

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

In re: Dex Liquidating Co. (f/k/a Dextera Surgical Inc.)  
Debtor

Case No. 17-12913 (KJC)

Reporting Period: Reporting Period: Aug 1, 2018 – Aug 31, 2018

**MONTHLY OPERATING REPORT**

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1	Yes	
Schedule of Debtor Bank Account Balances	MOR-1b	Yes	
Schedule of Professional Fees and Expenses Paid	MOR-1c	Yes	
Copies of bank statements		Available to the U.S. Trustee upon request.	
Cash disbursements journals		Available to the U.S. Trustee upon request.	
Statement of Operations	MOR-2	Yes	
Balance Sheet	MOR-3	Yes	
Summary of unpaid post-petition debts	MOR-4	Yes	
Accounts Receivable Aging	MOR-5	Yes	
Debtor Questionnaire	MOR-5	Yes	

**I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.**

/s/ Matthew English  
Signature of Authorized Individual\*

9/20/18  
Date

Matthew English  
Printed Name of Authorized Individual

Chief Restructuring Officer  
Title of Authorized Individual

\*Authorized individual must be an officer, director, or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

Dex Liquidating Co. (f/k/a Dextera Surgical  
Inc.,<sup>1</sup>

Debtor.

Chapter 11

Case No. 17-12913 (KJC)

**CERTIFICATION REGARDING POST-PETITION  
BANK ACCOUNT RECONCILIATIONS AND  
COMPLIANCE AND PAYMENT OF POST-  
PETITION TAXES**

I, Matthew English, Chief Restructuring Officer of Dex Liquidating Co. (f/k/a Dextera Surgical Inc.) (the “Debtor”), hereby certify as follows:

1. Attached to MOR-1 is a listing of the Debtor’s bank accounts, by account number, and the closing balances. These accounts are reconciled monthly in accordance with the Debtor’s ordinary course accounting practices and, together with the Debtor’s bank statements and cash disbursements journals, are available to the United States Trustee upon request.
2. The bank account for Dextera GmbH, the German subsidiary of Dex Liquidating Co., is reviewed by our bookkeeper in Germany, and then reconciled so appropriate journal entries can be made monthly in the USA books and records for wind-down expense transactions and currency exchange. As the German entity will be wound down under German law over the next year, going forward, Dex Liquidating Co. will be required to keep a minimum 25,000 EUR balance to satisfy German law until the wind-down and liquidation is complete. Disbursements from the Dextera GmbH bank account include post-petition payments and transfers related to Dex Liquidating Co.’s international operations, including monthly administrative service invoices for the period from the petition date to August 31, 2018. These disbursements have been done for the benefit of the bankruptcy estate and either maximized the value of the Debtor’s assets (e.g., A/R collections directly to the Debtor), minimized potential future liabilities (e.g., mitigated indemnification escrow claims), or were required to fulfill bankruptcy and/or SEC reporting requirements.
3. To the best of my knowledge and belief, as of the date of this filing, the Debtor is current on all post-petition taxes, and no post-petition tax amounts are past due.

/s/ Matthew English  
Matthew English  
Chief Restructuring Officer

9/20/18  
Date

<sup>1</sup> The last four digits of the Debtor’s federal tax identification number are 7832. The Debtor’s address is 7 West 41st Avenue, #245, San Mateo, CA 94403.

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

In re: Dex Liquidating Co. (f/k/a Dextera Surgical Inc.)

Case No. 17-12913 (KJC)

Debtor

Reporting Period: Reporting Period: Aug 1, 2018 – Aug 31, 2018

**General Notes**

This Monthly Operating Report (“MOR”) has been prepared solely for the purpose of complying with the monthly reporting requirements applicable in these bankruptcy cases. The financial information contained herein is unaudited, preliminary in nature, and, as discussed below, not prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Such financial statements represent the Debtor’s good faith attempt to comply with the requirements of the United States Trustee using resources available. This information is specifically limited to the reporting period and limited in scope to the requirements of this report. These unaudited financial statements have not been subject to procedures that would typically be applied to financial information presented in accordance with U.S. GAAP, and upon application of such procedures, the Debtor believes that the financial information could be subject to changes which could be material. Certain totals may not sum due to rounding.

