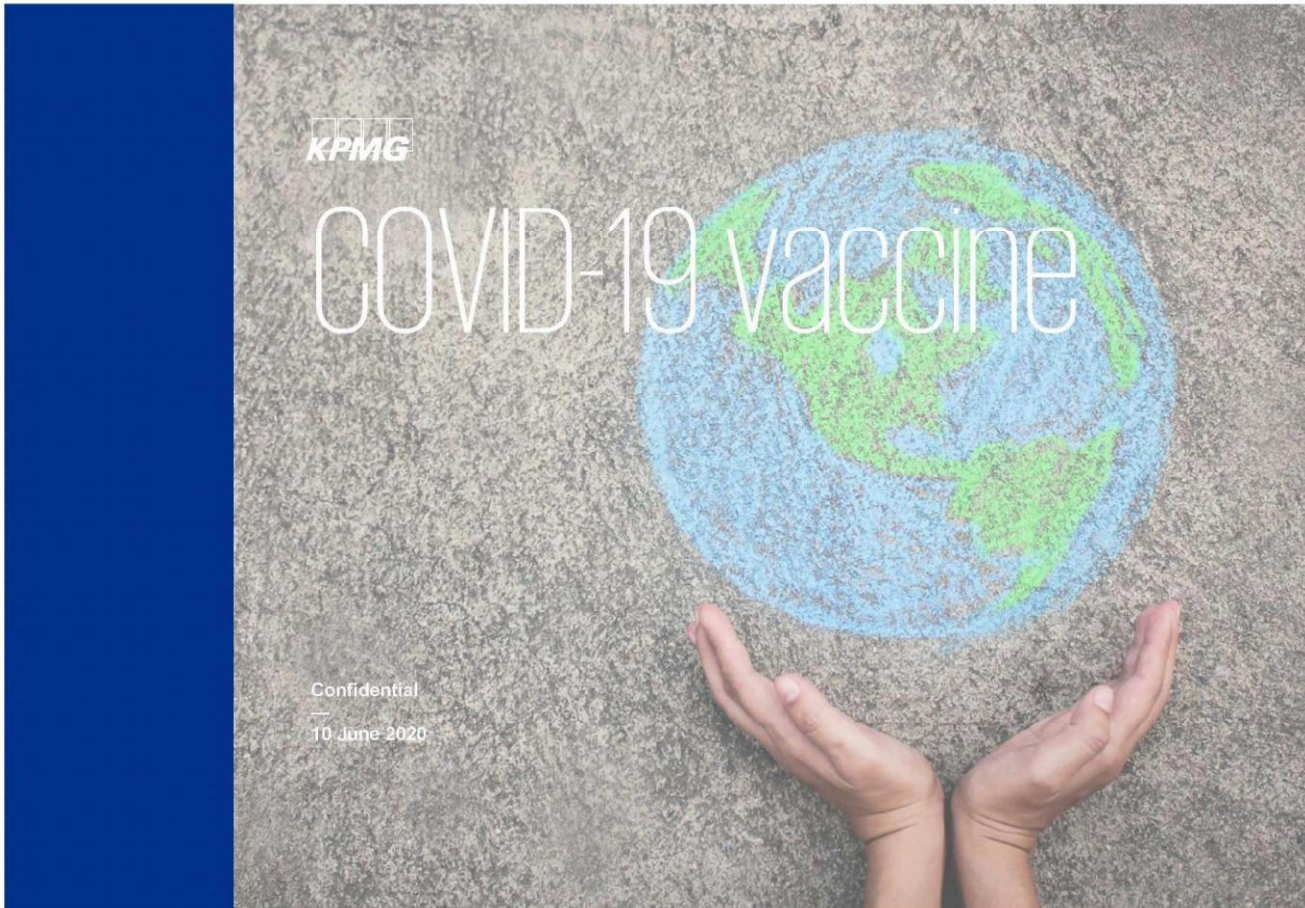






KPMG Corporate Finance
P.O. Box 74500
1070 DB Amsterdam
The Netherlands

Laan van Langerhuize 1
1106 DG Amstelveen
Tel: +31 (0)20 656 7052
Fax: +31 (0)20 656 7400

Dutch Ministry of Health
(10)(2e)
Parnassusplein 5
2551 VX Den Haag

Amstelveen, 10 June 2020

Dear (10)(2e)

As requested, we enclose our draft confidential report ("Draft Report") on the financial assessment of the proposals for developing and manufacturing a vaccine for the COVID-19 pandemic provided by (10)(1c) ("Term Sheets").

