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): **December 20, 2017**

Diplomat Pharmacy, Inc.

(Exact Name of Registrant as Specified in its Charter)

Michigan	**001-36677**	**38-2063100**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

4100 S. Saginaw St.
Flint, Michigan 48507
(Address of Principal Executive Offices) (Zip Code)

(888) 720-4450
(Registrant's Telephone Number, Including Area Code)

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 (*see* General Instruction A.2. below):

☐ 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))

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

Diplomat Pharmacy, Inc. (the "Company") is filing this Current Report on Form 8-K/A ("Amendment No. 1") to amend its Current Report on Form 8-K filed on December 21, 2017 (the "Initial Report"), which disclosed the completion of the Company's acquisition of all of the outstanding equity interests of LDI Holding Company, LLC, a Delaware limited liability company ("LDI"), pursuant to the terms of that certain Securities Purchase Agreement and Plan of Merger, dated November 15, 2017 (the "Purchase Agreement") by and among the Company, LDI and certain indirect equityholders of LDI (the "Sellers") and Nautic Capital VIII, L.P., a Delaware limited partnership, solely in its capacity as Securityholder Representative. As previously disclosed, the acquisition was completed on December 20, 2017.

The information previously reported in the Initial Report is hereby incorporated by reference into this Amendment No. 1. This Amendment No. 1 is being filed solely to provide the information required by Item 9.01 of Form 8-K, and does not amend the Initial Report in any manner other than such Item 9.01.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired

Attached hereto as Exhibits 99.2 and 99.3 and incorporated herein by reference are the financial statements of LDI, as follows:

- Audited financial statements of LDI, as of December 31, 2016 and 2015, and for the years ended December 31, 2016, 2015 and 2014, including the Independent Auditor's Report thereon
- Notes to audited financial statements
- Unaudited financial statements of LDI, as of September 30, 2017 and for the nine months ended September 30, 2017 and 2016
- Notes to unaudited financial statements

(b) Pro Forma Financial Information

Attached hereto as Exhibit 99.4 and incorporated herein by reference are the unaudited pro forma condensed combined consolidated statement of operations of the Company, as follows:

- Unaudited pro forma condensed combined consolidated statement of operations for the year ended December 31, 2017
- Notes to unaudited pro forma condensed combined consolidated statement of operations

(d) Exhibits

No.	Description
23.1	Consent of BDO USA, LLP
99.2	Audited financial statements of LDI, as of December 31, 2016 and 2015, and for the years ended December 31, 2016, 2015 and 2014
99.3	Unaudited financial statements of LDI, as of September 30, 2017 and for the nine months ended September 30, 2017 and 2016
99.4	Unaudited pro forma condensed combined consolidated statement of operations for the year ended December 31, 2017

SIGNATURE

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

Diplomat Pharmacy, Inc.

By: /s/ Atul Kavthekar
Atul Kavthekar
Chief Financial Officer

Date: March 7, 2018

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-199244) of Diplomat Pharmacy, Inc. of our report dated March 5, 2018, relating to the financial statements of LDI Holding Company, LLC (formerly Leehar Distributors, Inc.), which appears in this Form 8-K/A.

/s/ BDO USA, LLP
St. Louis, Missouri

March 7, 2018

Exhibit 99.2

LDI Holding Company, LLC (formerly Leehar Distributors, Inc.)

Consolidated Financial Statements
As of December 31, 2016 and for the
Period from August 17, 2016 to December 31, 2016

Financial Statements
As of December 31, 2015 and for the
Period from January 1, 2016 to October 31, 2016 and the Years Ended
December 31, 2015 and 2014

LDI Holding Company, LLC
(formerly Leehar Distributors, Inc.)

Consolidated Financial Statements
As of December 31, 2016 and for the
Period from August 17, 2016 to December 31, 2016

Financial Statements
As of December 31, 2015 and for the
Period from January 1, 2016 to October 31, 2016
and the Years Ended December 31, 2015 and 2014

LDI Holding Company, LLC
(formerly Leehar Distributors, Inc.)

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Independent Auditor's Report

To the Members of
LDI Holding Company, LLC
St. Louis, Missouri

We have audited the accompanying restated financial statements of LDI Holding Company, LLC (the "successor"), formerly Leehar Distributors, Inc., (the "predecessor") which comprise the balance sheets as of December 31, 2016 (successor) and 2015 (predecessor), and the related statements of operations, changes in members' (stockholders') equity, and cash flows for the period from August 17, 2016 to December 31, 2016 (successor), the period from January 1, 2016 to October 31, 2016 (predecessor) and for the years ended December 31, 2015 and 2014 (predecessor), and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

M anagement is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAP"). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the restated financial statements referred to above present fairly, in all material respects, the financial position of LDI Holding Company, LLC, formerly Leehar Distributors, Inc., as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the period from August 17, 2016 to December 31, 2016, the period from January 1, 2016 to October 31, 2016 and for the years ended December 31, 2015 and 2014, in accordance with U.S. GAAP.

Emphasis of Matter

As described in Note 3 to the financial statements, the accompanying financial statements have been restated to correct misstatements. In addition, as further described in Note 3, the Company elected to change its method of accounting for goodwill and business combinations. As the Company meets the definition of a public business entity, it has removed the effect of applying Accounting Standards Update No. 2014-02, *Accounting for Goodwill, a consensus of the Private Company Council and No. 2014-18, Accounting for Identifiable Intangible Assets in a Business Combination, a consensus of the Private Company Council,* and applied the provisions of Accounting Standards Codification Topics 350 and 805 applicable to public business entities. Our opinion is not modified with respect to these matters.

BDO USA, LLP

March 5, 2018

LDI Holding Company, LLC
(formerly Leehar Distributors, Inc.)

Balance Sheets

		(Successor) December 31, 2016, As Restated		(Predecessor) December 31, 2015, As Restated
Assets				
Current Assets				
Cash	$	5,870,402	$	17,450,821
Accounts receivable		24,618,726		18,554,383
Rebates receivable		29,086,000		20,027,572
Inventory		2,036,774		2,205,031
Prepaid expenses		434,097		352,925
Due from related parties		6,699		176,775
Total Current Assets		62,052,698		58,767,507
Property and Equipment , Net		2,451,504		3,115,113
Trademark		24,918,000		—
Customer Relationships		119,941,250		1,016,000
Goodwill		78,146,376		1,870,318
Deposits		47,997		47,997
Total Assets	$	287,557,825	$	64,816,935

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

LDI Holding Company, LLC
(formerly Leehar Distributors, Inc.)

Balance Sheets *(Continued)*

	(Successor) December 31, 2016, As Restated	(Predecessor) December 31, 2015, As Restated
Liabilities and Members' (Stockholders') Equity		
Current Liabilities		
Accounts payable	$ 6,581,760	$ 10,055,987
Pharmacies payable	11,026,750	12,265,952
Accrued rebates payable	16,339,505	12,065,935
Accrued expenses	2,391,323	1,697,814
Due to related parties	—	244,771
Other current liabilities	—	285,065
Current portion of long-term debt	800,000	—
Total Current Liabilities	37,139,338	36,615,524
Long-Term Liabilities		
Long-term debt, less current portion	112,066,300	—
Deferred rent payable	—	314,622
Other long-term liabilities	1,125,000	163,917
Deferred compensation	—	721,201
Total Long-Term Liabilities	113,191,300	**1,199,740**
Members' (Stockholders') Equity		
Common stock, voting, no par value, 3,000 shares authorized; 3,000 shares issued and outstanding (Predecessor)	—	—
Common stock, non-voting, no par value, 27,000 shares authorized; 27,000 shares issued and outstanding (Predecessor)	—	—
Additional paid-in capital	—	336,844
Retained earnings	—	26,664,827
Members' equity	137,227,187	—
Total Members' (Stockholders') Equity	137,227,187	27,001,671
Total Liabilities and Members' (Stockholders') Equity	$ 287,557,825	$ 64,816,935

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

LDI Holding Company, LLC
(formerly Leehar Distributors, Inc.)

