

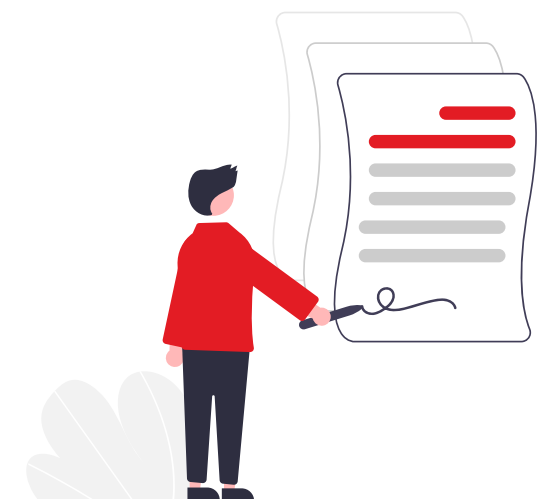
# Determine the base price for stock options that were to be issued to the top management

## Business Situation

- Assisted a US-based independent valuator in determining the base price for stock options that were to be issued to the top management of a company involved in developing novel therapeutic solutions for the diaphragm muscle.
- Executed the tough assignment of value allocation to each class of shares, which was complicated due to the different classes of shares, in a tight timeline.

## SGA Support

- Reviewed all relevant documents as part of the due diligence process including capitalization table and the latest article of incorporation.
- Analyzed the business model, management changes, latest products, and significant changes from previous valuations along with detailed industry research on growth trends and demand and supply dynamics.
- Evaluated the equity of the business assessing the appropriateness and applicability of different valuation approaches including the traditional cost, income, and market approaches.
- Analyzed the stock options agreement to comprehend the rights and preferences pertaining to the issue of equity security and the outcome of each possible exit event.
- Determined the relevant inputs for the option valuation methods from industry databases and client discussions.
- Leveraged the Black–Scholes option pricing model, allocating the total value between various classes to determine the stock options value.



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