

“Pointers for Term Sheet & Deal Negotiations”

Mark A. Tepper, Ph.D.

ENET Meeting

February 18, 2020

6-9pm

Draper Laboratory, Hill Building,
One Hampshire St. Cambridge, MA.

Management Team/Founders



Mark Tepper, Ph.D.

President & Chief Executive Officer

- Ph.D. Columbia Univ, Biochemistry/Biophysics
- Founder and C-level management for Corbus Pharmaceuticals, Primatope Therapeutics, NKT Therapeutics, and RXi Pharma. IPO'd Corbus (2014) and Rxi (2007). Sold Primatope in trade sale (2019).
- Previously held positions as: President & CSO, Corbus Pharmaceuticals, CEO, Multiple Life Science startups, VP USA Research & Operations, EMD Serono; Sr. Investigator, Bristol-Myers Squibb



James Larrick, M.D., Ph.D.

Chief Scientific Officer

- M.D., Ph.D. Duke, Post-doc Stanford; Board-certified Internal Medicine.
- Founder and C-level management for Velocity Pharmaceutical Development, Panorama Research Inst., and Cetus/Chiron.
- Founder >12 biotech companies which led to 5 IPOs and multiple acquisitions: TargetQuest (acquired by Dyax, IPO 2000), Arana (IPO 2005, acquired by Teva), KaloBios (IPO 2013), InterMune (IPO 2000), PanGenetics (acquired by Tanox, IPO 2000, then Genentech), Adamas (IPO 2014), Planet Biotech, Igenex (sold 2015), and others.



Stuart Lipton, M.D., Ph.D.

Scripps Research Institute, La Jolla

- Harvard-trained board-certified neurologist- KOL
- Scientific Founder of EuMentis Therapeutics
- Inventor of memantine (Namenda®, NamendaXR®, Namzaric®); FDA-approved for Alzheimer's disease
- Preclinical studies of EM-036 in MEF2C haploinsufficiency, Rett syndrome, Tuberous Sclerosis, Alzheimer's disease
- Has run advanced human clinical trials for dementia & presented to FDA regulators

Eumentis Therapeutics Inc.

Developing Next Generation Therapy for the Treatment of High Value Neurodevelopmental and Neurodegenerative Diseases

- Lead program: **EM-036**, a novel nitro-aminoadamantane *N*-methyl-D-aspartate (NMDA) receptor antagonist in preclinical development (IND-enablement) for the treatment of several CNS diseases
- Data demonstrate EM-036 nitrosylation of NMDAR results in **dramatic and significant efficacy improvement over memantine (Namenda®)** in Alzheimer's disease (AD) and Autism Spectrum Disorder (ASD) models
- Scientific Founders developed/patented NMDAR antagonist memantine (Namenda®), most recent drug approved to treat AD (\$3B peak annual sales)
- Received \$2M in NIH SBIR awards to support IND-enabling work on **EM-036**
- Currently raising Series A of \$20M to drive execution of development plan with:
 - **IND filing by end of 2020**
 - **Phase I complete 1H'21**
 - **Phase 1b/2a initiated 2H'21**

Key Items in Negotiating a Term Sheet

- Valuation- Market vs NPV
- Board control- How many seats, who, representing who?
- Amount of Financing- Max/Min
- Option pool- How much? premoney vs postmoney
- Cap Table-
- Closing Dates- Initial, Final
- Liquidation preference- no more than 1X
- Dividend- 7-8%
- Automatic Conversion of preferred stock- trigger
- Anti-dilution protection
- Drag-along rights - >60% of preferred
- ROFR- maintains investor prorata shares and right to purchase shares for sale by founder
- Restrictive Covenants- company M&A, security sale, board composition, option pool, dividend, articles of incorp



Thank you!

Contact:

Mtepper@eumentistx.com

617-413-3020