Statements of Operations

	(Successor)	(Predecessor)		
	Period from August 17, 2016 to December 31, 2016, As Restated	Period from January 1, 2016 to October 31, 2016, As Restated	Year Ended December 31, 2015, As Restated	Year Ended December 31, 2014, As Restated
Revenues	$ 64,648,522	$ 294,501,987	$ 318,443,734	$ 275,594,415
Cost of Revenues	58,427,567	265,107,206	290,666,384	256,551,809
Gross Profit	6,220,955	29,394,781	27,777,350	19,042,606
Operating Expenses	4,023,092	7,712,346	9,168,550	9,144,944
Acquisition Related Expenses	11,542,070	—	—	—
Operating (Loss) Income	(9,344,207)	21,682,435	18,608,800	9,897,662
Other Expense (Income)				
Interest expense	1,503,460	—	—	—
Other, net	(200,660)	25,620	(28,726)	(50,686)
Total Other Expense (Income)	1,302,800	25,620	(28,726)	(50,686)
Net (Loss) Income	$ (10,647,007)	$ 21,656,815	$ 18,637,526	$ 9,948,348

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

LDI Holding Company, LLC
(formerly Leehar Distributors, Inc.)

Statements of Changes in Members' (Stockholders') Equity

Successor
Period from August 17, 2016 to December 31, 2016, As Restated

	Class A Units	Undistributed Loss	Total Members' Equity (As Restated)
Balance, August 17, 2016	$ —	$ —	$ —
Member contributions	147,850,000	—	147,850,000
Equity-based compensation expense	24,194	—	24,194
Net loss	—	(10,647,007)	(10,647,007)
Balance, December 31, 2016	$ 147,874,194	$ (10,647,007)	$ 137,227,187

Predecessor
Years ended December 31, 2014 and 2015 and the Period from January 1, 2016 to October 31, 2016, As Restated

	Common Stock				Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity (As Restated)
	Voting		Non-Voting				
	Shares	Amount	Shares	Amount			
Balance, December 31, 2013	3,000	$ —	27,000	$ —	$ 336,844	$ 6,082,623	$ 6,419,467
Net income in 2014	—	—	—	—	—	9,948,348	9,948,348
Distributions to stockholders	—	—	—	—	—	(1,924,400)	(1,924,400)
Balance, December 31, 2014	3,000	$ —	27,000	$ —	$ 336,844	$ 14,106,571	$ 14,443,415
Net income in 2015	—	—	—	—	—	18,637,526	18,637,526
Distributions to stockholders	—	—	—	—	—	(6,079,270)	(6,079,270)
Balance, December 31, 2015	3,000	$ —	27,000	$ —	$ 336,844	$ 26,664,827	$ 27,001,671
Net income in 2016	—	—	—	—	—	21,656,815	21,656,815
Distributions to stockholders	—	—	—	—	—	(26,029,365)	(26,029,365)
Balance, October 31, 2016	3,000	$ —	27,000	$ —	$ 336,844	$ 22,292,277	$ 22,629,121

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

LDI Holding Company, LLC
(formerly Leehar Distributors, Inc.)

Statements of Cash Flows

	(Successor) Period from August 17, 2016 to December 31, 2016 As Restated	(Predecessor) Period from January 1, 2016 to October 31, 2016 As Restated	Year Ended December 31, 2015 As Restated	Year Ended December 31, 2014 As Restated
Cash Flows From Operating Activities				
Net (loss) income	$ (10,647,007)	$ 21,656,815	$ 18,637,526	$ 9,948,348
Adjustments to reconcile net (loss) income to net cash (used by) provided by operating activities:				
Depreciation and amortization	2,602,266	881,421	1,122,835	1,025,025
Accrued interest on subordinated debt	50,000	—	—	—
Loss (gain) on disposal of property and equipment	—	43,701	—	(45,974)
Compensation expense related to unit incentive plan	24,194	—	—	—
Decrease (increase) in assets, net of business acquisition:				
Accounts receivable - trade	2,577,655	(7,750,027)	(2,261,109)	(3,262,627)
Rebates receivable	(1,983,745)	(6,579,496)	(11,420,713)	(6,941,426)
Inventory	219,941	(51,684)	(301,344)	(231,779)
Prepaid expenses	(80,985)	(187)	(163,746)	358
Due from related parties	88	169,988	(133,067)	371,984
Deposits	—	—	40,000	(40,001)
Increase (decrease) in liabilities, net of business acquisition:				
Accounts payable	(1,712,647)	(1,761,581)	1,333,990	2,443,663
Pharmacies payable	(1,498,594)	259,392	1,464,868	4,645,721
Accrued rebates payable	3,108,987	1,164,583	5,126,357	2,801,017
Accrued expenses	743,464	(49,955)	(148,943)	1,200,150
Due to related parties	—	(244,771)	48,891	(877,659)
Deferred rent	—	(38,192)	28,595	45,191
Other liabilities	(83,333)	1,030,528	(241,376)	(613,219)
Deferred compensation	—	(59,885)	(35,933)	—
Net Cash (Used By) Provided By Operating Activities	(6,679,716)	8,670,650	13,096,831	10,468,772
Cash Flows From Investing Activities				
Proceeds from sale of equipment	—	—	—	79,964
Capital expenditures	(80,537)	(92,106)	(191,706)	(682,347)
Acquisition	(247,960,345)	—	—	—
Net Cash Used By Investing Activities	(248,040,882)	(92,106)	(191,706)	(602,383)
Cash Flows From Financing Activities				
Cash distributions to stockholders	—	(26,029,365)	(6,079,270)	(850,861)
Proceeds from issuance of long-term debt	115,000,000	—	—	—
Debt issuance costs	(2,259,000)	—	—	—
Members contributions	147,850,000	—	—	—
Net Cash Provided by (Used By) Financing Activities	260,591,000	(26,029,365)	(6,079,270)	(850,861)
Net Increase (Decrease) In Cash	5,870,402	(17,450,821)	6,825,855	9,015,528
Cash, Beginning of period	—	17,450,821	10,624,966	1,609,438
Cash, End of period	$ 5,870,402	$ —	$ 17,450,821	$ 10,624,966
Supplemental Disclosure of Cash Flow Information:				
Non-cash financing activities:				
Distributions used to pay down related party notes receivable	$ —	$ —	$ —	$ 1,073,539

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

Notes to Financial Statements

1. Organization and Nature of Operations

Operations

LDI Holding Company, LLC (“LLC”, “Hold Co”, or “Successor Company”) was formed on August 17, 2016 (“date of inception”) as a Delaware limited liability company to acquire the assets of Leehar Distributors, Inc. (“Inc.” or “Predecessor Company”). Hold Co, formerly Inc. (collectively, the “Company”) operates primarily in the St. Louis Metropolitan Area. The Company is engaged in the business of pharmaceutical benefits management and domestic mail order pharmaceutical sales. In the normal course of business, the Company extends credit to its customers.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include all adjustments necessary for the fair presentation of the Company’s operations and financial position.

LLC financial statements for the period August 17, 2016 to December 31, 2016 effect the Acquisition described in Note 4. LLC had no activity from its formation date on August 17, 2016 through November 1, 2016 when it closed on the Acquisition of Inc. Thus, income statement accounts reflected in these financial statements for the Successor Company include activity solely for the post-acquisition period November 1, 2016 to December 31, 2016.

Inc. financial statements as of December 31, 2015, for the period January 1, 2016 to October 31, 2016 and the years ended December 31, 2015 and 2014 reflect activity of the Predecessor Company and have not been effected for the impact of the Acquisition.

The financial information of the Successor Company and Predecessor Company may not be directly comparable due to the change in basis of presentation resulting from the application of purchase accounting to the November 1, 2016 Acquisition of Inc. and resulting impact on operating results after that date. The financial statements of the Successor Company are consolidated.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash

The Company maintains balances at a bank in amounts that, at times, exceed the Federal Deposit Insurance Corporation insurance limits. The Company has never experienced any losses in such accounts.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts not paid within 30 days of the invoice date are considered past due. The Company provides for probable uncollectible amounts through a charge to earnings and a credit to the allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. The Company recorded an allowance for doubtful accounts of $0 and $244,677 as of December 31, 2016 and 2015, respectively.

