



Mr. Yossi Rauch Executive Chairman Bonus BioGroup Ltd BDO Israel Amot Bituach house

48 Menachem Begin Road, Tel-Aviv 66180

Israel

Dear Mr. Rauch,

Per your request, BDO Ziv Haft Consulting & Management Ltd. (Hereinafter: "BDO") has performed a valuation update of Wize Pharma's distribution rights (Hereinafter: "The Company" or "WP"). The valuation update report is as of June 30, 2021 (Hereinafter: "the valuation date") and based on our Valuation Report as of January 9, 2020. This Valuation update report, the analysis and conclusions are based on information that has been generated by the company's management, and therefore, has not been subject to our independent verification, beyond the analysis and reasonability check that are mentioned hereafter. This valuation update report include explanations to the differences of Wize Pharma's distributions rights value since December 31, 2020 to June 30, 2021.

This report is not a due diligence and therefore the analysis and conclusions contained in this report are based on various assumptions which may or may not be correct, being based upon factors and events subject to uncertainty. Such assumptions were developed solely of illustrating the principal considerations. Future results or values could be materially different from the forecasts and analysis contained here. In addition, this report shall not be deemed to contain or provide a fair price opinion.

BDO makes no representations or warranty, express or implied, as to the accuracy or completeness of the underlying assumptions, estimates analyses or other information contained in this report, and nothing contained herein is or shall be relied upon as a promise or a representation, whether as to the past, the present or the future.

This report is solely for the use of Bonus BioGroup. No part of it may be circulated, quoted or reproduced for distribution outside the client organization without the prior written approval from BDO. It is not intended to, and may not, be relied upon by any other party and, therefore, any other person or entity who received this report or the information contained herein, with BDO permission or otherwise, is hereby put on notice that (1) they are responsible for their own analysis and may not rely on any information contained herein, and (2) BDO makes no representations or warranties, including as to the accuracy or completeness of the information contained herein or any other written or oral communication transmitted or made available to (the third party) and expressly disclaims any and all liabilities based on such information or on omissions there from.

BDO hereby approves to Bonus Bio Group to present this paper to its board of directors and to publish this report in case it is required to do so according the Israeli SEC or the American SEC regulations or according by the law.

BDO have no personal interest in the company and we are independent of the company or BBG. In addition, our opinion meets the independent valuation conditions and criteria in accordance with the Securities Regulations.

If you require any clarification or further information, please contact Moti Dattelkramer on 972-3-6387435, motid@bdo.co.il.

Yours faithfully

BDO Ziv Haft

Consulting & Management Ltd.

CONTENTS

1	Executive summary	4
2	Appendix A - Valuation report as of January 9, 2020	13



WACC

▶ BDO calculated a discount rate (WACC) as of the valuation date by examining comparable companies. The WACC applied in the forecast is 23.1%: (in the valuation report as of January 9, 2020 the WACC was 22.9%)

WACC as of 30.06.21	Symbol	Value	Source
Financial Leverage	D/E	0%	Calculation
Debt Ratio	D/V	0%	Peer Group Avg
Equity Ratio	E/V	100%	Peer Group Avg
Cost of Debt	Kd	3.53%	Damodaran
1-Tax Rate	1-T	77%	Israel Corporate Tax Rate for Preferred Companies
Risk Free Rate	Rf	1.47%	Bloomberg
Market Premium	Rm-Rf	6.70%	Bloomberg
Unlevered Beta		1.393	CapitalIQ Comps Companies, Calculation
Levered Beta	Beta	1.393	Beta*[1+(D/E)*(1-T)]
Small Company Premium	SCP	11.29%	Duff & Phelps (10z decile) 2021
Specific Risk Premium	SRP	1.0%	
Cost of Equity	Ke	23.1%	Calculation
Company's Discount Rate		23.10%	

Methodology:

- ▶ On November 12, 2020 Wize reported topline results from its clinical trial of LO2A, for the symptomatic treatment of dry eye syndrome (DES) in patients with Sjögren's syndrome. As reported, results demonstrated clinically meaningful improvement in both signs and symptoms in line with U.S. FDA ophthalmic drug approval expectations. As of 30.06.21, there is no certainty to complete the trial development, as it is an FDA decision.
- ▶ We have added another 1% specific risk premium as there are significant risks to further trial development mainly from entry of new competitors: Sun Pharma has developed a new drug called SEQUA and there are several competitors that expected to release new drugs to the market in the next years).
- ▶ There is a risk of elimination of all rights with a probability of 50% due to failure to reach an understanding with Resdevco and failure to reach a transaction with a third party. Wise Pharma has the option to withdraw from the agreement with Resdevco and cancel the LO2A rights.

Valuation update Summary as of 30/06/21 (K USD)

		Value of LO2A	Weighted	After 50% probability to
Scenario	Probability	Rights (37%)	Value	elimination the rights
Fail in Phase 2	62%	-	-	-
Fail in Phase 3	14%	(3,768)	(527)	(264)
Fail in Pre-Approval	3%	(4,186)	(110)	(55)
According to all of the above, success in Pre-Approval and moving to full business operation	21%	36,749	7,790	3,895
Total Value of LO2A Rights (37%) as of 30/06/21	100%		7,153	3,577
Total Value of LO2A Rights (100%) as of 30/06/21			19,333	9,667

Conclusion

- ▶ The value of the LO2A rights (37%), according to the weighted average of each scenario, listed above is approximately USD 3.6M after considering 50% probability to elimination the rights as mentioned.
- ▶ The value is based on penetration rate of 10% as new competitors expected to release new drugs to the market in the next years (previous valuation study, the penetration rate was 12%). We believe that the penetration rate could be in the range of 8%-12%, which means value of the LO2A is between USD 2.8M to USD 4.6M.
- ▶ The value of the LO2A rights (37%), is calculated according to the perspective of potential market participants.
- ▶ In case WP will not sell the LO2A rights after phase 2, the value of the rights from BBG perspective could be materially higher than the value mentioned above, depending on the actual timing of the sell. The reason for this is the special contractual terms between BBG and WP, according to which, BBG will not participate in the R&D and G&A expenses of WP.

The expenses allocation:

▶ The expenses allocation for all clinical trials is as following:

Expenses for each Phase (K USD)	R&D	G&A	Total	Explanation
Phase 2	-	-	-	As of the valuation date, there are no additional expected expenses related to Phase 2
Phase 3	13,750	680	14,430	R&D: According to a memo prepared by The Weinberg Group. G&A includes regulatory consultancy
Pre-Approval	2,000	340	2,340	R&D: Including registration fees
Total	15,750	1,020	16,770	

▶ We believe that the revenue and expenses forecast are reasonable, provided the current status of the LO2A product in Europe, in addition to supporting materials received from Company management.

Comparable Companies

▶ In order to calculate the discount rate we collected financial data from Bloomberg on the following comparable companies:

Name	Ticker	Description	LTM Net Debt (in millions)	Levered Beta	Unlevered Beta	
		RegeneRx Biopharmaceuticals, Inc. is focusing on the				
		commercialization of Thymosin beta 4, a 43 amino				
		acid peptide. The Company is concentrating its				
REGENERX BIOPHAR	NASDAQ: EYEN	efforts on the use of Thymosin beta 4 for the	(24)	2.17	2.15	
		treatment of injured tissue and non-healing wounds				
		to enable more rapid repair and/or tissue				
		regeneration.				
		EyeGate Pharmaceuticals, Inc. provides				
		pharmaceutical products. The Company develops non-				
EYEGATE PHAR-	NASDAQ: EYEG	invasive ocular drug delivery system for the	(6)	1.11	1.09	
		treatment of eye diseases. EyeGate Pharmaceuticals				
		serves customers throughout the United States.				
		Aldeyra Therapeutics, Inc. provides medical services.				
		The Company deals in treatment and research for				
ALDEYRA THERAPEU	NASDAQ: ALDX	dry eye disease, allergic conjunctivitis, and other	(73)	1.74	1.70	
		forms of ocular inflammation. Aldeyra Therapeutics				
		serves patients in the United States.				
Average	-	-	(34)	1.67	1.39	

