

Project Reno – Earn-Out

- **Earn-Out** – A one-time payment to Denove stockholders of:
 - \$25,000,000 (if the milestone is achieved in the first sales measurement period), or
 - \$15,000,000 (if the milestone is achieved in the second sales measurement period).
- **Milestone** – Achieved if post-closing net sales (less certain deductions) of the product equal or exceed:
 - First Sales Measurement Period - \$30,000,000 of net sales in the first calendar year following the closing, or
 - Second Sales Measurement Period - \$50,000,000 of net sales in the first two calendar years following the closing.
- **Net Sales Adjustments** – For purposes of calculating net sales in the first calendar year after closing, the average daily post-closing net sales is imputed to each day of that calendar year prior to the closing date.
- **Payment Date** – Within 45 days of the end the sales measurement period in which the milestone is achieved.
- **Disputes:**
 - Within 10 days of the end of each sales measurement period, Sano will provide a written statement of its calculations of net sales and the milestone payment, including reasonable supporting evidence.
 - Sellers have an opportunity to object within 30 days of receipt of such statement.
 - The parties shall resolve any such dispute in good faith, or, if not, by final determination of an independent accountant (paid for by Sano).