Rebate Accounting

The Company receives rebates from pharmaceutical manufacturers related to the purchase of drugs, a portion of which, depending on contract terms, are paid back to its customers. Rebates earned for the period November 1, 2016, the date of Acquisition, to December 31, 2016 were $8,230,946. Rebates earned for the period from January 1, 2016 to October 31, 2016, and for the years ended December 31, 2015 and 2014 totaled $35,891,275, $32,888,250 and $19,187,664, respectively. Rebates earned are recorded as a reduction of cost of revenues in the statements of operations.

The amount of rebates due back to customers for the period November 1, 2016 to December 31, 2016 was $4,261,854. The amount of rebates due back to customers for the period from January 1, 2016 to October 31, 2016 and the years ended December 31, 2015 and 2014 were $20,294,091, $18,090,678 and $11,861,003, respectively. Rebates due back to customers are recorded as a reduction of revenues in the statements of operations. The Company records rebates receivable from the manufacturer and payable to the clients when prescriptions covered under contractual agreements with the manufacturers are dispensed. Rebates receivable at period end dates are estimated based on actual claims data provided by the Company’s third party aggregator. The portion of rebates payable back to the Company’s clients are estimated based upon historical and/or anticipated sharing percentages. As described in footnote 3, the Company has restated its financial statements to reflect rebates receivable and rebates payable balances based on subsequent cash collections.

Inventory

Inventory is comprised of pharmaceutical products purchased for ultimate sale to the Company’s customers. Inventory is stated at the lower of cost or market, with cost determined using the first-in, first-out method.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization using the straight-line method. Expenditures for maintenance and repairs are charged to operations as incurred, while renewals and betterments, which extend the useful lives of the assets, are capitalized. Upon retirement or disposal, the costs of the assets and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in earnings. Depreciation is computed over the following estimated useful lives:

Vehicles, furniture, computers and equipment	3 - 7 years
Leasehold improvements	Shorter of lease term or asset life

Management evaluates the recoverability of the investment in property and equipment whenever events or changes in circumstances indicate that the Company may not be able to recover the asset's carrying amount. Primary indicators of impairment include significant declines in the operating results or an expectation that a long-lived asset may be disposed of before the end of its useful life. The Company measures the recoverability of assets to be held and used by a comparison of the carrying amount of the asset, or group of assets, to the net estimated future cash flows to be generated by the asset or asset group. At December 31, 2016 and 2015, management did not consider its property and equipment to be impaired.

Trademark

The trademark was fair valued in connection with the Acquisition and has been assigned an indefinite life. The trademark has a carrying amount of $24,918,000 and is subject to impairment testing at least annually. There was no impairment of the Company's trademark as of December 31, 2016.

Customer Relationships

The customer relationships recorded at December 31, 2015 were acquired by Inc. through prior acquisitions and were being amortized using the straight-line method over seven years. The customer relationships recorded at December 31, 2016 were fair valued in connection with the Acquisition and are being amortized on an accelerated basis over 20 years. The accelerated model used by the Company matches amortization expense to expected cash flows from these customer relationships in future periods.

Debt Financing Costs

During 2016, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2015-03, *Imputation of Interest,* under which debt financing costs are reported in the balance sheet as a direct reduction from the face amount of long-term debt and are amortized as interest expense over the term of the underlying debt. The Company uses the straight-line method to amortize debt financing costs, which is materially equivalent to the effective interest rate method.

Goodwill

Goodwill represents the excess of costs over fair value of the assets of businesses acquired. Goodwill is not amortized, but instead is tested, at least annually at December 31, to determine if certain circumstances indicate a possible impairment may exist. Recoverability of goodwill is measured by comparing the fair value of the reporting unit to its carrying value, including goodwill. If the fair value of the goodwill is less than the carrying value, the difference is recognized as impairment and the carrying value is reduced accordingly.

The Company previously elected the alternative treatment for amortizing goodwill using the straight-line method over its estimated useful life not to exceed 10 years in accordance with FASB Accounting Standards Codification ("ASC") 350, *Intangibles- Goodwill and Other* . This election also permitted the Company to present customer related intangibles as part of goodwill. However, as described in Note 3, this election was reversed, customer relationships have been identified as a separate intangible asset, and no goodwill amortization has been recorded in the accompanying consolidated financial statements.

Other Long-term Liabilities

Inc. entered into a prime vendor agreement, which was acquired by LLC, in March 2016 and expires in March 2019. The agreement provided a one-time upfront purchase discount totaling $1,500,000. FASB ASC 605-50-25 requires purchase discounts to be recognized as reductions in costs of sales based on a systematic and rational allocation of the consideration received and the underlying purchase agreement. The purchase agreement requires minimum monthly purchases over a specified period of 36 months (qualified monthly purchases must be equal to or exceed $8,500,000 and the generic purchase of merchandise purchased through the prime vendor's generic programs must be equal to or exceed 7% of total mail order drug purchases). The Company recognizes the reductions in costs of sales on a straight-line basis over the term of the agreement. Reductions in costs of sales totaled $83,333 during the post-acquisition period from November 1, 2016 to December 31, 2016. Reductions in costs of sales totaled $291,667 during the period from March 2016 to October 31, 2016. The unamortized value of this purchase discount totaled $1,125,000 at December 31, 2016 and is included in other long-term liabilities on the balance sheet.

Inc. entered into a prime vendor agreement in March 2012 that expired in March 2015. The agreement provided a one-time upfront purchase discount totaling $1,200,000. The purchase agreement requires minimum monthly purchases over a specified period of 36 months. The Company recognized the reductions in costs of sales on a straight-line basis over the term of the agreement. Reductions in costs of sales totaled $100,000 and $400,000 during the years ended December 31, 2015 and 2014.

Fair Value Measurements

FASB ASC 820-10 establishes a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 Inputs to the valuation methodology are quoted prices in active markets for identical investments as of the reporting date,

Level 2 Inputs to the valuation methodology other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and the fair value can be determined through the use of models of other valuation methodologies, and

Level 3 Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions relating to the pricing of the asset or liability, including assumptions regarding risk.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The carrying amount of the following financial instruments approximates fair value because of the short-term maturity of these instruments: accounts receivable, rebates receivable, accounts payable, pharmacies payable, accrued rebates payable, and accrued expenses. The carrying amount of the Company's long-term debt approximates fair value as the note bears interest at a current market rate for debt with a similar maturity.

Revenue Recognition

The Company fills pharmaceutical prescriptions through mail-order, processes claims for prescriptions filled by retail pharmacies in its network, and provides retail pharmacy benefit management services for employer healthcare plans.

Revenues from dispensing pharmaceuticals through mail-order are recognized when pharmaceuticals are shipped. Revenues related to prescriptions filled by retail pharmacies and retail pharmacy benefit management services provided are recognized when prescription claims are processed.

Revenues related to the distribution of prescription drugs by retail pharmacies in the Company's network represent the prescription price (ingredient cost plus dispensing fee) negotiated by the Company's clients, plus any associated administrative fees. These revenues are recognized when the claim is processed. The Company independently has a contractual obligation to pay the network pharmacy providers for benefits provided to the clients' members. As such, the Company acts as a principal in the arrangement and includes the total prescription price as revenue in accordance with U.S. GAAP. The primary indicators of gross treatment are present. When a prescription is presented by a member to a retail pharmacy within the Company's network, the Company is solely responsible for confirming member eligibility, performing drug utilization review, reviewing for drug-to-drug interactions, performing clinical intervention, which may involve a call to the member's physician, communicating plan provisions to the pharmacy, directing payment to the pharmacy and billing the client for the amount it is contractually obligated to pay the Company for the prescription dispensed, as specified within the client contracts. The Company also provides benefit design and formulary consultation services to clients. The Company has separately negotiated contractual relationships with clients and with network pharmacies, and under the contracts with pharmacies the Company generally assumes the credit risk of the clients' ability to pay for drugs dispensed by these pharmacies to clients' members. The Company, not its clients, is obligated to pay the retail pharmacies within the network the contractually agreed upon amount for the prescription dispensed, as specified within the provider contracts. These factors indicate that the Company is a principal as defined by U.S. GAAP and, as such, the Company records the total prescription price contracted with clients in revenue. Revenues generated from prescriptions filled by retail pharmacies totaled $36,310,011, $160,107,124, $176,602,252 and $152,330,711 for the period November 1, 2016 to December 31, 2016, the period January 1, 2016 to October 31, 2016 and the years ended December 31, 2015 and 2014, respectively. In retail pharmacy transactions, amounts paid to pharmacies and amounts charged to clients are always exclusive of the applicable co-payment. Retail pharmacy co-payments, which the Company instructs retail pharmacies to collect from members, are included in revenues and cost of revenues. Retail pharmacy co-payments included in revenues and cost of revenues totaled $7,263,525, $38,273,233 $41,012,685 and $39,254,933 for the period November 1, 2016 to December 31, 2016, the period January 1, 2016 to October 31, 2016 and the years ended December 31, 2015 and 2014, respectively.

