

FORGE LIFE SCIENCE, LLC

Confidential Unaudited Financial Statements

STATEMENT OF FINANCIAL POSITION

	<u>Sept 30, 2017</u>	<u>December 31, 2016</u>
Assets		
Cash	\$ 301,723	\$ 424,664
Accounts receivable	32,780	110,620
Prepaid services*	640,938	214,631
Other assets	9,105	21,592
Total current assets	<u>984,546</u>	<u>771,507</u>
Property and equipment	4,055	4,055
Total assets	<u><u>\$ 988,602</u></u>	<u><u>\$ 775,562</u></u>
Liabilities and members' equity		
Current liabilities		
Accounts payable and accrued expenses	\$ 299,355	\$ 107,294
Total current liabilities	<u>\$ 299,355</u>	<u>\$ 107,294</u>
Total liabilities	\$ 299,355	\$ 107,294
Members' equity **		
Common Stock	\$ 125	\$ 113
Preferred Stock	\$ 2,265,215	\$ 1,658,469
Net Income	<u>\$ (1,576,093)</u>	<u>\$ (990,314)</u>
Total member's equity (deficit)	<u>\$ 689,247</u>	<u>\$ 668,268</u>
Total liabilities and members' equity (deficit)	<u><u>\$ 988,602</u></u>	<u><u>\$ 775,562</u></u>

* *Prepaid services reference services in exchange for equity investment in FORGE life Science. This will be drawn down as the services are completed*

** *Member's equity summarizes capital accounts for Common Stock (Class 1 and Class 2 Stock) and Preferred Stock (Class A and Class A-1 Convertible Preferred Stock)*

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STATEMENT OF INCOME

	Nine months ended September 30,	
	<u>2017</u>	<u>2016</u>
Revenues		
Revenue from government grants	\$ 243,805	\$ 304,157
Research contracts and tax credits	<u>\$ 22,628</u>	<u>\$ 212,443</u>
Total Revenue	<u><u>\$ 266,433</u></u>	<u><u>\$ 516,600</u></u>
Operating expenses		
Research and development	\$ 1,267,433	\$ 923,895
General and administrative	<u>\$ 575,426</u>	<u>\$ 317,821</u>
Total Operating Expenses	<u><u>\$ 1,842,859</u></u>	<u><u>\$ 1,241,716</u></u>
Loss from operations	\$ (1,576,426)	\$ (725,115)
Interest (income)/expense, net	<u>(333)</u>	<u>(310)</u>
Net Income/(Loss)	<u><u>\$ (1,576,093)</u></u>	<u><u>\$ (724,805)</u></u>

* FORGE Life Science, LLC. receives grant revenue from the National Institute of Health (NIH). Research facilities costs are included in Research and development operating expenses. Research and development operating expenses exclude FORGE officers and advisor expenses. These expenses are included in General and administrative expenses.

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STATEMENT OF CASH FLOWS

	Nine Months Ended September 30,	
	2017	2016
OPERATING ACTIVITIES		
Net Income	(1,576,093)	(724,805)
Adjustments to reconcile Net Income to net cash provided by operations:		
Prepaid Expenses	(402,789)	(294,445)
Security Deposits	(230)	50
Accounts Receivable	77,840	(66,640)
Accounts Payable	67,892	(47,983)
Other Current Liability	112,868	(20,854)
Net cash provided by Operating Activities	(1,720,513)	(1,154,677)
INVESTING ACTIVITIES		
Capital Expenditures		
FINANCING ACTIVITIES		
Principal Payment on Debt		(222,661)
Proceeds from Short term Convertible Debt		
Proceeds from stock purchase Class 2	12	41
Proceeds from stock purchase A-1 Preferred	1,596,989	1,496,411
Net cash provided by Financing Activities	1,597,001	1,273,791
Net cash increase	(123,511)	119,114
Cash at the beginning of the period	425,235	161,135
Cash at the end of the period	301,724	280,249

FORGE Life Science, LLC
Summary Capitalization Table
CONFIDENTIAL

9/30/17

Primary

Class 1 Stock	5,940,000
Class 2 Stock	<u>1,025,760</u>
Total	<u><u>6,965,760</u></u>

Fully Diluted

Class 1 Stock	5,940,000
Class 2 Stock	1,025,760
Class A Convertible Preferred Stock	4,500,000
Class A-1 Convertible Preferred Stock	3,726,148
Class 3 Stock	
Warrants	<u>45,977</u>
Total	<u><u>15,237,885</u></u>