

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K/A**

**Amendment No. 1**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): May 9, 2022**

**Axsome Therapeutics, Inc.**

(Exact name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-37635**  
(Commission File Number)

**45-4241907**  
(IRS Employer  
Identification No.)

**22 Cortlandt Street, 16<sup>th</sup> Floor**  
**New York, New York**  
(Address of Principal Executive Offices)

**10007**  
(Zip Code)

**Registrant's Telephone Number, Including Area Code: (212) 332-3241**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value \$0.0001 Per Share	AXSM	NASDAQ Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## Explanatory Note

As previously disclosed in the Current Report on Form 8-K filed by Axsome Therapeutics, Inc. (the “Company”) with the Securities and Exchange Commission on March 25, 2022, the Company entered into an Asset Purchase Agreement (the “Purchase Agreement”) with Jazz Pharmaceuticals plc (Jazz Pharmaceuticals), pursuant to which the Company acquired Sunosi® (“Sunosi”) from Jazz Pharmaceuticals.

On May 9, 2022, the Company filed a Current Report on Form 8-K (the “Initial Filing”) to report, among other things, that the initial closing contemplated by the Purchase Agreement occurred on May 9, 2022, following the satisfaction or waiver of the closing conditions under the Purchase Agreement.

This Current Report on Form 8-K/A (this “Amendment No. 1”) amends the Initial Filing to provide the financial statements and pro forma financial information required by Items 9.01(a) and 9.01(b) of Form 8-K that were previously omitted from the Initial Filing in reliance on Items 9.01(a)(4) and 9.01(b)(2) of Form 8-K. This Amendment No. 1 does not amend any other item of the Initial Filing and all other information previously reported in or filed with the Initial Filing is hereby incorporated by reference to this Amendment No. 1.

### **Item 9.01 Financial Statements and Exhibits.**

#### **(a) Financial Statement of Business Acquired**

The audited abbreviated financial statements of the Sunosi product of Jazz Pharmaceuticals plc as of December 31, 2021 and 2020, and for the years then ended, and the related notes and the related independent auditors’ report thereon, are filed herewith as Exhibit 99.1 and incorporated herein by reference.

The unaudited abbreviated financial statements of the Sunosi product of Jazz Pharmaceuticals plc as of March 31, 2022, and for the three-month periods ended March 31, 2022 and 2021 and the unaudited notes related thereto, are filed herewith as Exhibit 99.2 and incorporated herein by reference.

Although the sequential closing of the Specified Ex-U.S. Assets (as defined in the Purchase Agreement) has not yet occurred, the foregoing financial statements include information relating to both the U.S. Territory (as defined in the Purchase Agreement) and the ex-U.S. Territory. The Company is filing such financial statements on a consolidated basis because the businesses are related, and the closing of the Specified Ex-U.S. Assets is probable.

#### **(b) Pro Forma Financial Information**

Certain unaudited pro forma financial information as of, and for the three months ended March 31, 2022 and 2021 and for the year ended December 31, 2021 are filed herewith as Exhibit 99.3 and incorporated herein by reference.

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**(d) Exhibits**

<b>Exhibit No.</b>	<b>Description</b>
23.1	<a href="#">Consent of KPMG, independent auditors of Sunosi.</a>
99.1	<a href="#">Audited abbreviated financial statements of the Sunosi product of Jazz Pharmaceuticals plc as of December 31, 2021 and 2020, and for the years then ended, and the related notes and the related independent auditors' report thereon.</a>
99.2	<a href="#">Unaudited abbreviated financial statements of the Sunosi product of Jazz Pharmaceuticals plc as of March 31, 2022, and for the three-month periods ended March 31, 2022 and 2021 and the unaudited notes related thereto.</a>
99.3	<a href="#">Unaudited pro forma combined financial information as of, and for the three months ended March 31, 2022 and 2021 and for the year ended December 31, 2021.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**Axsome Therapeutics, Inc.**

Date:	July 21, 2022	By:	<u>/s/ Herriot Tabuteau, M.D.</u>
		Name:	Herriot Tabuteau, M.D.
		Title:	President and Chief Executive Officer

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**Consent of Independent Auditor**

We consent to the incorporation by reference in the registration statements on Form S-3 (No. 333-235372) and Form S-8 (Nos. 333-208579, 333-217002, 333-226824, 333-230296, 333-238174, 333-256019 and 333-264621) of Axsome Therapeutics, Inc. of our report dated May 3, 2022 with respect to the abbreviated financial statements of the Sunosi product of Jazz Pharmaceuticals plc, which report appears in the Form 8-K/A of Axsome Therapeutics, Inc. filed July 21, 2022.

/s/ KPMG  
Dublin, Ireland  
July 21, 2022

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**SUNOSI® (solriamfetol)**  
(A Product of Jazz Pharmaceuticals plc)  
Abbreviated Financial Statements  
As of and for the Years Ended December 31, 2021 and 2020  
(With Independent Auditors' Report Thereon)

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**KPMG**  
**Audit**  
1 Stokes Place  
St. Stephen's Green  
Dublin 2  
D02 DE03  
Ireland

## INDEPENDENT AUDITORS' REPORT

### The Board of Directors

Jazz Pharmaceuticals plc:

### REPORT ON ABBREVIATED FINANCIAL STATEMENTS OF THE SUNOSI PRODUCT OF JAZZ PHARMACEUTICALS PLC

#### *Opinion*

We have audited the abbreviated financial statements of the Sunosi product of Jazz Pharmaceuticals plc (the Reporting Entity), which comprise the statement of assets acquired as of December 31, 2021 and 2020, and the related statement of revenues and direct expenses for each of the years then ended, and the related notes to the abbreviated financial statements.

In our opinion, the accompanying abbreviated financial statements present fairly, in all material respects, the financial position and the results of operations of the Reporting Entity as of and for each of the years ended December 31, 2021 and 2020 in accordance with U.S. generally accepted accounting principles.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Abbreviated Financial Statements section of our report. We are required to be independent of the Reporting Entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Emphasis of Matter – Basis of Preparation**

As discussed in note 2(a) to the abbreviated financial statements, which describes the basis of preparation, the abbreviated financial statements were prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the Current Report on Form 8-K of Axsome Therapeutics, Inc. As a result, the abbreviated financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Abbreviated Financial Statements**

Management is responsible for the preparation and fair presentation of the abbreviated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the abbreviated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the abbreviated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Reporting Entity's ability to continue as a going concern for one year after the date that the abbreviated financial statements are available to be issued.