We understand that your purpose in requesting a draft of our report at this stage is to enable you to give preliminary consideration to the findings available to date. You agree that our final written report shall take precedence over this draft, and that no reliance will be placed by you on any draft report other than at your own risk.

This draft report has been prepared on the basis of work carried out up to 9 June 2020. You will be aware that we have not yet completed the work required to enable us to report in accordance with our agreement. You should, therefore, bear in mind when considering the draft report that the information contained within it and our preliminary conclusions based thereon may alter or be refined as our work progresses.

If the information shown in this draft report or the assumptions on which this draft report is based are subsequently shown to be incorrect or incomplete, this could have the effect of changing conclusions, as set out in this Report and these changes could be material. We are under no obligation to amend our draft report for any subsequent event or new information.

We draw your attention to the disclaimer and the letter of presentation for our final report included hereafter.

We shall be pleased to receive your observations on our draft report.

Our draft report is confidential and is released to you on the basis that it is not to be copied, referred to or disclosed, in whole or in part, without our prior written consent.

Yours faithfully,
KPMG Advisory N.V.

(10)(2c)





KPMG Corporate Finance
P.O. Box 74500
1070 DB Amsterdam
The Netherlands

Laan van Langerhuize 1
1106 DS Amstelveen
Tel: +31 (0)20 656 7052
Fax: +31 (0)20 656 7400

Dutch Ministry of Health
(10)(2e)
Parnassusplein 5
2551 VX Den Haag

Amstelveen, [xxx] 2020

Dear (10)(2e)

DRAFT

In accordance with our agreement dated 4 June 2020 we enclose our confidential report on the financial assessment of the proposals for developing and manufacturing a vaccine for the COVID-19 vaccine provided by (10)(1c) ("Term Sheets").

As agreed, this final written report supersedes all previous oral, draft or interim advice, reports and presentations, and that no reliance will be placed by you on any such oral, draft or interim advice, reports or presentations other than at your own risk.

The disclaimer included hereafter should be read in conjunction with this letter.

Our confidential report is for the benefit and information of the addressees only and should not be copied, referred to or disclosed, in whole or in part, without our prior written consent.

If the information shown in this confidential report or the assumptions on which this confidential report is based are subsequently shown to be incorrect or incomplete, this could have the effect of changing the conclusions, as set out in this confidential report and these changes could be material. We are under no obligation to amend our confidential report for any subsequent event or new information.

The scope of work for this confidential report as orally agreed has been agreed by the addressees and to the fullest extent permitted by law we will not accept responsibility or liability to any other party in respect of our work or the confidential report.

Yours faithfully,
KPMG Advisory N.V.

(10)(2e)



Important notes to the Dutch Ministry of Health (1/3)

Background

- The COVID-19 pandemic ("pandemic") asks for commitments for governments in order to ensure long-term health. Germany, France, Italy and the Netherlands ("Coalition Governments") cooperates in the development, manufacturing and distribution of a vaccine for COVID-19 ("Vaccine").
- The Coalition Governments act on behalf of other, to be determined (European) countries, that will be entitled to receive the Vaccine ("Recipient European Governments").
- The Coalition Governments have asked several third parties to provide them with a term sheet for manufacturing the Vaccine ("Term Sheet"). The following three parties ("the Companies") have or will provide the Coalition Governments with a term sheet:



- Sheets") from the Dutch Ministry of Health ("Ministry").
- On the right side of this page KPMG outlines a number of points of attention, which we would like to share with you at the start of the process, as well as some recommendations regarding the actual process of interacting with the Companies. It is however noted that KPMG is not part of the negotiations with the Companies nor with the Coalition Governments.

