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From: **Lillian Chiang** <lillian@forgelifescience.com>

Date: Thu, Nov 29, 2018 at 7:16 PM

Subject: FORGE Life Science Q3 Financials

To: Lillian Chiang <lillian@forgelifescience.com>

Cc: Karen Monzon <karen@forgelifescience.com>, Brian Pusch <bpusch@puschgal.com>

Dear FORGE Life Science Investor,

Find attached FORGE's unaudited quarterly financials for the period ending September 30, 2018.

Highlights for Q3: We successfully completed STTR contract negotiations with the Department of Defense (DoD). The first compounds were shipped to USAMRIID to test sirtuin-targeted antiviral activity against multiple viral pathogens requiring BSL3/4 containment. This includes Marburg virus that is fully funded by the DoD STTR contract. In addition, we have met all milestones on our pan-influenza FastTrack grant from the NIH and have officially received the Notice of Award for the Phase II funding (\$1 M in Y1 and expect \$1 M in Y2), to test our drugs in ferret models of human influenza infection. The pharmacokinetics for our first candidate for testing in ferrets was completed and the scale-up, 30 grams (!) was synthesized (typical bench-scale synthesis is 20 mg). The first efficacy study will be conducted in Q4. With ongoing grants and both awards from the DoD and NIH, we have far exceeded our goal to operate FORGE with 50% non-dilutive moneys in 2018.

Regards,

Lillian

Lillian Chiang, PhD

President & CEO

Lillian Chiang, PhD

President & CEO

3805 Old Easton Road

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FORGE LIFE SCIENCE, LLC

Confidential Unaudited Financial Statements

STATEMENT OF INCOME

For the 9 months ended September 30,
2018 2017

Revenues

Revenue from government grants	\$ 402,174.79	\$ 243,805.00
Research contracts, tax credits and interest	\$ 2,744.83	\$ 22,960.66
Total Revenue	<u>\$ 404,919.62</u>	<u>\$ 266,765.66</u>

Operating Expenses

Research and Development	\$ 1,234,410.92	\$ 1,280,425.23
General and Administrative	\$ 403,087.42	\$ 656,900.48
Total Operating Expenses	<u>\$ 1,637,498.34</u>	<u>\$ 1,937,325.71</u>

Net Income (Loss)

	<u><u>\$ (1,232,578.72)</u></u>	<u><u>\$ (1,670,560.05)</u></u>
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FORGE LIFE SCIENCE, LLC
Confidential Unaudited Financial Statements
STATEMENT OF FINANCIAL POSITION

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Assets		
Cash	\$ 1,329,548	\$ 524,591
Accounts Receivable	\$ 118	\$ 1,504,908
Prepaid services *	\$ 44,340	\$ 639,025
Total current assets	<u>\$ 1,374,007</u>	<u>\$ 2,668,524</u>
Property and equipment	\$ -	\$ -
Total Assets	<u><u>\$ 1,374,007</u></u>	<u><u>\$ 2,668,524</u></u>
 Liabilities and members' equity		
Current Liabilities		
Accounts Payable and accrued expenses	\$ 44,939	\$ 77,181
Other Current Liabilities	\$ 65,594	\$ 95,316
Total Current Liabilities	<u>\$ 110,534</u>	<u>\$ 172,497</u>
Total Long-term obligations	\$ -	\$ -
Total Liabilities	<u>\$ 110,534</u>	<u>\$ 172,497</u>
Members' Equity		
Common Stock	\$ 144	\$ 142
Preferred Stock	\$ 841,318	\$ 2,938,092
Prepaid Warrants	\$ 1,654,590	\$ 1,654,590
Net Income	<u>\$ (1,232,579)</u>	<u>\$ (2,096,797)</u>
Total Member's equity (deficit)	<u>\$ 1,263,473</u>	<u>\$ 2,496,027</u>
Total Liabilities and members' equity (deficit)	<u><u>\$ 1,374,007</u></u>	<u><u>\$ 2,668,524</u></u>

FORGE LIFE SCIENCE, LLC
Confidential Unaudited Financial Statements
STATEMENT CASH FLOWS

	For the 9 months ended Sept 30,	
	2018	2017
OPERATING ACTIVITIES		
Net Income	\$ (1,232,579)	\$ (1,670,560)
Adjustments to		
Prepaid Expenses	\$ 594,685	\$ (367,760)
Accounts Receivable	\$ 1,504,790	\$ 77,958
Accounts Payable & Current Liability	\$ (61,964)	\$ 186,685
Net cash provided by Operating Activities	\$ 804,932	\$ (1,773,677)
INVESTING ACTIVITIES		
Capital Expenditures		
FINANCING ACTIVITIES		
Net cash provided by Financing Activities *	\$ 25	\$ 1,650,165
Net cash increase	\$ 804,957	\$ (123,512)
Cash at beginning of period	\$ 524,591	\$ 425,235
Cash at end of period	\$ 1,329,548	\$ 301,723

* Financing activities in 2018 reflect proceeds from employee stock purchase.

FORGE Life Science, LLC
Summary Capitalization Table
CONFIDENTIAL

9/30/18

	Shares	Percent
Primary		
Class 1 Stock	5,940,000	85.27%
Class 2 Stock	<u>1,025,760</u>	<u>14.73%</u>
Total	<u><u>6,965,760</u></u>	<u><u>39.64%</u></u>
Fully Diluted		
Class 1 Stock	5,940,000	33.80%
Class 2 Stock	1,025,760	5.84%
Class A Convertible Preferred Stock	4,500,000	25.61%
Class A-1 Convertible Preferred Stock	4,360,141	24.81%
Warrants Pfd A-1	<u>1,591,976</u>	<u>9.06%</u>
Total A-1	5,952,117	33.87%
Class 3 Stock		
Warrants	45,977	0.26%
Stock Options	<u>109,500</u>	<u>0.62%</u>
Total	<u><u>17,573,354</u></u>	<u><u>100.00%</u></u>