**Auditors' Responsibilities for the Audit of the Abbreviated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the abbreviated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the abbreviated financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the abbreviated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the abbreviated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Reporting Entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the abbreviated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Reporting Entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*KPMG*

Dublin, Ireland  
May 3, 2022



**Sunosi® (solriamfetol)**  
**(A Product of Jazz Pharmaceuticals plc)**  
**Statements of Assets Acquired**  
**(In thousands)**

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<b>Assets Acquired</b>		
Intangible assets, net	\$ 74,243	\$ 82,098
Inventories, net	21,557	16,224
Other current assets	412	892
<b>Total assets acquired</b>	<u>\$ 96,212</u>	<u>\$ 99,214</u>

The accompanying notes are an integral part of these abbreviated financial statements.

**Sunosi® (solriamfetol)**  
**(A Product of Jazz Pharmaceuticals plc)**  
**Statements of Revenues and Direct Expenses**  
**(In thousands)**

	<b>Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Product sales, net	\$ 57,914	\$ 28,333
<i>Direct expenses:</i>		
Cost of product sales	14,137	7,240
Selling, general and administrative	217,822	147,551
Research and development	18,039	20,264
Amortization of intangible assets	7,855	7,798
Total direct expenses	257,853	182,853
<b>Direct expenses in excess of product sales, net</b>	<b>\$ (199,939)</b>	<b>\$ (154,520)</b>

The accompanying notes are an integral part of these abbreviated financial statements.

**Sunosi® (solriamfetol)**  
**(A Product of Jazz Pharmaceuticals plc)**  
**Notes to Abbreviated Financial Statements**

**1. Background**

Jazz Pharmaceuticals plc (the “Company” or “Jazz Pharmaceuticals” or “we”) is a global biopharmaceutical company whose purpose is to innovate to transform the lives of patients and their families. We are dedicated to developing life-changing medicines for people with serious diseases - often with limited or no therapeutic options. We have a diverse portfolio of marketed medicines and novel product candidates, from early- to late-stage development, in neuroscience and oncology. Within these therapeutic areas, we strive to identify new options for patients by actively exploring small molecules and biologics, and through innovative delivery technologies and cannabinoid science.

We market Sunosi® (solriamfetol), a product approved by the U.S. Food and Drug Administration, in the U.S., Canada, the European Union and Great Britain to improve wakefulness in adult patients with Excessive Daytime Sleepiness associated with narcolepsy or obstructive sleep apnea.

On March 25, 2022, Jazz Pharmaceuticals entered into an Asset Purchase Agreement (the “Agreement”) with Axsome Therapeutics Inc, or Axsome, pursuant to which Axsome will acquire Sunosi. Under the terms of the Agreement, Axsome will receive the rights to Sunosi in all of the existing territories available to Jazz Pharmaceuticals. Jazz Pharmaceuticals will receive from Axsome a total upfront payment of \$53.0 million, a high single-digit royalty on Axsome’s U.S. net sales of Sunosi in the current indication, and a mid single-digit royalty on Axsome’s U.S. net sales of Sunosi in future indications.

**2. Summary of Significant Accounting Policies**

**a) Basis of Presentation**

The accompanying statement of assets acquired as of December 31, 2021 and 2020, and of revenues and direct expenses for the years then ended of the Sunosi product of Jazz Pharmaceuticals (the “Abbreviated Financial Statements”) represent an incomplete presentation of Sunosi assets, liabilities, revenues and expenses and are therefore not intended to represent the financial condition, results of operations or cash flows of Sunosi. These Abbreviated Financial Statements are based upon the Agreement and relief under SEC Rule 3-05, Significant Acquisition Carveout Financial Statement Reporting Requirements, as amended, as the acquisition by Axsome meets the criteria established by the Securities and Exchange Commission to provide abbreviated financial statements in lieu of full financial statements of the acquired business.

The statements of assets acquired only present the assets acquired in accordance with the Agreement. Liabilities as of December 31, 2021 and 2020 will not be assumed under the Agreement. The statements of revenues and direct expenses present only those revenues and expenses related to the certain assets to be acquired. The Abbreviated Financial Statements were derived from the historical accounting records of Jazz Pharmaceuticals and were prepared in accordance with the basis of accounting described in these Notes, which is in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Sunosi was not operated as a separate business or division of Jazz Pharmaceuticals. It was a fully integrated part of Jazz Pharmaceuticals’ consolidated business and operations and did not represent a substantial portion of Jazz Pharmaceuticals’ assets and liabilities. It is impracticable to prepare complete financial statements related to Sunosi as Jazz Pharmaceuticals never accounted for Sunosi on a stand-alone basis or as a separate division or subsidiary, nor has the Company maintained the distinct and separate books and records necessary to prepare full stand-alone or carve-out financial statements and it would be impracticable to do so.

The statements of revenues and direct expenses include the revenue and related costs that directly relate to Sunosi as well as an allocation of direct costs that can be attributed to this product. The operations of Sunosi rely, to varying degrees, on Jazz Pharmaceuticals for manufacturing and distribution, quality and regulatory support and marketing and sales activities and such expenses have been allocated to Sunosi in these Abbreviated Financial Statements. The allocations were based on a specific identification basis or, when specific identification was not practicable, a proportional cost allocation method, depending on the nature of the services rendered. Management considers that such allocations have been made on a reasonable basis but may not necessarily be indicative of the costs that would have been incurred if Sunosi had been operated on a stand-alone basis for the periods presented. The statements of revenues and direct expenses do not include corporate overhead, such as accounting, human resources, treasury and legal support, or a provision for income taxes as Sunosi never functioned on a stand-alone basis. Accordingly, no allocation of these support fees or income taxes has been made to Sunosi.

During the fiscal years ended December 31, 2021 and 2020, Sunosi did not have any stand-alone financing requirements, and any cash generated was collected at the consolidated level by Jazz Pharmaceuticals. As Sunosi has historically been managed as part of the operations of Jazz Pharmaceuticals and has not been operated on a stand-alone basis, it is not practical to prepare historical cash flow information regarding Sunosi's operating, investing, and financing cash flows. As such, a statement of cash flows was not prepared.

**b) *Use of Estimates and Assumptions in the Preparation of Financial Statements***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates about future events and assumptions that may affect the following: (i) the reported amounts of assets acquired and (ii) the reported amounts of revenues, including sales discounts and allowances, and direct expenses and related disclosures at the date of the abbreviated financial statements during each reporting period.

Future events and their effects cannot be determined with certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results could differ from those estimates, and any such differences could be material.

