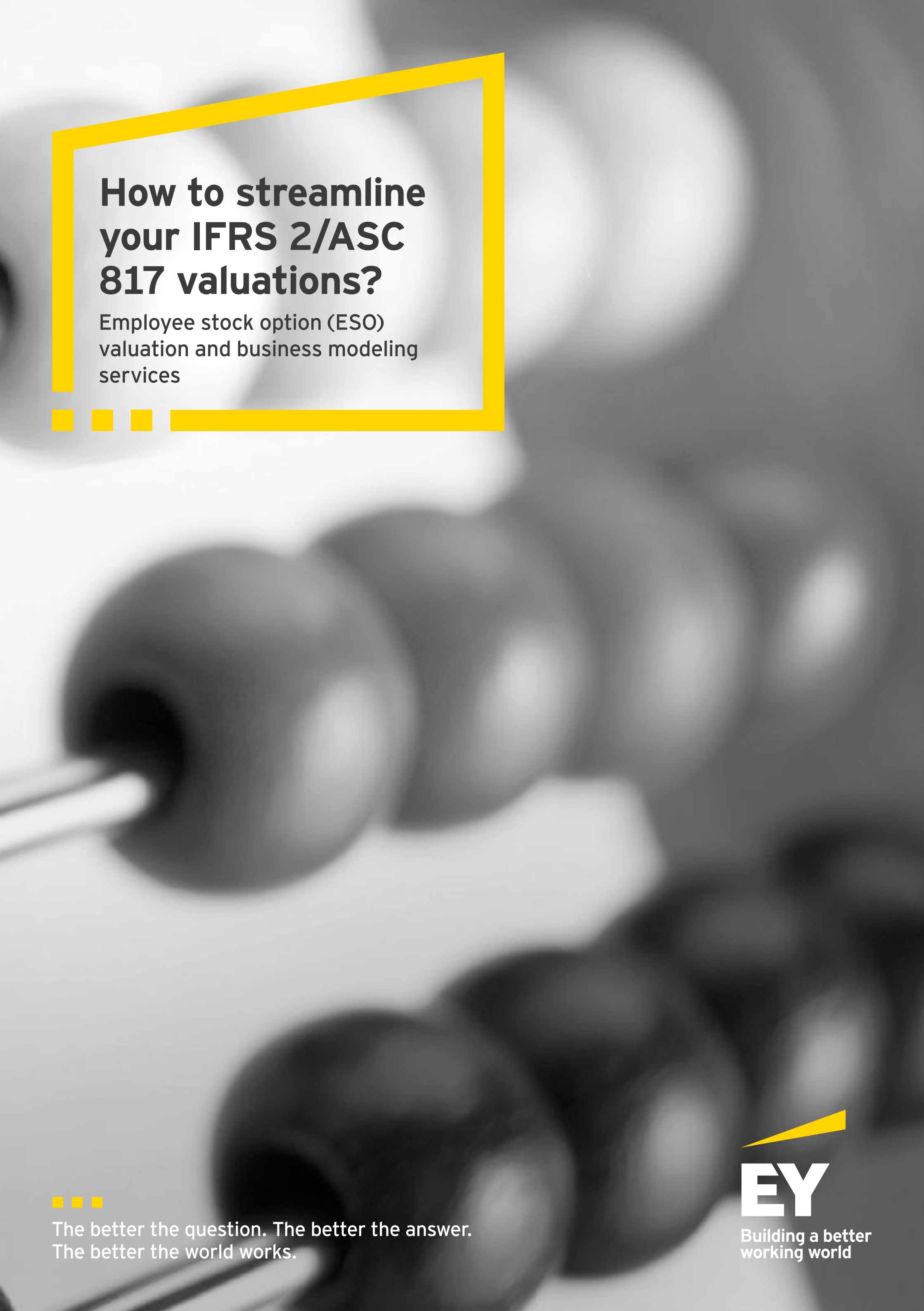

How to streamline your IFRS 2/ASC 817 valuations?

Employee stock option (ESO) valuation and business modeling services

The better the question. The better the answer.
The better the world works.

Building a better working world

Convenience and reduced cost of compensation

Based on our broad experience in ESO valuation, we will translate your specific ESO plan & term sheet into financial accounting entries. We will build on existing modules to customize our valuation tool to your needs. If you select EY, you will get a user-friendly tool to value new option grants whenever you need it, producing the relevant accounting information.

> **Our Excel tool will be tailored to your needs to provide you with audit compliant valuations at each grant date.**

Maximilian Franke, Senior Consultant

Cost reduction: IFRS2/ASC 817 allows for some flexibility in the valuation of ESO plans. Depending on the applied valuation method, your cost of compensation can be significantly reduced. Compared to simply applying the Black-Scholes formula, ESO valuations have to incorporate i) early exercise to capture risk-aversion, ii) hedging restrictions and non-transferability, and iii) concentrated single asset positions. This implies on average a lower exercise price and lower cost of compensation (up to -30% based on our experience when compared to simple Black-Scholes valuations).

Why choosing us?

1. We do not apply the same method across all engagements. Our target is to value your specific term sheet with reasonable effort.

2. The output you receive is not only a simple valuation print-out but a plug-n-play Excel tool tailored to your needs and re-usable at every option grant.

3. Our solution comes with ongoing support and advice.

4. Our approach and tool is IFRS 2/ASC 817 compliant and will facilitate the audit review process.

5. We can leverage on a broad range of ESO valuation projects to allow for a fair budget.

Our framework offers flexibility to minimize your cost of compensation within the rules of IFRS/US GAAP.

Hannes Schobinger, Senior Manager

Examples of tailor-made solutions

Increasing complexity

"Plain vanilla" equity settled ESO plan/call option	>>	Straight forward risk-free world valuation (lattice models, bi/trinomial trees, Black/Scholes in rare cases)
Cash settled phantom stock ESO plan	>>	ESO tool adjusted to capture revaluation effects as of each reporting date (liability component)
Complex ESO plan with several vesting, performance, market and service conditions	>>	Real-world Monte Carlo simulation to capture relevant variables adequately

Our ESO valuation tools offer:

- A state-of-the-art valuation algorithm close to academic research
- Full flexibility to capture your specific term sheet components accurately
- Highly convenient interface for the end-user

Recent ESO credentials

EY developed an IFRS 2/ASC 817 compliant valuation and reporting tool

- *2015* **Deutsche Wohnen** – Performance-based ESO tool
- *2012-2015* **Songwon** – Cash-settled phantom stock valuation & reporting tool
- *2013* **Dufry** – Barrier option valuation tool

EY reviewed IFRS 2/ASC 817 valuations

- *2009-2015* **ABB** – Performance-based ESO valuation review
- *2015* **Straumann** – Performance-based ESO valuation review
- *2009-2015* **Evolva** – Equity-settled ESO valuation review
- *2014* **GlycoVaxyn** – Performance-based ESO valuation review
- *2014* **Santhera** – Performance-based ESO valuation review
- *2013* **Hybris** – Performance-based ESO valuation review
- *2012* **Acino** – Restricted stock unit valuation review
- *2012* **Anergis** – Start-up company ESO valuation review

Your IFRS 2/ASC 817 specialists in Switzerland and Germany

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