- ▶ Since the comparable company "EYEN" had high volatility we decided to use only "EYEG" and "ALDX" as comparable companies.
- ► Source: Capital IQ

Valuation Summary - all scenarios combined

		Value of LO2A	Weighted	After 50% probability to
Scenario	Probability	Rights (37%)	Value	elimination the rights
Fail in Phase 2	62%	-	-	
Fail in Phase 3	14%	(3,768)	(527)	(264)
Fail in Pre-Approval	3%	(4,186)	(110)	(55)
According to all of the above, success in Pre-Approval and moving to full business operation	21%	36,749	7,790	3,895
Total Value of LO2A Rights (37%) as of 30/06/21	100%		7,153	3,577
Total Value of LO2A Rights (100%) as of 30/06/21			19,333	9,667

- ▶ A market participant will see 4 main scenarios, shown above.
- ▶ Fail in phase 2: The value is mainly the expected R&D and G&A expenses.
- ▶ Fail in Phase 3: The value is mainly derived from R&D and G&A expenses in phases 2 and 3.
- ▶ Fail in Pre-Approval: The value in is mainly derived from the R&D and G&A expenses in phase 2, phase 3 and the pre-approval period.
- ▶ Success in Pre-Approval: We built a DCF for each of the scenarios (full business operation).