**c) *Revenue Recognition***

Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Prior to recognizing revenue, we make estimates of the transaction price, including variable consideration that is subject to a constraint. Amounts of variable consideration are included in the transaction price to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

*Product Sales, Net*

Product sales revenue is recognized when control has transferred to the customer, which occurs at a point in time, which is typically on delivery to the customer.

Revenues from sales of products are recorded at the net sales price, which includes estimates of variable consideration for which reserves are established and which relate to returns, specialty distributor fees, wholesaler fees, prompt payment discounts, government rebates, government chargebacks, coupon programs and rebates under managed care plans and commercial payor contracts. Calculating certain of these reserves involves estimates and judgments and we determine their expected value based on sales or invoice data, contractual terms, historical utilization rates, new information regarding changes in these programs' regulations and guidelines that would impact the amount of the actual rebates, our expectations regarding future utilization rates for these programs and channel inventory data. These reserves reflect our best estimates of the amount of consideration to which we are entitled based on the terms of the contract. The amount of variable consideration that is included in the transaction price may be constrained, and is included in the net sales price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period. We reassess our reserves for variable consideration at each reporting date.

**d) *Cost of Product Sales***

Cost of product sales includes third party manufacturing and distribution costs, the cost of drug substance, royalties due to third parties on product sales, regulatory user fees, product liability insurance, freight, shipping, handling and storage costs and salaries and related costs of employees involved with production.

**e) *Selling, General and Administrative***

Selling, general and administrative expenses include sales and marketing costs together with allocated expenses primarily related to salaries and benefits. Costs associated with selling, general and administrative are expensed as incurred.

**f) *Research and Development***

Research and development expenses consist primarily of costs related to clinical studies and outside services and personnel expenses. Clinical study and outside services costs relate primarily to services performed by clinical research organizations, clinical studies performed at clinical sites, materials and supplies, and other third party fees. Personnel expenses relate primarily to salaries and benefits. Research and development costs are expensed as incurred.

**g) *Intangible Assets***

Intangible assets consist of purchased developed technology and are amortized on a straight-line basis over their estimated useful lives. The estimated useful lives associated with finite-lived intangible assets are consistent with the estimated lives of the associated products and may be modified when circumstances warrant. Such assets are reviewed for impairment when events or circumstances indicate that the carrying value may not be recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of an asset and its eventual disposition are less than its carrying amount. The amount of any impairment is measured as the difference between the carrying amount and the fair value of the impaired asset.

**h) *Inventories***

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method. Inventory is written down if it has become obsolete, has a cost basis in excess of its expected net realizable value or is in excess of expected sales. The estimate of excess quantities is subjective and primarily dependent on estimates of future demand.

**3. *Intangible assets, net***

Intangible assets, net consisted of the following (in thousands):

	December 31, 2021	December 31, 2020
Acquired developed technologies, cost	\$ 93,500	\$ 93,500
Less: Accumulated amortization	(19,257)	(11,402)
Intangible assets, net	<u>\$ 74,243</u>	<u>\$ 82,098</u>

#### 4. Inventories, net

Inventories, net consisted of the following (in thousands):

	December 31, 2021	December 31, 2020
Raw materials	\$ 2,632	\$ 3,018
Work in process	12,897	10,405
Finished goods	6,028	2,801
Total inventories, net	<u>\$ 21,557</u>	<u>\$ 16,224</u>

A reserve is recorded for potentially excess, dated or obsolete inventories based on an analysis of inventory on hand compared to forecasted future sales, which was \$2.3 million and \$0.6 million as of December 31, 2021 and December 31, 2020, respectively.

#### 5. Subsequent Events

Subsequent events have been evaluated through May 3, 2022, the date these abbreviated financial statements were issued, and there are no subsequent events to disclose.

**SUNOSI<sup>®</sup> (solriamfetol)**  
(A Product of Jazz Pharmaceuticals plc)  
Unaudited Abbreviated Financial Statements  
As of March 31, 2022 and December 31, 2021 and for the Three Month Periods Ended March 31, 2022 and 2021

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**Sunosi<sup>®</sup> (solriamfetol)**  
**(A Product of Jazz Pharmaceuticals plc)**  
**Statements of Assets Acquired (Unaudited)**  
**(In thousands)**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Assets Acquired</b>		
Intangible assets, net	\$ 72,279	\$ 74,243
Inventories, net	21,163	21,557
Other current assets	378	412
<b>Total assets acquired</b>	<b>\$ 93,820</b>	<b>\$ 96,212</b>

The accompanying notes are an integral part of these unaudited abbreviated financial statements.

**Sunosi® (solriamfetol)**  
**(A Product of Jazz Pharmaceuticals plc)**  
**Statements of Revenues and Direct Expenses (Unaudited)**  
**(In thousands)**

	<b>Three Months Ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Product sales, net	\$ 15,878	\$ 11,606
<i>Direct expenses:</i>		
Cost of product sales	4,178	2,074
Selling, general and administrative	35,288	66,347
Research and development	4,251	2,948
Amortization of intangible assets	1,964	1,964
<b>Total direct expenses</b>	<b>45,681</b>	<b>73,333</b>
Direct expenses in excess of product sales, net	<u>\$ (29,803)</u>	<u>\$ (61,727)</u>

The accompanying notes are an integral part of these unaudited abbreviated financial statements.

**Sunosi® (solriamfetol)**  
**(A Product of Jazz Pharmaceuticals plc)**  
**Notes to Unaudited Abbreviated Financial Statements**

**1. Background**

On March 25, 2022, Jazz Pharmaceuticals plc (the “Company” or “Jazz Pharmaceuticals”) entered into an Asset Purchase Agreement (the “Agreement”) with Axsome Therapeutics, Inc., or Axsome, pursuant to which Axsome will acquire Sunosi® (solriamfetol), a product approved by the U.S. Food and Drug Administration and marketed in the U.S., Canada, the European Union and Great Britain to improve wakefulness in adult patients with Excessive Daytime Sleepiness associated with narcolepsy or obstructive sleep apnea.

Under the terms of the Agreement, Axsome will receive the rights to Sunosi in all of the existing territories available to Jazz Pharmaceuticals. The transaction was structured to be completed in sequential closings for the U.S. and ex-U.S. territories. The U.S. transaction closed on May 9, 2022 and the ex-U.S. transaction close is expected to occur later this year. Jazz Pharmaceuticals received a total upfront payment of \$53.0 million and is eligible to receive a high single-digit royalty on Axsome’s U.S. net sales of Sunosi in the current indication and a mid single-digit royalty on Axsome’s U.S. net sales of Sunosi in future indications.