Shipping and Handling Costs

Shipping and handling costs for the post-acquisition period from November 1, 2016 to December 31, 2016 were $323,921. Shipping and handling costs for the period from January 1, 2016 to October 31, 2016 and for the years ended December 31, 2015 and 2014 were $1,333,221, $1,131,841 and $913,129, respectively. Shipping and handling costs are included in cost of revenues in the statements of operations.

Sales Taxes

The Company collects from its customers the sales taxes imposed on its sales by the states in which it does business and remits these taxes to the states. The Company records sales tax on a net basis in the statements of operations.

Advertising

The Company expenses the costs of advertising when incurred. Advertising expense for the post-acquisition period from November 1, 2016 to December 31, 2016 was $15,849. Advertising expense for the period from January 1, 2016 to October 31, 2016 and for the years ended December 31, 2015 and 2014 was $56,419, $75,273 and $305,927, respectively. Advertising expense is included in operating expenses in the statements of operations.

Income Taxes

The Successor Company is a limited liability company. Limited liability companies operate under sections of federal and state income tax laws which provide that, in lieu of company-level income taxes, the members separately account for their pro rata shares, as allocated in accordance with the members' operating agreement, of items of income, deductions, losses and credits. Inc. was previously organized as an S corporation under the provisions of the Internal Revenue Code. As an S Corporation, Inc. was generally not subject to income taxes. Instead, stockholders were individually liable for income taxes on their respective shares of the Company's taxable income. Accordingly, a provision for income taxes has not been included in these financial statements.

The Company follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes* , which prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the financial statements as of December 31, 2016 and 2015.

The Company files income tax returns with the U.S. federal government and with various state and local governments. The Company is currently subject to U.S. federal, state, and local income tax examinations by tax authorities for jurisdictions in which the Company has filed tax returns for subsequent to December 31, 2014.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606),* which established a comprehensive revenue recognition standard for virtually all industries under U.S. GAAP, including those that previously followed industry specific guidance such as real estate, construction and software industries. The revenue standard's core principle is built on the contract between a vendor and a customer for the provision of goods and services. It attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. To accomplish this objective, the standard requires five basic steps: i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The statement is effective for private entities for annual periods beginning after December 15, 2018. The Company has substantially completed its evaluation and determined that the impact of ASU 2014-09 on its financial statements will not be significant.

In February 2016, the FASB issued ASU 2016-02, *Leases* . The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for private entities for annual periods beginning after December 15, 2019. The Company is in the process of evaluating the potential impact of ASU 2016-02 on its financial statements and has not yet determined the method by which the standard will be adopted in 2020.

Subsequent Events

Management has evaluated subsequent events through March 5, 2018, the date the financial statements were available to be issued. On December 20, 2017, LLC was acquired by Diplomat Pharmacy, Inc. for a combination of cash and stock consideration totaling $595 million.

3. Restatement of Previously Issued Financial Statements and Changes in Accounting Policies

In connection with preparation of these financial statements, the Company corrected certain errors in each period presented, all of which had been previously reported, related to (1) rebates receivable and payable estimates recorded at period end dates, and (2) the presentation of co-payment revenue related to retail pharmacy transactions. In addition, the Company changed its accounting policies related to its accounting for goodwill and business combinations. These accounting policy changes resulted in the reversal of amortization expense previously recorded on goodwill under AASU. 2014-02, *Accounting for Goodwill, a consensus of the Private Company Council,* and also resulted in the Successor Company recognizing an intangible asset for customer relationships in purchase accounting on November 1, 2016 under the provisions of ASC 350 and ASC 805 which unwound the accounting previously applied under ASU 2014-18, *Accounting for Identifiable Assets in a Business Combination* .

LDI Holding Company, LLC
(formerly Leehar Distributors, Inc.)

Notes to Financial Statements

As of December 31, 2016 and for the period August 17, 2016 to December 31, 2016

	As Previously Reported	(1) (3) (5) Correction of Errors	(2) Change in Accounting Policy	As Restated
Rebates receivable (1)	$ 24,624,442	$ 4,461,558	$ —	$ 29,086,000
Total current assets	57,591,140	4,461,558	—	62,052,698
Goodwill (1) (2)	203,475,323	(6,594,682)	(118,734,265)	78,146,376
Customer relationships (2)	—	—	119,941,250	119,941,250
Total assets	288,483,964	(2,133,124)	1,206,985	287,557,825
Accrued rebates payable (1)	19,627,661	(3,288,156)	—	16,339,505
Total current liabilities	40,427,494	(3,288,156)	—	37,139,338
Members' equity	134,865,170	1,155,032	1,206,985	137,227,187
Total liabilities and members' equity	288,483,964	(2,133,124)	1,206,985	287,557,825
Revenues (1) (3)	56,668,863	7,979,659	—	64,648,522
Cost of revenues (1) (3) (5)	51,602,940	6,824,627	—	58,427,567
Gross profit	5,065,923	1,155,032	—	6,220,955
Operating expenses (2)	5,230,077	—	(1,206,985)	4,023,092
Net (loss) income	(13,009,024)	1,155,032	1,206,985	(10,647,007)

For the period January 1, 2016 to October 31, 2016

	As Previously Reported	(1) (3) (4) Correction of Errors	(2) Change in Accounting Policy	As Restated
Revenues (1) (3) (4)	$ 275,276,017	$ 19,225,970	$ —	$ 294,501,987
Cost of revenues (1) (3) (4)	246,339,647	18,767,559	—	265,107,206
Gross profit	28,936,370	458,411	—	29,394,781
Operating expenses (2)	7,868,206	—	(155,860)	7,712,346
Net (loss) income	21,042,544	458,411	155,860	21,656,815

As of December 31, 2015 and for the year then ended

	As Previously Reported	(1) (3) Correction of Errors	(2) Change in Accounting Policy	As Restated
Rebates receivable (1)	$ 14,475,494	$ 5,552,078	$ —	$ 20,027,572
Total current assets	53,215,429	5,552,078	—	58,767,507
Goodwill (2)	1,496,254	—	374,064	1,870,318
Total assets	58,890,793	5,552,078	374,064	64,816,935
Accrued rebates payable (1)	11,992,522	73,413	—	12,065,935
Total current liabilities	36,542,111	73,413	—	36,615,524
Members' equity	21,148,942	5,478,665	374,064	27,001,671
Total liabilities and members' equity	58,890,793	5,552,078	374,064	64,816,935

	As Previously Reported	(1) (3) (4) Correction of Errors	(2) Change in Accounting Policy	As Restated
Revenues (1) (3) (4)	$ 294,187,121	$ 24,256,613	$ —	$ 318,443,734
Cost of revenues (1) (3) (4)	267,996,673	22,669,711	—	290,666,384
Gross profit	26,190,448	1,586,902	—	27,777,350
Operating expenses (2)	9,355,395	187	(187,032)	9,168,550
Net (loss) income	16,863,779	1,586,715	187,032	18,637,526

For the year ended December 31, 2014

	As Previously Reported	(1) (3) (4) Correction of Errors	(2) Change in Accounting Policy	As Restated
Revenues (1) (3) (4)	$ 246,995,634	$ 28,598,781	$ —	$ 275,594,415
Cost of revenues (1) (3) (4)	232,340,164	24,211,645	—	256,551,809
Gross profit	14,655,470	4,387,136	—	19,042,606
Operating expenses (2)	9,331,975	—	(187,031)	9,144,944
Net (loss) income	5,374,181	4,387,136	187,031	9,948,348

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(1) These adjustments restate the rebates receivable and rebates payable estimates at each period end date to account for errors in the Company's estimation process which primarily stemmed from making rebate estimates with incomplete available information. The corresponding impact of restating these receivable and payable amounts was recorded to cost of revenues and revenues, respectively, in the statements of operations.

