

LA JOLLA PHARMACEUTICAL COMPANY

Consolidated Balance Sheets

(in thousands, except par value and share amounts)

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
ASSETS		
Current assets:		
Cash	\$ 87,820	\$ 172,604
Accounts receivable, net	2,960	1,381
Inventory, net	2,211	2,020
Prepaid expenses and other current assets	4,467	5,111
Total current assets	97,458	181,116
Property and equipment, net	18,389	22,267
Right-of-use lease asset	15,491	—
Restricted cash	909	909
Total assets	\$ 132,247	\$ 204,292
LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY		
Current liabilities:		
Accounts payable	\$ 4,177	\$ 8,572
Accrued expenses	9,312	8,485
Accrued payroll and related expenses	8,332	7,509
Lease liability, current portion	2,766	—
Deferred rent, current portion	—	1,370
Total current liabilities	24,587	25,936
Lease liability, less current portion	26,481	—
Deferred rent, less current portion	—	13,609
Deferred royalty obligation, net	124,379	124,323
Other noncurrent liabilities	12,790	4,503
Total liabilities	188,237	168,371
Shareholders' (deficit) equity:		
Common Stock, \$0.0001 par value; 100,000,000 shares authorized, 27,195,469 and 26,259,254 shares issued and outstanding at December 31, 2019 and December 31, 2018, respectively	3	3
Series C-12 Convertible Preferred Stock, \$0.0001 par value; 11,000 shares authorized, 3,906 shares issued and outstanding at December 31, 2019 and December 31, 2018; and liquidation preference of \$3,906 at December 31, 2019 and December 31, 2018	3,906	3,906
Series F Convertible Preferred Stock, \$0.0001 par value; 10,000 shares authorized, 0 and 2,737 shares issued and outstanding at December 31, 2019 and December 31, 2018, respectively; and liquidation preference of \$0 and \$2,737 at December 31, 2019 and December 31, 2018, respectively	—	2,737
Additional paid-in capital	977,432	950,258
Accumulated deficit	(1,037,331)	(920,983)
Total shareholders' (deficit) equity	(55,990)	35,921
Total liabilities and shareholders' (deficit) equity	\$ 132,247	\$ 204,292

LA JOLLA PHARMACEUTICAL COMPANY

Consolidated Statements of Operations

(in thousands, except per share amounts)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
Revenue				
Net product sales	\$ 7,250	\$ 4,184	\$ 23,054	\$ 10,056
Total revenue	<u>7,250</u>	<u>4,184</u>	<u>23,054</u>	<u>10,056</u>
Operating expenses				
Cost of product sales	787	1,200	2,392	1,643
Research and development	20,860	27,567	85,329	117,302
Selling, general and administrative	10,709	18,843	45,134	85,162
Total operating expenses	<u>32,356</u>	<u>47,610</u>	<u>132,855</u>	<u>204,107</u>
Loss from operations	(25,106)	(43,426)	(109,801)	(194,051)
Other (expense) income				
Interest expense	(2,376)	(2,722)	(10,774)	(7,303)
Interest income	310	730	2,128	1,885
Other income—related party	1,939	—	1,939	—
Total other expense, net	<u>(127)</u>	<u>(1,992)</u>	<u>(6,707)</u>	<u>(5,418)</u>
Net loss	<u>\$ (25,233)</u>	<u>\$ (45,418)</u>	<u>\$ (116,508)</u>	<u>\$ (199,469)</u>
Net loss per share, basic and diluted	<u>\$ (0.93)</u>	<u>\$ (1.73)</u>	<u>\$ (4.30)</u>	<u>\$ (7.85)</u>
Weighted-average common shares outstanding, basic and diluted	<u>27,169</u>	<u>26,242</u>	<u>27,112</u>	<u>25,422</u>

LA JOLLA PHARMACEUTICAL COMPANY

Consolidated Statements of Cash Flows

(in thousands)

	Year Ended December 31,	
	2019	2018
Operating activities		
Net loss	\$ (116,508)	\$ (199,469)
Adjustments to reconcile net loss to net cash used for operating activities:		
Share-based compensation expense	23,733	35,151
Depreciation and amortization expense	4,552	4,405
Loss on disposal of equipment	24	236
Non-cash interest expense	8,775	6,797
Non-cash rent expense	1,307	—
Changes in operating assets and liabilities:		
Accounts receivable, net	(1,579)	(1,381)
Inventory, net	(191)	(2,020)
Prepaid expenses and other current assets	644	(1,964)
Accounts payable	(4,395)	(2,912)
Accrued expenses	395	5,451
Accrued payroll and related expenses	823	2,514
Lease liability	(2,530)	—
Deferred rent	—	824
Net cash used for operating activities	<u>(84,950)</u>	<u>(152,368)</u>
Investing activities		
Purchase of property and equipment	(698)	(2,340)
Net cash used for investing activities	<u>(698)</u>	<u>(2,340)</u>
Financing activities		
Net proceeds from issuance of common stock under ESPP	833	391
Net proceeds from issuance of common stock under 2013 Equity Plan	31	1,908
Net proceeds from royalty financing	—	124,289
Net proceeds from the issuance of common stock	—	109,809
Net cash provided by financing activities	<u>864</u>	<u>236,397</u>
Net (decrease) increase in cash and restricted cash	(84,784)	81,689
Cash and restricted cash at beginning of period	<u>173,513</u>	<u>91,824</u>
Cash and restricted cash at end of period	\$ 88,729	\$ 173,513
Supplemental disclosure of non-cash investing and financing activities		
Conversion of Series F Convertible Preferred Stock into common stock	\$ 2,737	\$ —
Cumulative-effect adjustment from adoption of ASU 2018-07	\$ (160)	\$ —
Initial recognition of right-of-use lease asset	\$ 16,798	\$ —
Interest paid	\$ 1,999	\$ 506
Reconciliation of cash and restricted cash to the consolidated balance sheets		
Cash	\$ 87,820	\$ 172,604
Restricted cash	909	909
Total cash and restricted cash	\$ 88,729	\$ 173,513