**2. Summary of Significant Accounting Policies**

*a) Basis of Presentation*

The accompanying statements of assets acquired as of March 31, 2022 and December 31, 2021, and of revenues and direct expenses for the three months ended March 31, 2022 and 2021 of the Sunosi product of Jazz Pharmaceuticals (the “Unaudited Abbreviated Financial Statements”) represent an incomplete presentation of Sunosi assets, liabilities, revenues and expenses and are therefore not intended to represent the financial condition, results of operations or cash flows of Sunosi. These Unaudited Abbreviated Financial Statements are based upon the Agreement and relief under SEC Rule 3-05, Significant Acquisition Carveout Financial Statement Reporting Requirements, as amended, as the acquisition by Axsome meets the criteria established by the Securities and Exchange Commission to provide abbreviated financial statements in lieu of full financial statements of the acquired business.

The statements of assets acquired only present the assets acquired in accordance with the Agreement. Liabilities as of March 31, 2022 and December 31, 2021 will not be assumed under the Agreement. The statements of revenues and direct expenses present only those revenues and expenses related to the certain assets to be acquired. The Unaudited Abbreviated Financial Statements were derived from the historical accounting records of Jazz Pharmaceuticals and were prepared in accordance with the basis of accounting described in these Notes, which is in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Sunosi was not operated as a separate business or division of Jazz Pharmaceuticals. It was a fully integrated part of Jazz Pharmaceuticals’ consolidated business and operations and did not represent a substantial portion of Jazz Pharmaceuticals’ assets and liabilities. It is impracticable to prepare complete financial statements related to Sunosi as Jazz Pharmaceuticals never accounted for Sunosi on a stand-alone basis or as a separate division or subsidiary, nor has the Company maintained the distinct and separate books and records necessary to prepare full stand-alone or carve-out financial statements and it would be impracticable to do so.

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**Sunosi® (solriamfetol)**  
**(A Product of Jazz Pharmaceuticals plc)**  
**Notes to Unaudited Abbreviated Financial Statements (continued)**

The statements of revenues and direct expenses include the revenue and related costs that directly relate to Sunosi as well as an allocation of direct costs that can be attributed to this product. The operations of Sunosi rely, to varying degrees, on Jazz Pharmaceuticals for manufacturing and distribution, quality and **Sunosi® (solriamfetol)** regulatory support and marketing and sales activities and such expenses have been allocated to Sunosi in these Unaudited Abbreviated Financial Statements. The allocations were based on a specific identification basis or, when specific identification was not practicable, a proportional cost allocation method, depending on the nature of the services rendered. Management considers that such allocations have been made on a reasonable basis but may not necessarily be indicative of the costs that would have been incurred if Sunosi had been operated on a stand-alone basis for the periods presented. The statements of revenues and direct expenses do not include corporate overhead, such as accounting, human resources, treasury and legal support, or a provision for income taxes as Sunosi never functioned on a stand-alone basis. Accordingly, no allocation of these support fees or income taxes has been made to Sunosi.

During the three months ended March 31, 2022 and 2021, Sunosi did not have any stand-alone financing requirements, and any cash generated was collected at the consolidated level by Jazz Pharmaceuticals. As Sunosi has historically been managed as part of the operations of Jazz Pharmaceuticals and has not been operated on a stand-alone basis, it is not practical to prepare historical cash flow information regarding Sunosi's operating, investing, and financing cash flows. As such, a statement of cash flows was not prepared.

These financial statements should be read in conjunction with the audited abbreviated financial statements and footnotes of Sunosi for the fiscal years ended December 31, 2021 and 2020 (the "Financial Statements"), that are filed as an exhibit to the same Form 8-K to which these financial statements are filed as an exhibit. The accounting policies used in preparing these financial statements are the same as those described in Note 2 to the Financial Statements.

**b) Use of Estimates and Assumptions in the Preparation of Financial Statements**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates about future events and assumptions that may affect the following: (i) the reported amounts of assets acquired and (ii) the reported amounts of revenues, including sales discounts and allowances, and direct expenses and related disclosures at the date of these financial statements during each reporting period.

Future events and their effects cannot be determined with certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results could differ from those estimates, and any such differences could be material.

**3. Intangible assets, net**

Intangible assets, net consisted of the following (in thousands):

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Acquired developed technologies, cost	\$ 93,500	\$ 93,500
Less: Accumulated amortization	(21,221)	(19,257)
<b>Intangible assets, net</b>	<b>\$ 72,279</b>	<b>\$ 74,243</b>

**Sunosi® (solriamfetol)**  
**(A Product of Jazz Pharmaceuticals plc)**  
**Notes to Unaudited Abbreviated Financial Statements (continued)**

**4. Inventories, net**

Inventories, net consisted of the following (in thousands):

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Raw materials	\$ 2,631	\$ 2,632
Work in process	11,465	12,897
Finished goods	7,067	6,028
Total inventories, net	<u>\$ 21,163</u>	<u>\$ 21,557</u>

A reserve is recorded for potentially excess, dated or obsolete inventories based on an analysis of inventory on hand compared to forecasted future sales, which was \$2.7 million and \$2.3 million as of March 31, 2022 and December 31, 2021, respectively.

**5. Subsequent Events**

Subsequent events have been evaluated through July 21, 2022, the date these Unaudited Abbreviated Financial Statements were issued, and there are no subsequent events to disclose.

## UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On March 25, 2022, Axsome Therapeutics, Inc. (the “Company” or “acquirer”) entered into an Asset Purchase Agreement (the “Purchase Agreement”) with Jazz Pharmaceuticals plc, pursuant to which the Company will acquire Sunosi (the “Product” or “Sunosi”) from Jazz Pharmaceuticals (the “Acquisition”). The acquisition of Sunosi will occur in two separate closings. The sale and purchase of Specified Initial Assets as defined and contemplated by the Purchase Agreement occurred on May 9, 2022 (“Initial Closing”), following the satisfaction or waiver of the closing conditions under the Purchase Agreement. The sale and purchase of Specified Ex-U.S. Assets contemplated by the Purchase Agreement is expected to occur during the fourth quarter of 2022 (“Final Closing” or “Ex-U.S. Closing”).

The following unaudited pro forma condensed combined financial statements of Axsome and Sunosi present the combination of the financial information of Axsome and Sunosi adjusted to give effect to purchase of Specified Initial Assets.