The results of operations contained herein are not necessarily indicative of the results which may be expected from any other period or for the full year and may not necessarily reflect the results of operations, financial position and schedule of receipts and disbursements in the future. The amounts in MOR 3 currently classified as liabilities subject to compromise may be subject to future change as the Debtor completes its analysis of pre and post-petition liabilities, including the reconciliation of intercompany balances. The Debtor cautions readers not to place undue reliance on the MOR. There can be no assurance that such information is complete and the MOR may be subject to revision.

Stock-Based Compensation: The Debtor did not record stock based compensation expenses after September 31, 2017.

Inventory: The Debtor’s accounting policy is to record inventory at the lower of cost or market on a first-in, first-out basis. The company, on a quarterly basis, performs an impairment analysis and adjusts its inventory as required. The company did not perform this analysis after September 31, 2017.

Balance Sheet: Liabilities on the balance sheet do not include additional insurance obligations, additional legal and administrative bankruptcy expenses and other expenses related to corporate dissolution.

Warrant Liabilities: The final actual warrant liability, if any, as of the end of this MOR period or any subsequent date is subject to the specific terms of the respective warrants and the determination of the bankruptcy court.

**MOR-1: Schedule of Cash Receipts and Disbursements**  
(See attached)

**In re: Dex Liquidating Co. (f/k/a Dextera Surgical Inc.)**  
**Debtor**

**Case No. 17-12913 (KJC)**

**Reporting Period: Aug 1, 2018 – Aug 31, 2018**

**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**

Amounts reported should be per the debtor's books, not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. The amounts reported in the "PROJECTED" columns should be taken from the SMALL BUSINESS INITIAL REPORT (FORM IR-1). Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

	BANK ACCOUNTS	CURRENT MONTH		CUMULATIVE FILING TO DATE	
	AGGREGATE	ACTUAL	PROJECTED	ACTUAL	PROJECTED
<b>CASH BEGINNING OF MONTH</b>	\$6,375,307	\$6,375,307			
<b>RECEIPTS</b>					
CASH SALES					
ACCOUNTS RECEIVABLE	\$0	\$0		\$791,797	
REFUNDS	\$0	\$0		\$99,426	
SALE OF ASSETS	\$0	\$0		\$0	
ROYALTY PAYMENT AND OTHER (Note 5)	\$17,272	\$17,272		\$236,715	
TRANSFERS (FROM DIP ACCTS)	\$0	\$0		\$900,000	
NET PAYROLL AND TAXES	\$0	\$0		\$14,245	
RELEASE OF CD COLLATERAL FOR LEASE	\$0	\$0		\$100,312	
ASSET PURCHASE PAYMENT	\$0	\$0		\$13,663,815	
ADJUSTMENT (Note 3)	\$0	\$0		\$39,876	
TRUE-UP TO ADD OTHER BANK ACCOUNT BALANCES TO MOR (Note 4)	\$0	\$0		\$78,843	
<b>TOTAL RECEIPTS</b>	<b>\$17,272</b>	<b>\$17,272</b>		<b>\$15,925,030</b>	
<b>DISBURSEMENTS</b>					
NET PAYROLL AND TAXES	\$25,793	\$25,793		\$2,248,652	
PAYROLL TAXES	\$0	\$0		\$0	
SALES, USE, VAT, & OTHER TAXES	\$0	\$0		\$51,360	
INVENTORY PURCHASES	\$0	\$0		\$453,081	
SECURED/ RENTAL/ LEASES	\$0	\$0		\$0	
INSURANCE	\$0	\$0		\$399,762	
ADMINISTRATIVE (Note 2)	\$31,766	\$31,766		\$770,736	
SELLING	\$0	\$0		\$0	
	<b>BANK ACCOUNTS</b>	<b>CURRENT MONTH</b>	<b>CUMULATIVE FILING TO DATE</b>		

