



Kevin Slawin MD
Founder and Managing Partner
Rapha Capital Management, LLC
Cell: 713-299-1776 Fax: 305-675-3972
Email: kslawin@raphacap.com

April 9, 2024

Dear Rapha Capital Investment VIII, LLC Investors,

I am writing this letter to advise you that as of **November 10, 2023**, it was our opinion that 3D Bio Holdings, Inc. ("3DBio") Series A shares, warrants, and Jr. Secured Notes (altogether the "Assets"), which are held by Rapha Capital Investment VIII ("RCI VIII"), were at the time and currently have no value. Therefore, given that the Company's only assets were the Assets and such Assets having no value (as further explained below), the value of your membership interests in RCI VIII also no longer had any value as of **November 10, 2023**.

As with many pre-revenue biotech companies, 3DBio had for an extended period been faced with severe financial distress. Among other substantial efforts, 3DBio previously retained investment bankers Ferghana Securities and MM Dillon & Co. (collectively, the "**Investment Bankers**") to provide it with investment banking services to market 3DBio (or substantially all or a portion of the assets of 3DBio) for sale, to secure a strategic out-licensing or similar revenue-generating transaction and/or to secure additional equity or debt financing to support continued operations. Although some interest was expressed over the course of 3DBio's substantial efforts made in 2023, including the Investment Bankers' collective engagement, no such interest ever resulted in a transaction.

Such "no value" assessment (as stated above) on November 10, 2023 is based on, among other relevant factors, 3DBio's failure to secure a bonified purchaser for 3DBio or its assets, the lack of sufficient insider interest in a proposed recapitalization, and the fact that 3DBio was not a revenue producing enterprise with the ability to pay its obligations as they came due without further financing (which 3DBio had been unable to procure). Absent a viable sale of 3DBio and/or its assets and a lack of financing available to it, 3DBio's assets were valued to be less than the amount it owed to its Senior Secured Lender under its Senior Secured Indebtedness.

Accordingly, 3DBio acknowledged that there was not enough value to repay the Senior Secured Indebtedness in full, meet its debt service obligations under the Senior Secured Indebtedness, and thereby had insufficient asset value for any recovery for the Junior Noteholders, the other unsecured creditors, and the equity owners of 3DBio. After consulting with counsel and 3DBio's management, and considering the estimated value of 3DBio's assets based on the aforementioned efforts conducted by 3DBio, 3DBio acknowledged that:

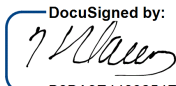
- a. 3DBio could not continue to operate in the normal course of business with their current capital structure and near-term prospects;



- b. 3DBio could not service the existing Senior Secured Indebtedness, and certainly none of the Junior Indebtedness;
- c. A sale of the 3DBio's assets would likely provide no value or recovery for the Junior Noteholders, the other unsecured creditors and the equity owners; and
- d. 3DBio had explored other options, including potential bankruptcy filings, and had come to the conclusion on **November 10, 2023**, that a negotiated Strict Foreclosure Agreement was the best course of action, which if not agreed to would have led to the holder of the Senior Secured Indebtedness commencing a non-consensual foreclosure on 3DBio's assets leading to the same result. Such consensual strict foreclosure was consummated on March 18, 2024, resulting in the holder of the Senior Secured Indebtedness taking possession of substantially all of 3DBio's assets in exchange for discharging the Senior Secured Indebtedness.

Thank you for your investments in these Rapha entities. I had hoped for a better outcome than this.

Best regards,

DocuSigned by:

B3BA3E4489254FD...

Kevin Slawin, MD
President, Rapha Capital Management, LLC

NOT FINANCIAL ADVICE:

The information contained herein is not intended as, and shall not be understood as, financial advice. I am not an attorney, accountant, or financial advisor, nor am I holding myself out to be, and the information contained herein is not a substitute for financial advice from a professional who is aware of the facts and circumstances of your individual situation.

I have done my best to ensure that the information provided herein are accurate and provide valuable information. Regardless of anything to the contrary, nothing available herein should be understood as a recommendation that you should not consult with a financial professional to address your particular information. Rapha Capital Management, LLC expressly recommends that you seek advice from a professional.

INVESTMENT RISKS:

All investments, including early-stage biotechnology companies, are speculative in nature and involves substantial risk of loss. We encourage our investors to invest carefully. We also encourage investors to get personal advice from your professional investment advisor and to make independent investigations before acting on information that we publish. Much of our information is derived directly from information provided directly by companies that we believe are reliable but are without our independent verification. Therefore, we cannot assure you that the information is accurate or complete. We do not in any way warrant or guarantee the success of any action you take in reliance on our statements or recommendations.



Past performance is not necessarily indicative of future results. All investments carry risk and all investment decisions of an individual remain the responsibility of that individual. There is no guarantee that systems, indicators, or signals will result in profits or that they will not result in losses. All investors are advised to fully understand all risks associated with any kind of investing they choose to do.

Hypothetical or simulated performance is not indicative of future results. Unless specifically noted otherwise, all return examples provided are based on hypothetical or simulated investing. We make no representations or warranties that any investor will, or is likely to, achieve profits similar to those shown, because hypothetical or simulated performance is not necessarily indicative of future results.

Don't enter any investment without fully understanding the worst-case scenarios of that investment.