The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X, Pro Forma Financial Information, as amended by the final rule, Release No. 33-10786 “Amendments to Financial Disclosures about Acquired and Disposed Businesses”, which is herein referred to as Article 11, and are being provided pursuant to Rule 3-05 of Regulation S-X as the Acquisition constitutes a significant acquisition.

Release No. 33-10786 replaces the existing pro forma adjustment criteria with simplified requirements to depict the accounting for the (“Acquisition Transaction Accounting Adjustments”) and the option to present the reasonably estimable synergies and other transaction effects that have occurred or are reasonably expected to occur (“Management’s Adjustments”). The Company has elected not to present Management’s Adjustments in the following unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined balance sheet as of March 31, 2022, combines the historical balance sheet of Axsome and the statement of assets acquired of Sunosi on a pro forma basis as if acquisition of the Specified Initial Assets had been consummated on March 31, 2022. The unaudited pro forma condensed combined statements of operations for the three months ended March 31, 2022 and the year ended December 31, 2021 combine the historical statements of operations of Axsome and the statements of revenues and direct expenses of Sunosi on a pro forma basis as if the acquisition of the Specified Initial Assets had been consummated on January 1, 2021, the beginning of the earliest period presented.

The Acquisition and related transactions are summarized below:

- Axsome to acquire Sunosi for an aggregate initial purchase price of \$50,000,000 plus \$3,000,000 as payment for the certain specified inventory in cash at the initial closing of the Acquisition and contingently estimated royalty payments of \$37,800,000 (“Contingent Consideration”) for any net sales made during the applicable Royalty Term as defined in the Purchase Agreement in the U.S. Territory.
  - The Acquisition will be effected in two separate tranches, the purchase of Specified Initial Assets (the “Initial Closing”) and the purchase of Specified Ex-U.S. Assets expected to occur during the fourth quarter of 2022 (“Final Closing” or “Ex-U.S. Closing”).
  - The following unaudited pro forma condensed consolidated financial information gives effect to the acquisition of the Specified Initial Assets in the Initial Closing.
  - The Initial Closing contemplated by the Purchase Agreement of the assets in the U.S. Territory (“US transaction”) closed on May 9, 2022.
  - At the Initial Closing, the Company assumed all of the commitments of Jazz Pharmaceuticals to SK Biopharmaceuticals Co., Ltd. (“SK”) and Aerial Biopharma, LLC (“Aerial”). SK is the originator of the Product and retains rights in twelve Asian markets, including China, Korea, and Japan.
  - At the Ex-U.S. Closing, the Company will acquire Specified Ex-U.S. Sunosi assets (“Ex-U.S. transaction”), including the marketing authorization from the EMA and United Kingdom’s Medicines and Healthcare Products Regulatory Agency. The Ex-U.S. transaction is expected to occur during the fourth quarter of 2022.
  - Contemporaneously, the Company also entered into a Second Amendment to the Loan and Security Agreement (the “Second Amendment”) with Hercules Capital, Inc. (“Hercules”). Upon the Initial Closing, the Second Amendment became effective and \$45.0 million in Tranche 1 loan became available and was advanced to the Company by Hercules. The loan was drawn on May 9, 2022.
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- The Company had a preexisting warrant agreement with Hercules and the Company issued 35,255 warrants for the Tranche 1 loan.
- Upon the closing of the Second Amendment, Hercules has also purchased 152,487 of the Company's unregistered common stock for a total consideration of \$5,000,049 (the "Hercules Equity Issuance"), at a share price equal to \$32.79 per share, pursuant to a share transfer agreement (the "Share Transfer Agreement")

The pro forma adjustments and allocation of purchase price are preliminary, are based on management's current estimates of the fair value of the assets acquired, and are based on all available information, including preliminary work performed by independent valuation specialists.

As of the date of the Current Report on Form 8-K to which these unaudited pro forma condensed combined financial statements are filed as an exhibit (the "Form 8-K") and given that the Ex-U.S. transaction has not been completed, Axsome has not completed the detailed valuation analysis necessary to arrive at final estimates of the fair market value of the assets acquired and the related allocations of purchase price. Based on the information currently available, Axsome has made certain adjustments to the historical book values of the Specified Initial Assets to reflect preliminary estimates of fair values necessary to prepare the unaudited pro forma condensed combined financial information, with the excess of the purchase price over the adjusted historical net assets of Sunosi recorded as goodwill. Actual results may differ from unaudited pro forma condensed combined financial information provided herein once the Ex-U.S. transaction is completed and Axsome has completed the valuation analysis necessary to finalize the required purchase price allocations and has identified any additional conforming accounting policy changes for acquiree. There can be no assurance that such finalization will not result in material changes.

Assumptions and estimates underlying the unaudited pro forma adjustments set forth in the unaudited pro forma condensed combined financial statements are described in the accompanying notes. The unaudited pro forma adjustments represent management's estimates based on information available as of the date of these unaudited pro forma condensed combined financial statements and are subject to change as additional information becomes available and analyses are performed. The unaudited pro forma condensed combined financial statements should be read in conjunction with Axsome's historical consolidated financial statements and the historical Sunosi abbreviated financial statements and accompanying notes filed as exhibits to the Form 8-K.

The estimated income tax rate applied to the pro forma adjustments is 0%. The estimated pro forma blended statutory rate, and all other tax amounts are stated at their historical amounts as the combined company's overall effective tax rate has not yet been determined.

The following unaudited pro forma condensed combined financial statements are provided for illustrative purposes only and are based on available information and assumptions that acquirer believes are reasonable. They do not purport to represent what the actual consolidated results of operations or the consolidated financial position of Axsome would have been had the Acquisition and related financing transactions occurred on the dates indicated, or on any other date, nor are they necessarily indicative of Axsome's future consolidated results of operations or consolidated financial position after the Acquisition and related financing transactions. Axsome's actual financial position and results of operations after the Acquisition will differ, perhaps significantly, from the pro forma amounts reflected herein due to a variety of factors, including access to additional information, changes in value not currently identified and changes in operating results of acquirer and acquiree business following the date of the unaudited pro forma condensed combined financial statements.