	AGGREGATE	ACTUAL	PROJECTED	ACTUAL	PROJECTED
ADJUSTMENT (Note 3)		\$0		\$300,604	
R & D	\$0	\$0		\$91,124	
SALES AND MARKETING	\$0	\$0		\$46,261	
TRANSFERS (TO DIP ACCTS)	\$0	\$0		\$0	
LOAN PRINCIPAL, FEES INTEREST PAYMENT TO CMI	\$0	\$0		\$4,054,413	
PROFESSIONAL FEES	\$76,498	\$76,498		\$1,521,994	
JMP INVESTMENT BANKER FEE	\$0	\$0		\$1,104,006	
U.S. TRUSTEE QUARTERLY FEES	\$0	\$0		\$0	
COURT COSTS	\$0	\$0		\$0	
<b>TOTAL DISBURSEMENTS</b>	<b>\$134,058</b>	<b>\$134,058</b>		<b>\$11,041,993</b>	
NET CASH FLOW	<b>(\$116,786)</b>	<b>(\$116,786)</b>		<b>\$4,883,037</b>	
(RECEIPTS LESS DISBURSEMENTS)					
<b>CASH - END OF MONTH (Note 1)</b>	<b>\$6,258,521</b>	<b>\$6,258,521</b>		<b>\$4,883,037</b>	

Note 1: CASH - END OF MONTH: Now includes \$731 of petty cash, \$15K in SVB Cash Collateral Account ending in x2475 and \$4,060.30 in SVB Cash Collateral Account x6339. Also includes \$37,651.30 balance and transactions from Dextera GmbH (German Subsidiary of Dex Liquidating Co.)

Note 2: Administrative Disbursements includes post-petition payments and transfers related to international operations, including the catch-up of monthly administrative service invoices for the period from the petition date to August 31, 2018. These items were for the benefit of the bankruptcy estate and either maximized the value of the Debtor's assets (e.g., A/R collections directly to the Debtor), minimized potential future liabilities (e.g., mitigated indemnification escrow claims), or were required to fulfill bankruptcy and/or SEC reporting requirements.

Note 3: Cash Adjustment is a true-up of the MOR ending cash balance after the accounting system migration and further reconciliation. The source of this adjustment is believed to be stale checks in float, currency exchange rates, petty cash and other true-ups required after the accounting system migration to simplify operations. This true-up shows a benefit to the estate.

Note 4: TRUE-UP adds petty cash plus the other collateral and EUR currency bank accounts to the MOR for more complete and consolidated reporting.

Note 5: Royalty Payment includes amounts collected by company that are the property of AesDex (Buyer) and hence not revenue of the company.

**THE FOLLOWING SECTION MUST BE COMPLETED**

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)	
TOTAL DISBURSEMENTS	\$134,058
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	\$0.00
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	\$0.00
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES</b>	<b>\$ 134,058</b>

**MOR-1(b): Bank Account Balances**  
(See attached)

Last 4 Digits of Account Number	Description	Balance as of 8/31/2018
2687	SVB Cash - Checking Account	\$ 6,201,078.02
5085	SVB Cash - Money Market	\$ -
4161	Unicredit Cash - GmbH Checking	\$ 37,651.30
0222	SVB Cash DEPOSITS ONLY	\$ -
N.A.	Petty Cash (estimated)	\$ 731.00
6339	SVB Credit Card Collateral MMA	\$ 4,060.30
2475	SVB CD - Collateral MMA	\$ 15,000.00
		<b>\$ 6,258,520.62</b>

Account x4161 is a EUR currency account. Above, it has been converted to USD.