(2) These adjustments reverse amortization expense recorded on goodwill in both the Successor and Predecessor companies based on the change in accounting policy from the Private Company Council alternatives to ASC 350 and ASC 805 as described above. Additionally, the adjustments include re-allocating $122,183,000 originally capitalized to goodwill in purchase accounting for the Successor Company to a customer relationship intangible asset in accordance with ASC 805. Amortization expense recorded on the customer relationship intangible assets totaled $2,241,750 for the post-acquisition period November 1, 2016 to December 31, 2016 and is reflected in the change in accounting policy column of the table above. Amortization expense previously recorded on goodwill totaled $3,448,735, $155,860, $187,032, and $187,031 for the successor period August 17, 2016 to December 31, 2016, the predecessor period January 1, 2016 to October 31, 2016 and the predecessor years ended December 31, 2015 and 2014, respectively.

(3) These corrections increase revenues and cost of revenues for co-payment revenues generated on retail pharmacy transactions in each period presented. Historically, the Company accounted for such transactions on a net basis. The impact of recording these adjustments increased revenues and costs of revenues by $7,263,525, $38,273,233, $41,012,685 and $39,254,933 for the successor period August 17, 2016 to December 31, 2016, the predecessor period January 1, 2016 to October 31, 2016 and the predecessor years ended December 31, 2015 and 2014, respectively. These adjustments correct rebates passed through to the Company's customers previously reported as costs of revenue to contra

revenue in amounts of $22,036,201, $16,877,037 and 12,282,744 for the predecessor period from January 1 to October 31, 2016 and the predecessor years ended December 31, 2015 and 2014, respectively. In addition, other fees which were improperly reflected as contra revenue have been adjusted to cost of revenue in the amounts of $1,246,829, $1,348,021 and $1,204,011 for the predecessor period from January 1 to October 31, 2016 and the predecessor years ended December 31, 2015 and 2014, respectively.

(4) The Company recorded a $162,451 adjustment to reflect its inventory at fair market value in connection with the Acquisition of Inc. on November 1, 2016. This adjustment serves to record the full impact of that adjustment in cost of revenues for the period August 17, 2016 to December 31, 2016. This adjustment was not reflected in the Company's previously issued financial statements.

The restatement adjustments and changes in accounting policies summarized above have no impact on the reported operating, investing or financing cash flows for any period presented.

4. Business Acquisitions

On November 1, 2016, LLC acquired all of the assets and liabilities of Inc., a Missouri corporation d/b/a LDI Integrated Pharmacy Services, engaged in the business of supplying mail-order pharmaceuticals and providing retail pharmacy benefit management services for employer healthcare plans for cash consideration of $247,960,345 (the "Acquisition"). The Company recorded a working capital receivable due from the sellers of $891,791 in Accounts Receivable at December 31, 2016 with a corresponding reduction to goodwill. This reduction to goodwill is reflected in the allocation of the purchase price included in the table below. The Acquisition is treated as a business combination in accordance with FASBASC 805, *Business Combinations.* Accordingly, financial results prior to November 1, 2016 relate to the Predecessor Company and results subsequent thereto pertain to the Successor Company.

Costs related to the Acquisition, which included legal, accounting, and other professional service fees, in the amount of $11,542,070 were charged directly to operations and are reported in acquisition related expense in the statement of operations for the period August 17, 2016 to December 31, 2016.

The following table summarizes the net assets acquired (at fair value):

Accounts receivable	**(a)**	**$**	**26,304,590**
Rebates receivable	**(a)**		**27,562,161**
Inventory	**(b)**		**2,419,135**
Prepaid expenses	**(a)**		**353,112**
Due from related parties			**6,787**
Property and equipment	**(c)**		**2,493,763**
Trademark	**(d)**		**24,918,000**
Goodwill	**(e)**		**78,146,376**
Customer relationships	**(f)**		**122,183,000**
Deposits			**47,997**
			284,434,921
Accounts payable	**(a)**		**(8,294,405)**
Pharmacies payable	**(a)**		**(12,525,344)**
Accrued rebates payable	**(a)**		**(13,690,426)**
Accrued expenses	**(a)**		**(1,647,859)**
Other long-term liabilities			**(1,208,333)**
Net assets acquired		**$**	**247,068,554**

(a) Working capital accounts recorded at fair value in connection with the Acquisition.

(b) Inventory recorded at fair value at date of acquisition includes a step-up of $162,451 which was expensed to cost of revenues in the post-acquisition period November 1, 2016 to December 31, 2016.

(c) Property and equipment were recorded at their estimated fair values at date of acquisition.

(d) The trademark was recorded at fair value as of the date of acquisition using the relief from royalty method, which is an income approach method based on cash flow projections and assumptions of future operations.

(e) Goodwill reflects the amount of consideration paid in excess of the fair value of identifiable assets and liabilities acquired.

(f) Customer relationship intangibles were recorded at fair value as of the date of acquisition using the multi-period excess earnings method, which is an income approach method based on cash flow projections and assumptions of future operations.

5. Accounts Receivable

Accounts receivable consist of the following:

December 31,	(Successor) 2016	(Predecessor) 2015
Trade receivables	$ 24,483,510	$ 18,761,086
Co-pay receivables	39,642	37,974
Miscellaneous Receivables	95,574	—
Allowance for doubtful accounts	—	(244,677)
	$ 24,618,726	$ 18,554,383

6. Property and Equipment, Net

Property and equipment, net consists of the following:

December 31,	(Successor) 2016	(Predecessor) 2015
Vehicles	$ 6,849	$ 244,287
Furniture, computers and equipment	1,162,174	4,219,599
Leasehold Improvements	1,405,277	1,571,861
	2,574,300	6,035,747
Less accumulated depreciation and amortization	122,796	2,920,634
	$ 2,451,504	$ 3,115,113

Depreciation expense for the post-acquisition period from November 1, 2016 to December 31, 2016 was $122,796. Depreciation expense for the period from January 1, 2016 to October 31, 2016 and for the years ended December 31, 2015 and 2014 was $669,755, $868,835 and $765,643, respectively.

7. Customer Relationships

The carrying value of customer relationships was $122,183,000 and the related accumulated amortization was $2,241,750 at December 31, 2016. The carrying value of customer relationships was $1,778,000 and the related accumulated amortization was $762,000 at December 31, 2015.

Future estimated aggregate amortization expense is as follows:

Years Ending December 31,	
2017	$ 13,450,502
2018	11,955,794
2019	10,804,784
2020	9,848,183
2021	9,053,978
Thereafter	64,828,009
	$ 119,941,250

8. Long-Term Debt

Long-term debt consists of the following:

December 31,	(Successor) 2016	(Predecessor) 2015
Revolving line of credit with a maximum balance of $15,000,000 at; Expires November 1, 2021. Interest is payable monthly at the base rate plus applicable margin (LIBOR + 4.75% - floor of 5.75% at December 31, 2016).	$ 5,000,000	—
Bank term loan, payable in quarterly principal installments of $200,000 with the remaining principal due November 1, 2022; interest payable quarterly at LIBOR plus the applicable margin, as defined (LIBOR + 4.75% - floor of 5.75% at December 31, 2016).	80,000,000	—
Subordinated senior debt, payable to members; interest at 12% - 11% per annum, payable quarterly in cash arrears plus 1% per annum, payable quarterly in cash or accrued as principal; due May 1, 2023.	30,050,000	—
	115,050,000	—
Less current maturities	800,000	—
Less unamortized debt financing costs	2,183,700	—
	$ 112,066,300	—

Successor Company

The Company maintains financing agreements with banks consisting of a revolving line of credit and a secured term loan. The loan agreement requires the Company to pay a percentage fee for the unused portion of the revolving credit commitment, subject to certain criteria defined in the loan agreement. Total fees charged during the post-acquisition period from November 1, 2016 to December 31, 2016 were $8,472 and are included in interest expense in the statement of operations.