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*Unaudited Pro Forma Condensed Combined Balance Sheet  
As of March 31, 2022*

	U.S. GAAP								
	Historical	Sunosi (Note 3)							
	Axxome Therapeutics, Inc.	Sunosi (Note 3)	Ex-US Historical (Note 5)	Transaction Accounting Adjustments	Notes (Note 6)	Other Adjustments	Notes (Note 7)	Pro Forma Condensed Combined	
<b>Assets</b>									
Current assets:									
Cash and cash equivalents	\$ 84,707,782	\$ -	\$ -	\$ (53,000,000)	6A	\$ 44,515,246	7A	\$ 81,223,077	
				5,000,049		7B			
Inventories, net	-	21,163,000	(890,962)	(9,671,038)	6C	-		10,601,000	
Prepaid and other current assets	2,122,144	378,000	-	139,000	6D	-		2,639,144	
<b>Total current assets</b>	<b>86,829,926</b>	<b>21,541,000</b>	<b>(890,962)</b>	<b>(62,532,038)</b>		<b>49,515,295</b>		<b>94,463,221</b>	
Equipment, net	460,946	-	-	-		-		460,946	
Right-of-use asset - operating lease	946,479	-	-	-		-		946,479	
Intangible assets, net	-	72,279,000	(10,496,053)	2,017,363	6E	-		63,800,310	
Other assets	322,910	-	-	-		-		322,910	
Goodwill	-	-	-	15,881,690	6F	-		15,881,690	
<b>Total assets</b>	<b>\$ 88,560,261</b>	<b>\$ 93,820,000</b>	<b>\$ (11,387,015)</b>	<b>\$ (44,632,985)</b>		<b>\$ 49,515,295</b>		<b>\$ 175,875,556</b>	
<b>Liabilities and stockholders' equity</b>									
Current liabilities									
Accounts payable	\$ 12,595,112	\$ -	\$ -	\$ -		\$ -		12,595,112	
Accrued expenses and other current liabilities	10,987,222	-	-	7,200,000	6B	526,087	7C	18,713,309	
Operating lease liability, current portion	967,248	-	-	-		-		967,248	
<b>Total current liabilities</b>	<b>24,549,582</b>	<b>-</b>	<b>-</b>	<b>7,200,000</b>		<b>526,087</b>		<b>32,275,669</b>	
Contingent consideration (non-current)	-	-	-	30,600,000	6B	-		30,600,000	
Loan payable, long-term	49,312,665	-	-	-		43,689,093	7A	93,001,758	
<b>Total liabilities</b>	<b>73,862,247</b>	<b>-</b>	<b>-</b>	<b>37,800,000</b>		<b>44,215,180</b>		<b>155,877,427</b>	
<b>Stockholders' equity</b>									
Preferred stock, \$0.0001 par value per share, (10,000,000 shares authorized, none issued and outstanding at March 31, 2022)	-	-	-	-		-		-	
Common stock, \$0.0001 par value per share (150,000,000 shares authorized, 38,883,445 shares issued and outstanding at March 31, 2022)	3,888	-	-	-		15	7B	3,903	
Additional paid-in capital	463,525,522	-	-	-		5,000,034	7B	469,351,709	
						826,153	7A		
Accumulated deficit	(448,831,396)	-	-	-		(526,087)	7C	(449,357,483)	
<b>Total stockholders' equity</b>	<b>14,698,014</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>5,300,115</b>		<b>19,998,129</b>	
<b>Total liabilities and stockholders' equity</b>	<b>\$ 88,560,261</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 37,800,000</b>		<b>\$ 49,515,295</b>		<b>\$ 175,875,556</b>	



*Unaudited Pro Forma Condensed Combined Statement of Operations  
For the three months Ended March 31, 2022*

	Axxome Therapeutics, Inc.	Sunosi (Note 3)	Ex-US Historical (Note 5)	Transaction Accounting Adjustments (US)	Notes (Note 6)	Other Adjustments	Notes (Note 7)	Pro Forma Condensed Combined
Product sales, net	\$ -	\$ 15,878,257	\$ (2,414,637)	\$ -		\$ -		\$ 13,463,620
Cost of product sales	-	(4,177,896)	865,040	-		-		(3,312,856)
Gross loss	-	11,700,361	(1,549,597)	-		-		10,150,764
Operating expenses:								
Selling, general and administrative	25,703,731	35,287,967	(8,430,886)	-		-		52,560,812
Research and development	12,585,141	4,251,102	(766,835)	-		-		16,069,408
Amortization of intangible assets	-	1,964,055	(284,672)	(84,383)	<b>6G</b>	-		1,595,000
Total operating expenses	38,288,872	41,503,124	(9,482,393)	(84,383)		-		70,225,220
Loss from operations	(38,288,872)	(29,802,763)	7,932,796	84,383		-		(60,074,456)
Other income (expense):								
Interest and amortization of debt discount expense	(1,343,439)	-	-	-		(1,394,777)	<b>7D</b>	(2,738,216)
Total other expense, net	(1,343,439)	-	-	-		(1,394,777)		(2,738,216)
<b>Net loss</b>	<b>\$ (39,632,311)</b>	<b>\$ (29,802,763)</b>	<b>\$ 7,932,796</b>	<b>\$ 84,383</b>		<b>\$ (1,394,777)</b>		<b>\$ (62,812,672)</b>
Weighted average shares outstanding:								
Basic and diluted	38,323,167					152,487	<b>7B</b>	38,475,654
Net loss per share attributable to common stockholders - basic and diluted	\$ (1.03)							\$ (1.63)

*Unaudited Pro Forma Condensed Combined Statement of Operations  
For the year Ended December 31, 2021*

	Axxome Therapeutics, Inc.	Sunosi (Note 3)	Ex-US Historical (Note 5)	Transaction Accounting Adjustments (US)	Notes (Note 6)	Other Adjustments	Notes (Note 7)	Pro Forma Condensed Combined
Revenues	\$ -	\$ 57,914,265	\$ (6,244,150)	\$ -		\$ -		\$ 51,670,115
Cost of revenues	-	(14,137,313)	2,099,748	-		-		(12,037,565)
Gross loss	-	43,776,952	(4,144,402)	-		-		39,632,550
Operating expenses:								
General and administrative	66,646,205	217,822,216	(46,012,809)	-		526,087	7C	238,981,699
Research and development	58,060,725	18,038,839	(3,504,727)	-		-		72,594,837
Amortization of intangible assets	-	7,855,218	(1,138,686)	(336,532)	6G	-		6,380,000
Total operating expenses	124,706,930	243,716,273	(50,656,222)	(336,532)		526,087		317,956,536
Loss from operations	(124,706,930)	(199,939,321)	46,511,820	336,532		(526,087)		(278,323,986)
Other income (expense):								
Interest and amortization of debt discount expense	(5,696,062)	-	-	-		(4,555,921)	7D	(10,251,983)
Total other expense, net	(5,696,062)	-	-	-		(4,555,921)		(10,251,983)
<b>Net loss</b>	<b>\$ (130,402,992)</b>	<b>\$ (199,939,321)</b>	<b>\$ 46,511,820</b>	<b>\$ 336,532</b>		<b>\$ (5,082,008)</b>		<b>\$ (288,575,969)</b>
Weighted average shares outstanding:								
Basic and diluted	37,618,599					152,487	7B	37,771,086.01
Net loss per share attributable to common stockholders - basic and diluted	\$ (3.47)							\$ (7.64)