**MOR-1(c): Schedule of Professional Fees and Expenses Paid**  
(See attached)



**MOR-2: Statement of Operations**  
(See attached)

## Dex Liquidating Co.

## PROFIT AND LOSS

August 2018

	TOTAL
Income	
<b>Total Income</b>	
GROSS PROFIT	<b>\$0.00</b>
Expenses	
6000 Selling, general and administrative	
6050 Employee Benefits Programs	-11,416.00
6070 Insurance	38,854.00
6090 Office Expense	86.00
6110 Repair & Maintenance	-715.00
6130 Salaries / Commissions / Payroll	3,104.73
Fees	
6140 Supplies & Materials	-3,050.00
6160 Taxes - Real Estate	9,900.00
6170 Taxes State	40,168.49
6195 Legal Services (ordinary course)	3,096.49
6200 Other SG&A Expense	56,347.90
6205 Regulatory Services and Filings	7,720.98
6210 Office/General Administrative	9,318.50
Expenses	
6220 Shipping, Freight & Delivery	-7,327.11
6225 Contractor Fees & Expenses	20,130.00
6227 Board Member Fees	15,000.00
6230 Bank Charges & Fees	105.79
<b>Total 6000 Selling, general and administrative</b>	<b>181,324.77</b>
8010 International Administrative Services	5,679.45
<b>Total Expenses</b>	<b>\$187,004.22</b>
NET OPERATING INCOME	<b>\$ -187,004.22</b>
Other Income	
9000 Interest Income	6.87
<b>Total Other Income</b>	<b>\$6.87</b>
Other Expenses	
7000 Reorganization Expenses	
7010 Professional Fees	153,709.19
<b>Total 7000 Reorganization Expenses</b>	<b>153,709.19</b>
<b>Total Other Expenses</b>	<b>\$153,709.19</b>
NET OTHER INCOME	<b>\$ -153,702.32</b>
NET INCOME	<b>\$ -340,706.54</b>

**Note**

Negative expense amounts, unless noted otherwise below, are the result of the release of expense accruals or credits against expense invoices that were determined to be the responsibility of AesDex (Buyer).

6050 Employee Benefit Programs: negative expense resulted from over-payment to employee benefit plan that will be recovered in future periods.

6170 Taxes State: expense amounts is the result of additional pre-petition tax accrual for state taxes.

6200 Other SG&A Expense: expense is related to the write-down of certain prepaid expenses due to the wind-down of the company.

For the purpose of the MOR, Dextera GmbH is consolidated into the financials for Dex Liquidating Co.

**MOR-3: Balance Sheet**  
(See attached)

## Dex Liquidating Co.

## BALANCE SHEET

As of August 31, 2018

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
1000 Cash Unrestricted	6,239,460.32
1010 Restricted Cash	19,060.30
<b>Total Bank Accounts</b>	<b>\$6,258,520.62</b>
Accounts Receivable	
1200 Accounts Receivable (A/R)	78,008.25
<b>Total Accounts Receivable</b>	<b>\$78,008.25</b>
Other Current Assets	
1400 Prepaid Expenses & Other Current Assets	143,840.54
1405 Prepaid Expenses- Professional Fee Retainers	203,687.57
<b>Total Other Current Assets</b>	<b>\$347,528.11</b>
<b>Total Current Assets</b>	<b>\$6,684,056.98</b>
Other Assets	
1600 Indemnification Escrow Fund-AesDex	2,000,000.00
<b>Total Other Assets</b>	<b>\$2,000,000.00</b>
<b>TOTAL ASSETS</b>	<b>\$8,684,056.98</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
2020 Pre Petition Accounts Payable (A/P)	603,000.00
2030 Post Petition Accounts Payable (A/P)	255,902.68
<b>Total Accounts Payable</b>	<b>\$858,902.68</b>
Credit Cards	
2050 Corporate Credit Cards	896.93
<b>Total Credit Cards</b>	<b>\$896.93</b>
Other Current Liabilities	
2110 Accrued Compensation	1,126,247.65
2120 Accrued Liabilities	502,742.84
2310 Warrant liabilities	1,700,000.00
2320 AesDex Claims Reserve - Indemnification Escrow	269,599.72
<b>Total Other Current Liabilities</b>	<b>\$3,598,590.21</b>
<b>Total Current Liabilities</b>	<b>\$4,458,389.82</b>
Long-Term Liabilities	\$0.00
<b>Total Liabilities</b>	<b>\$4,458,389.82</b>
Equity	\$4,225,667.16
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$8,684,056.98</b>