VALUATION - FULL OPERATION DCF

Valuation

	Year 1	Year 2	Year 3	Year	4 Ye	ear 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 1	12 Yea	ır 13	rear 14	Year 15	Year	16 Y	ear 17	Year 18	Year 19	Year 20	Year 21
	2021	2022	2023	2024	20)25	2026	2027	2028	2029	2030	2031	2032	203	3	2034	2035	2036	2	037	2038	2039	2040	2041
Target Market	2,395,596	2,544,182	2,679,95	7 2,799	9,773 2,	900,705	2,980,160	3,039,763	3,100,558	3,162,569	3,225,82	1 3,290,33	7 3,356,	144 3,42	23,267	3,491,732	3,561,56	7 3,632,	798 3	,705,454	3,779,563	3,855,154	3,932,257	4,010,903
Market Share	-	-	-	0.0%	5.	00%	5.63%	6.25%	6.88%	7.50%	8.13%	8.75%	10.0%	10.0)%	10.0%	10.0%	10.0%	1	0.0%	8.33%	6.67%	5.0%	5.0%
Revenues	-	-	-	-	14	15,035	167,634	189,985	213,163	237,193	262,098	287,904	335,61	4 342	,327	349,173	356,157	363,28	30 3	70,545	314,964	257,010	196,613	200,545
			2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	203	4 20	5 2	036	2037	2038	2039	2040	2041
K USD			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year	13 Yea	r 14 Ye	ır 15 Y	ear 16	Year 17	7 Year 18	Year 19	Year 20	Year 21
USA			-	-	-	-	145,035	167,634	189,985	213,163	237,193	262,098	287,904	335,614	342,3	27 349	,173 356	,157 30	63,280	370,545	314,964	257,010	196,613	200,545
% Change			N/A	N/A	N/A	N/A	0%	16%	13%	12%	11%	11%	10%	17%	2%	2%	2%	25	%	2%	-15%	-18%	-24%	2%
Number of Pac	ckages		-	-	-	-	3,626	4,191	4,750	5,329	5,930	6,552	7,198	8,390	8,558	8,7	29 8,9	04 9	,082	9,264	7,874	6,425	4,915	5,014
COGS			-	-	-	-	43,133	49,854	56,502	63,395	70,541	77,948	85,623	99,812	101,8	08 103	,844 105	,921 10	08,039	110,200	93,670	76,435	58,473	59,642
Gross Profit			-	-	-	-	101,902	117,780	133,484	149,769	166,652	184,150	202,282	235,80	3 240,	19 245	,329 25	,236 2	55,240	260,34	5 221,29	3 180,575	138,140	140,903
Gross Margin			N/A	N/A	N/A	N/A	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	709	6 7	0%	70%	70%	70%	70%	70%
Operating Exp	enses																							
R&D			3,438	3,438	6,875	2,000																		
Selling, genera	al and admir	nistrative	170	170	340	340	37,449	43,285	49,056	55,041	61,245	67,676	74,339	86,658	88,39	2 90,	159 91,	963 93	3,802	95,678	81,326	66,362	50,767	51,782
Resdevco Cont	tract		-	-	-	-	13,053	15,087	17,099	19,185	21,347	23,589	25,911	30,205	30,80	9 31,4	126 32,)54 32	2,695	33,349	28,347	23,131	17,695	18,049
Other and une	expected		-			-	4,351	5,029	1,900	2,132	2,372	2,621	2,879	3,356	3,423	3,49	92 3,5	52 3	,633	3,705	3,150	2,570	1,966	2,005
Operating Pro	fit (Loss)		(3,608)	(3,608)	(7,215)	(2,340)	47,048	54,379	65,429	73,412	81,687	90,264	99,152	115,58	3 117,	394 120	,252 12	,657 1	25,111	127,61	3 108,47	1 88,512	67,712	69,066
% of Revenue							32%	32%	34%	34%	34%	34%	34%	34%	34%	34%	349	6 3·	4%	34%	34%	34%	34%	34%
Tax			-	-	-	-	7,794	12,507	15,049	16,885	18,788	20,761	22,805	26,584	27,11	6 27,6	558 28,	211 28	8,775	29,351	24,948	20,358	15,574	15,885
Working Capita	al		-	-	-	-	21,755	3,390	3,353	3,477	3,604	3,736	3,871	7,156	1,007	1,02	27 1,0	18 1,	,068	1,090	(8,337)	(8,693)	(9,060)	590
Total Adjustm	ents to cas	h flow	-	-	-	-	29,549	15,897	18,401	20,361	22,392	24,497	26,676	33,741	28,1	23 28,	685 29	259 2	9,844	30,441	16,611	11,665	6,514	16,475
Cash Flow			(3,608)	(3,608)	(7,215)	(2,340)	17,499	38,482	47,028	53,050	59,295	65,768	72,476	81,842	89,7	72 91,	567 93	399 9	5,267	97,172	91,860	76,847	61,198	52,591
Period			0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.50	11.50	12.50	13.5	50 14.	50 1!	5.50	16.50	17.50	18.50	19.50	19.5
DCF			(3,251)	(2,641)	(4,291)	(1,131)	6,868	12,270	12,181	11,162	10,135	9,132	8,175	7,499	6,68	2 5,5	37 4,5	88 3	,801	3,150	2,419	1,644	1,063	4,331
Fair Value - 10	00%		99,323																			_		
Fair Value - 3	7%		36,749	1																				

Sensitivity Analysis

A sensitivity is applied to the company's WACC and market share, shown below:

Sensiti	Sensitivity Analysis for the wighted Value (K USD)													
	WACC													
		21.10%	22.10%	23.10%	24.10%	25.10%								
_	12.0%	5,397	4,888	4,435	4,031	3,668								
Share	11.0%	4,886	4,420	4,006	3,636	3,304								
	10.0%	4,375	3,953	3,577	3,241	2,941								
Market	9.0%	3,864	3,485	3,147	2,846	2,577								
<	8.0%	3,353	3,017	2,718	2,452	2,213								