**Note 1. Description of the Transaction**

**Sunosi Acquisition Overview**

On March 25, 2022, Axsome Therapeutics, Inc. (the “Company” or “Acquirer”) entered into an Asset Purchase Agreement (the “Purchase Agreement”) with Jazz Pharmaceuticals to acquire Sunosi (the “Product”) for an aggregate initial purchase price of \$50 million plus \$3 million as payment for the certain specified inventory to be transferred to the Company and \$37.8 million in Contingent Consideration for certain royalty payments to be made over the royalty term as defined in the Purchase Agreement. Per the Purchase Agreement, the sale and purchase of Specified Initial Assets contemplated by the Purchase Agreement occurred on May 9, 2022 (“Initial Closing”), following the satisfaction or waiver of the closing conditions under the Purchase Agreement. The purchase of Specified Ex-U.S. Assets contemplated by the Purchase Agreement is expected to occur during the fourth quarter of 2022 (“Final Closing” or “Ex-U.S. Closing”).

The unaudited pro forma condensed combined financial statements are being provided pursuant to Rule 3-05 of Regulation S-K because the Acquisition of Specified Initial Assets constitutes a significant acquisition that was consummated on May 9, 2022.

To finance the Acquisition, Axsome entered into a Second Amendment to the Loan and Security Agreement (the “Second Amendment”) with Hercules Capital, Inc. (“Hercules”). Upon the Initial Closing contemplated by the Purchase Agreement, \$45.0 million in Tranche 1 loan became available and was advanced to the Company by Hercules. The Company also issued 152,487 units of Common Stock to Hercules at a share price equal to \$32.79 per share, pursuant to a share transfer agreement for an aggregate consideration of \$5.0 million and the Company issued 35,255 warrants to purchase common stock to Hercules.

**Note 2. Basis of Pro Forma Presentation**

The unaudited pro forma condensed combined financial statements related to purchase of Specified Initial Assets are derived from the historical consolidated financial statements of Axsome and the historical abbreviated financial statements of Sunosi. The Sunosi abbreviated financial statements include both the Initial Specified Assets and the Specified Ex-U.S. Assets. The abbreviated financial statements of Sunosi are adjusted in the unaudited pro forma condensed combined financial statements to eliminate the Specified Ex-U.S. financial information.

The unaudited pro forma condensed combined financial statements present transaction accounting adjustments for Specified Initial Assets, and adjustments for other transactions entered into contemporaneously and in relation to the acquisition. Total pro forma combined financial statements are prepared by adjusting financial statements related to purchase of Specified Initial Assets combined with Specified Ex-U.S. Assets historical financial information. The unaudited pro forma condensed combined statements of operations for the three months ended March 31, 2022, and year ended December 31, 2021 have been prepared as if the Acquisition had been completed on January 1, 2021, and the unaudited pro forma condensed combined balance sheet was prepared as if the Acquisition had been completed on March 31, 2022.

The acquisition of the Specified Initial Assets will be accounted for under the acquisition method of accounting in accordance with FASB ASC 805, Business Combinations, using the fair value concepts defined in ASC 820, Fair Value Measurements and Disclosures. Axsome has been treated as the acquirer for financial reporting purposes. Accordingly, the purchase consideration allocated to the Specified Initial Assets for preparation of these pro forma financial statement is based upon their estimated preliminary fair values assuming the Acquisition was completed as of March 31, 2022. The amount of the purchase consideration that was in excess of the estimated preliminary fair values of the Specified Initial Assets acquired at March 31, 2022 is recorded as goodwill in the unaudited pro forma condensed combined balance sheet.

As of the date of the Current Report on Form 8-K to which these unaudited pro forma condensed combined financial statements are filed as an exhibit, the Company has not completed detailed valuation studies necessary to arrive at the final estimates of the fair value of the total assets to be acquired, the liabilities to be assumed and the related allocations of purchase price. As indicated in Note 6 to these unaudited pro forma condensed combined financial statements, Axsome has made certain adjustments to the historical book values of the Specified Initial Assets of Sunosi to reflect preliminary estimates of fair value necessary to prepare the unaudited pro forma condensed combined financial statements, with the excess of the purchase price over the adjusted historical net assets of the Specified Initial Assets of Sunosi, recorded as goodwill. Actual results may differ from these unaudited pro forma condensed combined financial statements once Axsome has determined the final purchase price for Sunosi and has completed the valuation studies necessary to finalize the required purchase price allocations and identified any additional conforming accounting policy changes for Sunosi. There can be no assurance that such finalization will not result in material changes. The preliminary unaudited pro forma purchase price allocation has been made solely for preparing these unaudited pro forma condensed combined financial statements.

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These unaudited pro forma condensed combined financial statements are presented for illustrative purposes only and do not give effect to any cost savings from operating efficiencies, revenue synergies, differences in stand-alone costs or carve out allocations for the Acquisition or costs for the integration of Sunosi's operations. These unaudited pro forma condensed combined financial statements do not purport to represent what the actual consolidated results of operations of Axsome would have been had the Acquisition been completed on the dates assumed, nor are they indicative of future consolidated results of operations or consolidated financial position. Any transaction, separation or integration costs will be expensed in the appropriate accounting periods after completion of the Acquisition.

### Note 3. Accounting Policies

As part of preparing these unaudited pro forma condensed combined financial statements, Axsome conducted an initial review of the accounting policies of Sunosi to determine if differences in accounting policies require reclassification of results of operations or reclassification of assets to conform to Axsome's accounting policies and classifications. During the preparation of these unaudited pro forma condensed combined financial statements, Axsome did not become aware of any material differences between accounting policies of Axsome and Sunosi.

The pro forma financial data may not reflect all reclassifications necessary to conform Sunosi's presentation to that of Axsome due to limitations on the availability of information as of the date of the Current Report on Form 8-K to which these unaudited pro forma condensed combined financial statements are filed as an exhibit. After completion of the Acquisition, Axsome will further review Sunosi's accounting policies. As a result of that review, Axsome may identify differences between the accounting policies of the two companies that, when conformed, could have a material impact on the combined financial statements.