In addition, the Company has outstanding subordinated notes totaling $30,050,000, inclusive of deferred interest of $50,000 capitalized during the post-acquisition period November 1, 2016 to December 31, 2016. The notes are subordinate to the bank financing agreements.

Both the bank and subordinated debt are subject to certain financial covenants. These covenants include a maximum total leverage ratio and a minimum ratio of fixed charges. The Company was in compliance with these covenants at December 31, 2016. All of the loans are collateralized by substantially all of the assets of Hold Co.

The scheduled maturities of long-term debt and unamortized debt financing costs as of December 31, 2016 are as follows:

Years Ending December 31,	Principal	Unamortized Debt Financing Costs
2017	$ 800,000	$ 376,920
2018	800,000	375,033
2019	800,000	373,157
2020	800,000	371,292
2021	5,800,000	369,436
Thereafter	106,050,000	317,862
	$ 115,050,000	$ 2,183,700

Amortization expense from debt financing costs totaling $75,300 is included in interest expense in the statement of operations for the post-acquisition period from November 1, 2016 to December 31, 2016.

Predecessor Company

The Company had a revolving line of credit loan for borrowings up to the calculated borrowing base not to exceed $4,500,000. The calculated borrowing base was $4,500,000 at December 31, 2015. Interest was calculated quarterly and payable monthly and accrued at a rate per annum equal to LIBOR plus a percentage varying from 2.25% to 3.00% based up on the ratio of total funded debt to earnings before income taxes, depreciation and amortization. The Company did not have an outstanding balance on this line at December 31, 2015. The note was secured by the unlimited guarantees of the shareholders of Inc. and their trusts and all business assets of the Company with the exception of a money market account held at a separate bank.

9. Members' Equity

Hold Co's LLC Agreement authorizes 6,720,455 Class B-1 Units, 6,720,455 Class B-2 Units and 6,720,455 Class B-3 Units for issuance under an equity incentive plan. At December 31, 2016, 4,200,284 Class B-1 Units, 4,200,284 Class B-2 Units and 4,200,284 Class B-3 Units had been issued to members of LLC's management. All Class B-1, B-2 and B-3 Units were issued on November 1, 2016. The fair values of the Class B-1, Class B-2 and Class B-3 Units issued were \$685,338, \$593,001 and \$324,766, respectively. Class B-1 Units time vest over five years or upon a liquidity event or series of liquidity events which result in Hold Co receiving proceeds greater than 2 times the aggregate Class A contribution amounts ("Class B 2x Performance Hurdle"). Class B-2 Units vest upon achievement of the Class B 2x Performance Hurdle. Class B-3 Units vest upon a liquidity event or series of liquidity events which result in Hold Co receiving proceeds greater than 3 times the aggregate Class A contribution amounts. Compensation expense recorded for the Class B-1 units was \$24,194 for the period ended December 31, 2016 and is included in operating expenses in the statements of operations. No compensation expense was recorded for Class B-2 or Class B-3 Units as a liquidity event was not deemed probable as of December 31, 2016.

10. Operating Lease Commitments

The Company leases space for its mail order pharmacy and corporate office employees in St. Louis, Missouri. Total future minimum rental payments required under this non-cancellable operating lease with terms greater than one year as of December 31, 2016 are as follows:

Years Ended December 31,		
2017	$	668,005
2018		695,986
2019		712,582
2020		729,821
2021		746,738
Thereafter		505,201
	$	4,058,333

Under this lease agreement, in addition to the base rent above, the Company pays additional rent as a percentage of the utilities, real estate taxes, and maintenance costs for the office and retail pharmacy facilities exceeding a base year amount. Rent expense for the post-acquisition period from November 1, 2016 to December 31, 2016 was \$112,857. Rent expense for the period from January 1, 2016 to October 31, 2016 and for the years ended December 31, 2015 and 2014 was \$406,513, \$522,928 and \$478,135, respectively. Rent expense is included in cost of sales and operating expenses in the statements of operations.

11. Related Party Transactions

At December 31, 2016 and 2015, the Company had amounts due from related parties of \$6,699 and \$176,755, respectively, bearing interest at rates ranging from 1.65% to 2.0% per annum. Interest income relating to these receivables for the post-acquisition period from November 1, 2016 to December 31, 2016 was \$22. Interest income relating to these receivables for the period from

January 1, 2016 to October 31, 2016 and for the years ended December 31, 2015 and 2014 was $1,383, $703 and $0, respectively.

At December 31, 2015, the Company also had a payable to one of its stockholders in the amount of $244,771. Interest expense related to the payable was $473 for the year ended December 31, 2015.

12. Employee Benefit Plan

The Company sponsors a 401(k) savings plan, which allows employees with at least one month of service to make tax deferred contributions at a percentage of an employee's compensation up to a maximum amount allowed under IRS guidelines. The plan provides for Company matching of employee contributions up to 4% of compensation. Employees are immediately vested in the matching contributions. Company contributions to the plan for the post-acquisition period from November 1, 2016 to December 31, 2016 were $35,708. Company contributions to the Plan for the period from January 1, 2016 to October 31, 2016 and for the years ended December 31, 2015 and 2014 totaled $199,146, $206,665 and $203,475, respectively. These contributions to the plan are included in cost of sales and operating expenses on the statement of operations.

13. Collective Bargaining Agreement

Pharmacy technicians and call center employees are subject to a collective bargaining agreement. The agreement expires in December 2018. Employees subject to the collective bargaining agreement receive most of the same benefits as all other employees and also have guaranteed pay increases. Thirty-five and thirty percent of the Company's employees, respectively, were subject to the collective bargaining agreement at and 2015.

14. Concentrations

The Company has one major customer who accounted for 18% of the Company's total revenues for the period from August 17, 2016 to December 31, 2016. The same customer accounted for 19%, 20% and 22% of the Company's total revenues for the period from January 1, 2016 to October 31, 2016 and the years ended December 31, 2015 and 2014, respectively. Aggregate accounts receivable due from this customer are approximately 12% and 18% of the Company's total trade accounts receivable at December 31, 2016 and December 31, 2015, respectively.

For the post-acquisition period from November 1, 2016 to December 31, 2016, one vendor supplied approximately 84% of the Company's total inventory purchases. The same vendor supplied approximately 82%, 97% and 83%, respectively, of the Company's total inventory purchases for the period from January 1, 2016 to October 31, 2016 and the years ended December 31, 2015 and 2014, respectively. Aggregate accounts payable due to this vendor were approximately 82% and 87% of the Company's total trade accounts payable at December 31, 2016 and December 31, 2015, respectively. Management does not believe these concentrations to represent significant risks to the business.

15. Contingencies

The Company is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material effect on the financial condition or results of operations of the Company.

Exhibit 99.3

LDI Holding Company, LLC (formerly Leehar Distributors, Inc.)

Consolidated Financial Statements
As of September 30, 2017 and December 31, 2016 and for the Nine-month Period Ended September 30, 2017

Financial Statements
For the Nine-month Period Ended September 30, 2016

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

LDI Holding Company, LLC
(formerly Leehar Distributors, Inc.)

Consolidated Financial Statements
As of September 30, 2017 and December 31, 2016 and
for the Nine-month Period Ended September 30, 2017

Financial Statements
For the Nine-month Period Ended September 30, 2016

LDI Holding Company, LLC
(formerly Leehar Distributors, Inc.)

Contents

Financial Statements

LDI Holding Company, LLC
(formerly Leehar Distributors, Inc.)