Points of attention



Getting in control

The interest of the State is to agree a (partly) non-binding term sheet with three or four companies as soon as possible. In the meantime, it could be beneficial for the State to draft one (funding) agreement that will then serve as the basis for negotiations with all companies. This will speed up the process, safeguards that important elements for the State are discussed and increases comparability of the various proposals.



Transparency

The Term Sheets provide information regarding development and manufacturing cost on a very high level. The Companies needs to elaborate on the costs in more detail. We would recommend the Ministry to ask the Companies for transparency in the Cost of Goods ("COGs") i.e. what are the cost components including the expenses and what is the split between fixed costs and variable costs.



Pricing

The funding agreement should be based on the principle that profit is a reward for the risks you take. The Term Sheets provide limited insights in the pricing method of the Vaccine after the Pandemic Period. In general the Term Sheets imply that the Vaccine will be provided at a commercial price. We recommend the Ministry get more insides on this commercial price and to take a view on the maximum profit margin it is willing to grant to the Companies in exchange for certainty of availability after the Pandemic Period.



Availability

There are several uncertainties related to the availability. There are no exclusivity provisions in the Term Sheets or agreements on the distribution of the vaccine between customers (countries). Furthermore, because governments bear the full investment risk you would like to have a claim on the facility/capacity after the Pandemic Period.



Risk carrier

The Dutch State and the other three countries bear the financial and development risk of the Vaccine for all European citizens and potentially for all (subsequent) damages. Starting point for the agreement with the Companies or for an agreement between the European countries should be that the Coalition Governments are compensated for the startup costs by the Recipient European Governments, if there is a working vaccine, and only bear risks relating to damages for their own inhabitants.

Contact details in relation to this report

(10)(2e)

KPMG Advisory

T: +31 (10)(2e)
M: +31 (10)(2e)
E: (10)(2e)@kpmg.nl

(10)(2e)

(10)(2e)
KPMG Corporate Finance

T: (10)(2e)
M: (10)(2e)
E: (10)(2e)@kpmg.nl

(10)(2e)

(10)(2e)
KPMG Advisory

T: (10)(2e)
M: (10)(2e)
E: (10)(2e)@kpmg.nl



Important notice - Disclaimer

This confidential draft report (the "Report") has been prepared on behalf of the Dutch Ministry of Health ("Ministry") by KPMG Corporate Finance ("KPMG Corporate Finance"), part of KPMG Advisory N.V. with regard to a financial assessment of the proposals for developing and manufacturing a vaccine for the COVID-19 vaccine provided by (10)(1c) ("Term Sheets").

Our final Report shall take precedence over any draft of the Report provided to you and no reliance will be placed by you on any draft Report other than at your own risk.

This Report is incomplete without reference to and should be viewed solely in conjunction with the oral briefing provided by KPMG Corporate Finance. This Report nor its content may not be disclosed or used for any other purpose without prior written consent of KPMG Corporate Finance.

The information in this Report reflects prevailing conditions and our views as at this date, all of which are accordingly subject to change. In preparing this Report, we have relied upon and assumed, without independent verification, the accuracy and completeness of any information available from public sources, third parties and information provided by, or on behalf of, the Ministry. We do not accept responsibility for such information and, as far as it relates to information provided by the Ministry, such information remains the responsibility of the Ministry.

This Report contains prospective financial information on Term Sheets. KPMG Corporate Finance does not warrant nor confirm the realisation of such financial information and does not accept any responsibility for the reliability in respect thereof. Actual results may differ materially.

KPMG Corporate Finance does not express an opinion or any form of assurance on the information presented in this Report. KPMG Corporate Finance does not make any representations regarding the sufficiency of the procedures we performed for your informational needs.

KPMG Corporate Finance was not and will not be involved in any decision-making by the Ministry.

KPMG Corporate Finance does not accept or assume responsibility to any party other than to the Ministry.

© 2020 KPMG Advisory N.V., registered with the trade register in the Netherlands under number 33263682, is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. The KPMG name and logo are registered trademarks of KPMG International.

The KPMG name and logo are registered trademarks of KPMG International.

© 2020 KPMG Advisory N.V., registered with the trade register in the Netherlands under number 33263682, is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. The KPMG name and logo are registered trademarks of KPMG International.