For the purposes of presenting Sunosi statements of assets acquired and statements of revenues and direct expenses in the pro forma financial statements, balances have been mapped into line items and included in the subtotals as presented in Axsome's financial statements. Certain subtotals of Sunosi were not included in the statements of assets acquired. These subtotals include total current assets, total assets, total current liabilities, total liabilities, total stockholders' equity and total liabilities and stockholders' equity. Certain subtotals of Sunosi were not included in the statements of revenues and direct expenses. These subtotals include gross loss, total operating expenses, loss from operations, total other expense, net and net loss.

### Note 4. Preliminary Purchase Price Allocation

Under the acquisition method of accounting, the identifiable assets acquired and liabilities assumed are recorded at the acquisition date fair values. The purchase price allocation is preliminary and based on estimates of the fair value as of May 9, 2022.

The table below represents a preliminary allocation of the estimated total consideration to Sunosi's assets (excluding Ex-U.S. assets) in the Acquisition based on Axsome's preliminary estimate of their respective fair values:

	<b>Specified Initial Asset Purchase</b>	
<b>Estimated Purchase Consideration</b>		
Initial contractual cash consideration	\$	53,000
Plus: Contingent Consideration		37,800
Total purchase price to be allocated	\$	90,800
<b>Net Assets Acquired</b>		
Inventories	\$	10,601
Prepaid and other current assets		517
Intangible assets		63,800
Net assets acquired		74,918
Preliminary goodwill	\$	15,882

### Note 5. Elimination of Ex-US

As discussed in Note 2, balances and activities of the Ex-US Assets were not included in the initial closing and as such the balances and activities of the Ex-US Assets were eliminated. The financial information used to eliminate balances and activities of the Ex-US assets was derived from underlying books and records of Jazz Pharmaceuticals plc.

**Note 6. Acquisition Pro Forma Adjustments**

- (A) Represents \$53.0 million of cash consideration.
- (B) Represents the fair value of contingent consideration of \$37.8 million. The contingent consideration has been broken into current and non-current portions of \$7.2 million and \$30.6 million, respectively, based on the projected net sales.
- (C) Reflects a downward adjustment in the inventory of \$9.7 million to its fair value and adjustments related to non-saleable products. At the effective time of the Acquisition, inventory is required to be measured at fair value. Sunosi's inventory consists primarily of raw materials, work in-process, and finished goods. For purposes of the unaudited pro forma condensed combined financial statements, the preliminary fair value of Sunosi's inventory has been determined based on currently available information and certain assumptions and may be different from the final estimate of fair value, and the difference could be material.
- (D) Represents an adjustment of product samples to fair value.
- (E) Reflects the step-up to the preliminary estimated fair value of Sunosi's identifiable intangible assets from the respective carrying values reported by Sunosi after eliminating the historical carrying value of intangibles assets of the Ex-US Assets as of March 31, 2022. The preliminary fair values of the intangible assets retained include the following:

	Estimated fair value	Estimated weighted-average useful life
Sunosi pro forma identifiable intangible assets -Developed technology	\$ 63,800	10-years
Less: Historical intangible assets	(61,783)	
Pro forma adjustment	<u>\$ 2,017</u>	

As of the effective time of the Sunosi Acquisition, identifiable intangible assets are required to be measured at fair value, and these assets could include assets that are not intended to be used or sold or that are intended to be used in a manner other than their highest and best use. With respect to the intangible assets associated with the Acquisition, Sunosi owns the rights to a number of trade names and trademarks. Based on internal assessments as well as discussions with Sunosi's management, Axsome has identified the developed technology intangible asset. For purposes of these unaudited pro forma condensed combined financial statements, the fair value and weighted-average useful lives of these intangible assets have been estimated primarily based on available public information and Axsome's financial due diligence review of Sunosi.

- (F) Reflects goodwill related to the transaction resulting from the transaction see Note 4 above. Goodwill represents the excess of purchase price over acquired assets.
- (G) Represents the elimination of historical intangible asset amortization and the inclusion of amortization of intangible assets acquired. See table below:

	For Three Months Ended March 31, 2022		
	Historical amortization	Preliminary estimated amortization	Pro forma adjustment
Total amortization expense	\$ 1,679	\$ 1,595	\$ (84)

	For Year Ended December 31, 2021		
	Historical amortization	Preliminary estimated amortization	Pro forma adjustment
Total amortization expense	\$ 6,717	\$ 6,380	\$ (337)

**Note 7. Adjustments to Unaudited Pro Forma Condensed Combined Financial Statements**

- (A) Reflects the Company's net proceeds of \$44.5 million from the Hercules Tranche 1 loan of \$45 million, recording of long-term debt of \$43.7 million and related warrants of \$0.8 million. The components of the adjustment to debt are presented in the below table:

	<b>Pro forma adjustment</b>	
Axsome's borrowing pursuant to Second Amendment to Loan Agreement	\$	45,000
Less: Debt discount (deferred financing costs)		(485)
Less: Fair value allocated to warrants issued*		(826)
Pro forma adjustment	\$	<u>43,689</u>

\*The Company considered the warrant to be a freestanding instrument and treated as a separate unit of account from the Tranche 1B Loan. The Warrant is classified as a component of stockholders' equity and is valued based on its issuance date fair value.

- (B) Represents the sale of 152,487 units of common stock to Hercules at a share price equal to \$32.79 per share for aggregate consideration of \$5.0 million.
- (C) Total non-recurring acquisition-related transaction costs incurred by Axsome and Sunosi after March 31, 2022 were \$0.5 million. Transaction costs primarily relate to professional fees associated with regulatory filings and other Acquisition related activities. The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2021 have been adjusted to increase general and administrative expenses for these non-recurring costs.
- (D) Represents increased interest expense associated with the issuance of new debt.

To record the adjustment to interest expense based on additional debt financing used to finance the transaction:

	<b>For Three Months Ended March 31, 2022</b>		<b>For Year Ended December 31, 2021</b>	
Historical interest expense	\$	1,343	\$	5,696
Interest expense on new debt		1,395		4,556
Pro forma combined interest expense	\$	<u>2,738</u>	\$	<u>10,252</u>

The interest expense adjustments presented above were calculated using the applicable interest rate per annum as of June 30, 2022. Each one-eighth percentage point change in the assumed interest rates would result in a \$0.1 million change in estimated annual interest expense.