Balance Sheets

	September 30, 2017	December 31, 2016
Assets		
Current Assets		
Cash	$ 40,191,873	$ 5,870,402
Accounts receivable	29,431,265	24,618,726
Rebates receivable	5,489,772	29,086,000
Inventory	2,525,046	2,036,774
Prepaid expenses	660,519	434,097
Due from related parties	5,008	6,699
Total Current Assets	78,303,483	62,052,698
Property and Equipment , Net	2,413,894	2,451,504
Trademark	24,918,000	24,918,000
Customer Relationships	109,853,373	119,941,250
Goodwill	78,146,376	78,146,376
Deposits	147,863	47,997
Total Assets	$ 293,782,989	$ 287,557,825

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

LDI Holding Company, LLC
(formerly Leehar Distributors, Inc.)

Balance Sheets *(Continued)*

	September 30, 2017	December 31, 2016
Liabilities and Members' Equity		
Current Liabilities		
Accounts payable	$ 6,433,929	$ 6,581,760
Pharmacies payable	11,244,749	11,026,750
Accrued rebates payable	21,441,602	16,339,505
Accrued expenses	3,192,167	2,391,323
Current portion of long-term debt	800,000	800,000
Total Current Liabilities	43,112,447	37,139,338
Long-Term Liabilities		
Long-term debt, less current portion	106,755,150	112,066,300
Other long-term liabilities	750,000	1,125,000
Total Long-Term Liabilities	107,505,150	113,191,300
Members' Equity	143,165,392	137,227,187
Total Liabilities and Members' Equity	$ 293,782,989	$ 287,557,825

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

LDI Holding Company, LLC
(formerly Leehar Distributors, Inc.)

Statements of Operations

	(Successor) Period from January 1, 2017 to September 30, 2017	(Predecessor) Period from January 1, 2016 to September 30, 2016
Revenues	$ 295,846,420	$ 263,617,243
Cost of Revenues	260,211,230	235,363,056
Gross Profit	35,635,190	28,254,187
Operating Expenses	19,263,237	6,778,760
Operating Income	16,371,953	21,475,427
Other Expense (Income)		
Interest expense	6,692,799	—
Other, net	(39,026)	(15,533)
Total Other Expense (Income)	6,653,773	(15,533)
Net Income	$ 9,718,180	$ 21,490,960

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

LDI Holding Company, LLC
(formerly Leehar Distributors, Inc.)

Statements of Changes in Members' (Stockholders') Equity

Predecessor
Period from January 1, 2016 to September 30, 2016

	Common Stock											
	Voting		Non-Voting				Additional Paid-In Capital		Retained Earnings		Total Members' Equity	
	Shares	Amount		Shares	Amount							
Balance, January 1, 2016	3,000	$	—	27,000	$	—	$	336,844	$	26,664,827	$	27,001,671
Net income in 2016	—		—	—		—		—		21,490,960		21,490,960
Distributions to stockholders	—		—	—		—		—		(15,110,000)		(15,110,000)
Balance, September 30, 2016	3,000	$	—	27,000	$	—	$	336,844	$	33,045,787	$	33,382,631

Successor
Period from January 1, 2017 to September 30, 2017

		Class A Units		Undistributed Loss		Total Members' Equity
Balance, January 1, 2017	$	147,874,194	$	(10,647,007)	$	137,227,187
Member contributions		500,000		—		500,000
Distributions to members		—		(4,450,000)		(4,450,000)
Equity-based compensation expense		170,025		—		170,025
Net income		—		9,718,180		9,718,180
Balance, September 30, 2017	$	148,544,219	$	(5,378,827)	$	143,165,392

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

LDI Holding Company, LLC
(formerly Leehar Distributors, Inc.)

Statements of Cash Flows

	(Successor) Period from January 1, 2017 to September 30, 2017	(Predecessor) Period from January 1, 2016 to September 30, 2016
Cash Flows From Operating Activities		
Net income	$ 9,718,180	$ 21,490,960
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,990,981	796,055
Gain on disposal of property and equipment	(10,920)	—
Compensation expense related to unit incentive plan	170,025	—
Decrease (increase) in assets:		
Accounts receivable	(4,812,539)	(3,323,673)
Rebates receivable	23,596,228	(2,896,762)
Inventory	(488,272)	(162,950)
Prepaid expenses	(226,422)	(57,023)
Due from related parties	1,691	(86,404)
Deposits	(99,866)	—
Increase (decrease) in liabilities:		
Accounts payable	(147,831)	(4,310,054)
Pharmacies payable	217,999	(64,730)
Accrued rebates payable	5,102,097	2,018,746
Accrued expenses	800,844	70,288
Due to related parties	—	(59,530)
Deferred rent	—	(38,270)
Other liabilities	(375,000)	1,089,807
Deferred compensation	—	(53,836)
Net Cash Provided By Operating Activities	44,437,195	14,412,624
Cash Flows From Investing Activities		
Capital expenditures	(515,724)	(85,817)
Net Cash Used By Investing Activities	(515,724)	(85,817)
Cash Flows From Financing Activities		
Members contributions	500,000	—
Cash distributions to members/stockholders	(4,450,000)	(15,110,000)
Repayments on long-term debt	(5,650,000)	—
Net Cash Used By Financing Activities	(9,600,000)	(15,110,000)
Net Increase (Decrease) In Cash	34,321,471	(783,193)
Cash, Beginning of period	5,870,402	17,450,821
Cash, End of period	$ 40,191,873	$ 16,667,628

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

LDI Holding Company, LLC
(formerly Leehar Distributors, Inc.)

Notes to Financial Statements

1. Organization and Nature of Operations

Operations

LDI Holding Company, LLC ("LLC", "Hold Co", or "Successor Company") was formed on August 17, 2016 ("date of inception") as a Delaware limited liability company to acquire the assets of Leehar Distributors, Inc. ("Inc." or "Predecessor Company"). Hold Co, formerly Inc. (collectively, the "Company") operates primarily in the St. Louis Metropolitan Area. The Company is engaged in the business of pharmaceutical benefits management and domestic mail order pharmaceutical sales. In the normal course of business, the Company extends credit to its customers.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include all adjustments necessary for the fair presentation of the Company's operations and financial position. These reviewed financial statements should be read in conjunction with the audited financial statements and related notes as of December 31, 2016 and for the periods from January 1, 2016 to October 31, 2016 (Predecessor) and August 17, 2016 to December 31, 2016 (Successor).

The financial information of the Successor Company and Predecessor Company may not be directly comparable due to the change in basis of presentation resulting from the application of purchase accounting to the November 1, 2016 acquisition of Inc. and resulting impact on operating results after that date (Note 4). The financial statements of the Successor Company are consolidated.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash

The Company maintains balances at a bank in amounts that, at times, exceed the Federal Deposit Insurance Corporation insurance limits. The Company has never experienced any losses in such accounts.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts not paid within 30 days of the invoice date are considered past due. The Company provides for probable uncollectible amounts through a charge to earnings and a credit to the allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. The Company has not recorded an allowance for doubtful accounts at September 30, 2017 and December 31, 2016.

Rebate Accounting

The Company receives rebates from pharmaceutical manufacturers related to the purchase of drugs, a portion of which, depending on contract terms, are paid back to its customers. Rebates earned for the period January 1, 2017 to September 30, 2017 were $46,898,119. Rebates earned for the period from January 1, 2016 to September 30, 2016 were $33,939,001. Rebates earned are recorded as a reduction of cost of revenues in the statements of operations.

The amount of rebates due back to customers for the period January 1, 2017 to September 30, 2017 was $25,061,569. The amount of rebates due back to customers for the period from January 1, 2016 to September 30, 2016 was $17,874,535. Rebates due back to customers are recorded as a reduction of revenues in the statements of operations. The Company records rebates receivable from the manufacturer and payable to the clients when prescriptions covered under contractual agreements with the manufacturers are dispensed. Rebates receivable at period end dates are estimated based on actual claims data provided by the Company's third party aggregator. The portion of rebates payable back to the Company's clients are estimated based upon historical and/or anticipated sharing percentages.

