. During his time at BDO, Ryan authored many of the life sciences industry publications and was a frequent presenter/moderator/trainer at various internal and external events.



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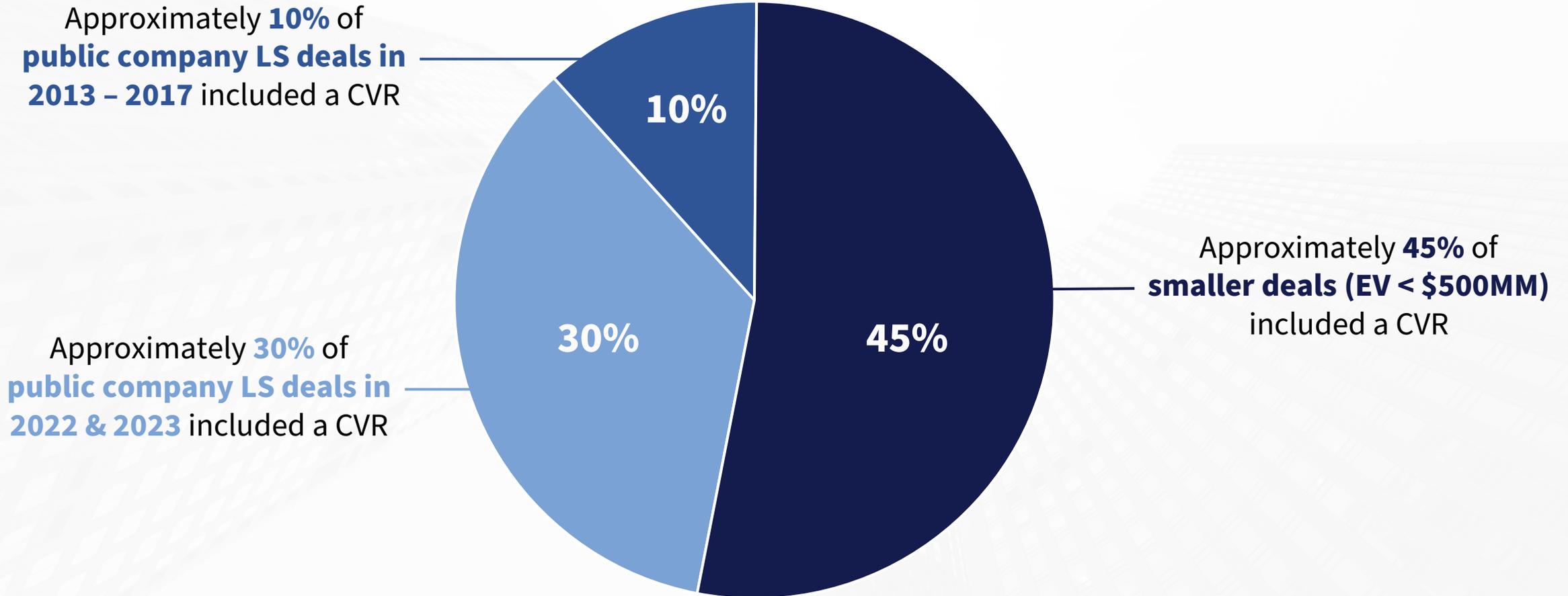
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Charles is a Managing Director at Centri Business Consulting. He has more than 25 years of experience in providing fairness and solvency opinions in connection with going private transactions, spin-offs, related-party transactions, recapitalizations, and restructurings. He joined Centri in March 2021, where he utilizes his skillset across a wide variety of industries, including technology, life sciences, healthcare, manufacturing, retail, professional services, and alternative energy. In addition, Charles has conducted valuations for financial reporting purposes under ASC 820, ASC 805, ASC 350, ASC 360, ASC 718, and ASC 842. He is also experienced in valuing a wide range of complex derivatives, including options, warrants, restricted stock units, performance-based shares, convertible debt instruments, and other fixed-income securities. Charles also has expertise in performing valuations for IRC 409A and estate and gift tax planning, providing a variety of valuation and opinion services for clients, both nationally and internationally.

Prior to his time with Centri, Charles was a Director with CBIZ Valuation Group, LLC.

Charles received an M.B.A. with concentrations in Finance and Information Management from the University of Texas and a B.S. in Finance from Rider University. Charles is a CFA charter holder and a member of the CFA Society of Philadelphia, the Philadelphia Estate Planning Council, BioNJ, and the Philadelphia Alliance for Capital and Technologies.

CVRs in Life Sciences Transactions



Source: Harvard Law School Forum on Corporate Governance, September 2023

Common CVR Structures



**Developmental/Regulatory
Milestones**



**Financial
Milestones**



**Stock Price
Milestones**



CVR Example: Pre-Clinical Company

Likely Milestones

- **Developmental/Regulatory Milestone:** Enroll Participants in Phase I Trials
- **Developmental/Regulatory Milestone:** Complete Phase 1/Begin Phase II
- **Financial Milestones:** Unlikely to Include

Valuation Methodology

- Probability-Weighted/Scenario-Based



CVR Example: Phase II Company

Likely Milestones

- **Developmental/Regulatory Milestones:** Complete Phase II, Receive FDA Approval
- **Financial Milestones:** Revenue Targets

Valuation Methodology

- **Developmental/Regulatory Milestones:** Probability-Weighted/Scenario-Based
- **Financial Milestones:** Depends on Structure
 - Scenario-Based or Closed-Form Option Pricing Models
 - Open-Form Models (Monte Carlo Simulation)



THANK YOU

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