



MOSSADAMS

Report of Independent Auditors

The Board of Directors
Sentyln Therapeutics, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Sentyln Therapeutics, Inc., which comprise the balance sheet as of December 31, 2017, and the related statements of income, stockholder's equity and cash flows for the period from January 19, 2017 to December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sentynt Therapeutics, Inc. as of December 31, 2017, and the results of its operations and its cash flows for the period from January 19, 2017 to December 31, 2017 in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

San Diego, California
March 19, 2018

Sentynl Therapeutics, Inc.
Balance Sheet
December 31, 2017

ASSETS		
Current Assets		\$ 6,320,893
Cash and cash equivalents		24,148,800
Accounts receivable, net		2,618,746
Inventories		3,727,810
Prepaid expenses and other current assets		<u>36,816,249</u>
Total current assets		189,036
Property and Equipment, net		81,621,248
Identifiable Intangible Assets, net		74,188,726
Goodwill		40,000,000
Note Receivable – Affiliate		<u>\$ 232,815,259</u>
Total assets		
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities		\$ 2,047,905
Accounts payable		33,867,643
Accrued expenses and other current liabilities		917,024
Income taxes payable		<u>36,832,572</u>
Total current liabilities		
Long-term Liabilities		119,441,867
Note payable, net		14,711,501
Deferred tax liabilities, net		182,997
Other long-term liabilities, net		<u>134,336,365</u>
Total long-term liabilities		<u>171,168,937</u>
Total liabilities		
Commitments and Contingencies (Note 9)		
Stockholder's Equity		30,010,000
Common stock (par value, \$0.0001 per share, 2,000 shares authorized, 100 shares outstanding)		31,636,322
Retained earnings		<u>61,646,322</u>
Total stockholder's equity		<u>\$ 232,815,259</u>
Total liabilities and stockholder's equity		

See accompanying notes.

Sentynl Therapeutics, Inc.**Statement of Income****For the Period from January 19, 2017 (Inception) to December 31, 2017**

GROSS SALES	\$ 123,023,072
Less: Deductions and allowances	<u>(37,582,737)</u>
NET SALES	<u>85,440,335</u>
OPERATING COSTS AND EXPENSES	
Cost of sales	16,235,378
Manufacturing support, quality and regulatory	3,656,788
Selling and marketing	9,257,992
General and administrative	5,938,141
Depreciation	184,279
Amortization	<u>10,872,152</u>
Total operating costs and expenses	<u>46,144,730</u>
OPERATING INCOME	39,295,605
INTEREST EXPENSE (INCOME)	
Interest expense	3,335,306
Interest income	<u>(362,427)</u>
Total interest expense, net	<u>2,972,879</u>
INCOME BEFORE PROVISION FOR INCOME TAXES	36,322,726
PROVISION FOR INCOME TAXES	<u>4,686,404</u>
NET INCOME	<u><u>\$ 31,636,322</u></u>

Sentynl Therapeutics, Inc.
Statement of Stockholder's Equity
For the Period from January 19, 2017 (Inception) to December 31, 2017

	Common Stock		Retained Earnings	Total Stockholder's Equity
	Units	Amount		
BALANCE, January 19, 2017 (INCEPTION)	100	\$ 30,010,000	\$ -	\$ 30,010,000
Net income	-	-	31,636,322	31,636,322
BALANCE, DECEMBER 31, 2017	100	\$ 30,010,000	\$ 31,636,322	\$ 61,646,322

See accompanying notes.

Sentynl Therapeutics, Inc.
Statement of Cash Flows
For the Period from January 19, 2017 (Inception) to December 31, 2017

OPERATING ACTIVITIES	
Net income	\$ 31,636,322
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	184,279
Amortization	10,872,152
Amortization of deferred financing costs	131,867
Deferred compensation expense	151,725
Other	10,375
Changes in operating assets and liabilities:	
Accounts receivable	(8,401,784)
Inventories	(1,042,441)
Prepaid expenses and other current assets	(1,114,324)
Income taxes payable	909,748
Accrued expenses and other current liabilities	11,274,168
Deferred tax liabilities	(12,263,034)
Accounts payable	(7,276)
Interest receivable – affiliate	(157,768)
Net cash provided by operating activities	<u>32,184,009</u>
INVESTING ACTIVITIES	
Loan advances to affiliate	(40,000,000)
Cash paid for settlement of merger-related obligations	(8,452,062)
Purchase of property and equipment	(40,084)
Net cash used in investing activities	<u>(48,492,146)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	<u>(16,308,137)</u>
CASH AND CASH EQUIVALENTS	
Beginning of period	<u>22,629,030</u>
End of period	<u>\$ 6,320,893</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash payments for:	
Interest:	
Paid to a third party	\$ 1,911,599
Paid to a related party	1,256,388
Total interest paid	<u>\$ 3,167,987</u>
Income Taxes Paid	<u>\$ 16,027,690</u>

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY

Accrued acquisition consideration payable to seller	<u>\$ 2,756,796</u>
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