**Note**

1004 Unicredit Bank AG x4161: Unicredit Bank AG cash balance is converted to US Dollars using an exchange rate of \$1.16 USD to 1 EUR.

1400 Prepaid Expenses & Other Current Assets: Changes in August 2018 for prepaid and other current assets included prepaid adjustments for insurance, property taxes, employee benefits and AesDex purchase related adjustments.

2120 Accrued Liabilities: Changes in August 2018 for accrued liabilities included normal monthly adjustments for accrued Accounts Payables, additional accruals for pre-petition taxes and accruals for cash collected that is the property of AesDex (Buyer).

2400 Accrued Liabilities-LT: Changes in August 2018 for long-term accrued liabilities related to the movement of long-term accrued liabilities to short-term accrued liabilities as it is expected that company accrued liabilities should be paid within one year.



**MOR-4: Summary of Unpaid Post-Petition Debts**  
(See attached)

**Dex Liquidating Co.**  
**A/P Aging Summary**  
As of August 31, 2018

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>91 and over</u>	<u>Total</u>
TOTAL	\$ 48,879.50	\$ 125,932.14	\$ 7,013.06	\$ 30,763.01	\$ 43,314.97	\$ 255,902.68

Monday, Sep 10, 2018 10:16:47 AM GMT-7

**MOR-5: Accounts Receivable Aging and Debtor Questionnaire**  
(See attached)

**Dex Liquidating Co.**  
**A/R Aging Summary**  
As of August 31, 2018

	<b>Current</b>	<b>1 - 30</b>	<b>31 - 60</b>	<b>61 - 90</b>	<b>91 and over</b>	<b>Total</b>
<b>TOTAL</b>	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 78,008.25	\$ 78,008.25

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**DEBTOR QUESTIONNAIRE**

<b>Must be completed each month</b>	<b>Yes</b>	<b>No</b>
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		<b>X</b>
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		<b>X</b>
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	<b>X</b>	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	<b>X</b>	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.		<b>X</b>

Note 2: For the purpose of this question, the Dextera EUR currency account at Dextera GmbH (wholly owned subsidiary) is being considered a Debtor in Possession account.

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

	)	
In re:	)	Chapter 11
	)	
Dex Liquidating Co.	)	Case No. 17-12913 (KJC)
(f/k/a Dextera Surgical Inc.),	)	
	)	
Debtor.	)	
	)	

**CERTIFICATE OF SERVICE**

I, Mark Minuti, hereby certify that on September 20, 2018, I caused a copy of the **Monthly Operating Report for the Reporting Period August 1, 2018 – August 31, 2018** be served via Hand Delivery on the following party.

David Buchbinder, Esquire  
Office of the United States Trustee  
J. Caleb Boggs Federal Building  
844 King Street, Suite 2207  
Wilmington, DE 19801

/s/ Mark Minuti  
 Mark Minuti (DE Bar No. 2659)  
 SAUL EWING ARNSTEIN & LEHR LLP  
 1201 N. Market Street, Suite 2300  
 P.O. Box 1266  
 Wilmington, DE 19899  
 (302) 421-6840  
 mark.minuti@saul.com

Dated: September 20, 2018