Inventory

Inventory is comprised of pharmaceutical products purchased for ultimate sale to the Company's customers. Inventory is stated at the lower of cost or market, with cost determined using the first-in, first-out method.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization using the straight-line method. Expenditures for maintenance and repairs are charged to operations as incurred, while renewals and betterments, which extend the useful lives of the assets, are capitalized. Upon retirement or disposal, the costs of the assets and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in earnings. Depreciation is computed over the following estimated useful lives:

Vehicles, furniture, computers and equipment	3 - 7 years
Leasehold improvements	Shorter of lease term or asset life

Management evaluates the recoverability of the investment in property and equipment whenever events or changes in circumstances indicate that the Company may not be able to recover the asset's carrying amount. Primary indicators of impairment include significant declines in the operating results or an expectation that a long-lived asset may be disposed of before the end of its useful life. The Company measures the recoverability of assets to be held and used by a comparison of the carrying amount of the asset, or group of assets, to the net estimated future cash flows to be generated by the asset or asset group. At September 30, 2017 and December 31, 2016, management did not consider its property and equipment to be impaired.

Trademark

The trademark was fair valued in connection with the acquisition of Inc. on November 1, 2016 and has been assigned an indefinite life. The trademark has a carrying amount of $24,918,000 and is subject to impairment testing at least annually. There was no impairment of the Company's trademark as of September 30, 2017 and December 31, 2016.

Customer Relationships

The customer relationships were fair valued in connection with the acquisition of Inc. on November 1, 2016 and are being amortized on an accelerated basis over 20 years. The accelerated model used by the Company matches amortization expense to expected cash flows from these customer relationships in future periods.

Debt Financing Costs

During 2016, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2015-03, *Imputation of Interest,* under which debt financing costs are reported in the balance sheet as a direct reduction from the face amount of long-term debt and are amortized as interest expense over the term of the underlying debt. The Company uses the straight-line method to amortize debt financing costs, which is materially equivalent to the effective interest rate method.

Goodwill

Goodwill represents the excess of costs over fair value of the assets of businesses acquired. Goodwill is not amortized, but instead is tested, at least annually at December 31, to determine if certain circumstances indicate a possible impairment may exist. Recoverability of goodwill is measured by comparing the fair value of the reporting unit to its carrying value, including goodwill. If the fair value of the goodwill is less than the carrying value, the difference is recognized as impairment and the carrying value is reduced accordingly.

The Company previously elected the alternative treatment for amortizing goodwill using the straight-line method over its estimated useful life not to exceed 10 years in accordance with FASB Accounting Standards Codification ("ASC") 350, *Intangibles- Goodwill and Other* . This election also permitted the Company to present customer related intangibles as part of goodwill. However, as described in Note 3, this election was reversed, customer relationships have been identified as a separate intangible asset, and no goodwill amortization has been recorded in the accompanying consolidated financial statements.

Other Long-term Liabilities

Inc. entered into a prime vendor agreement, which was acquired by LLC, in March 2016 and expires in March 2019. The agreement provided a one-time upfront purchase discount totaling $1,500,000. FASB ASC 605-50-25 requires purchase discounts to be recognized as reductions in costs of sales based on a systematic and rational allocation of the consideration received and the underlying purchase agreement. The purchase agreement requires minimum monthly purchases over a specified period of 36 months (qualified monthly purchases must be equal to or exceed $8,500,000 and the generic purchase of merchandise purchased through the prime vendor's generic programs must be equal to or exceed 7% of total mail order drug purchases). The Company recognizes the reductions in costs of sales on a straight-line basis over the term of the agreement. Reductions in costs of sales totaled $376,879 during the period from January 1, 2017 to September 30, 2017. Reductions in costs of sales totaled $258,479 during the period from March 2016 to September 30, 2016. The unamortized value of this purchase discount totaled $750,000 and $1,125,000 at

September 30, 2017 and December 31, 2016, respectively, and is included in other long-term liabilities on the balance sheet.

Fair Value Measurements

FASB ASC 820-10 establishes a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 Inputs to the valuation methodology are quoted prices in active markets for identical investments as of the reporting date,

Level 2 Inputs to the valuation methodology other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and the fair value can be determined through the use of models of other valuation methodologies, and

Level 3 Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions relating to the pricing of the asset or liability, including assumptions regarding risk.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The carrying amount of the following financial instruments approximates fair value because of the short-term maturity of these instruments: accounts receivable, rebates receivable, accounts payable, pharmacies payable, accrued rebates payable, and accrued expenses. The carrying amount of the Company’s long-term debt approximates fair value as the note bears interest at a current market rate for debt with a similar maturity.

Revenue Recognition

The Company fills pharmaceutical prescriptions through mail-order, processes claims for prescriptions filled by retail pharmacies in its network, and provides retail pharmacy benefit management services for employer healthcare plans.

Revenues from dispensing pharmaceuticals through mail-order are recognized when pharmaceuticals are shipped. Revenues related to prescriptions filled by retail pharmacies and retail pharmacy benefit management services provided are recognized when prescription claims are processed.

Revenues related to the distribution of prescription drugs by retail pharmacies in the Company's network represent the prescription price (ingredient cost plus dispensing fee) negotiated by the Company's clients, plus any associated administrative fees. These revenues are recognized when the claim is processed. The Company independently has a contractual obligation to pay the network pharmacy providers for benefits provided to the clients' members. As such, the Company acts as a principal in the arrangement and includes the total prescription price as revenue in accordance with U.S. GAAP. The primary indicators of gross treatment are present. When a prescription is presented by a member to a retail pharmacy within the Company's network, the Company is solely responsible for confirming member eligibility, performing drug utilization review, reviewing for drug-to-drug interactions, performing clinical intervention, which may involve a call to the member's physician, communicating plan provisions to the pharmacy, directing payment to the pharmacy and billing the client for the amount it is contractually obligated to pay the Company for the prescription dispensed, as specified within the client contracts. The Company also provides benefit design and formulary consultation services to clients. The Company has separately negotiated contractual relationships with clients and with network pharmacies, and under the contracts with pharmacies the Company generally assumes the credit risk of the clients' ability to pay for drugs dispensed by these pharmacies to clients' members. The Company, not its clients, is obligated to pay the retail pharmacies within the network the contractually agreed upon amount for the prescription dispensed, as specified within the provider contracts. These factors indicate that the Company is a principal as defined by U.S. GAAP and, as such, the Company records the total prescription price contracted with clients in revenue. Revenues generated from prescriptions filled by retail pharmacies totaled $158,753,266 and $143,167,404 for the periods January to September 30, 2017 and 2016, respectively. In retail pharmacy transactions, amounts paid to pharmacies and amounts charged to clients are always exclusive of the applicable co-payment. Retail pharmacy co-payments, which the Company instructs retail pharmacies to collect from members, are included in revenues and cost of revenues. Retail pharmacy co-payments included in revenues and cost of revenues totaled $36,099,040 and $34,706,183 for the periods January to September 30, 2017 and 2016, respectively.

Shipping and Handling Costs

Shipping and handling costs for the period from January 1, 2017 to September 30, 2017 were $1,274,855. Shipping and handling costs for the period from January 1, 2016 to September 30, 2016 were $1,184,703. Shipping and handling costs are included in cost of revenues in the statements of operations.

Sales Taxes

The Company collects from its customers the sales taxes imposed on its sales by the states in which it does business and remits these taxes to the states. The Company records sales tax on a net basis in the statements of operations.

Advertising

The Company expenses the costs of advertising when incurred. Advertising expense for the period from January 1, 2017 to September 30, 2017 was $29,712. Advertising expense for the period from January 1, 2016 to September 30, 2016 was $46,052. Advertising expense is included in operating expenses in the statements of operations.

Income Taxes

The Successor Company is a limited liability company. Limited liability companies operate under sections of federal and state income tax laws which provide that, in lieu of company-level income taxes, the members separately account for their pro rata shares, as allocated in accordance with the members' operating agreement, of items of income, deductions, losses and credits. Inc. was previously organized as an S corporation under the provisions of the Internal Revenue Code. As an S

Corporation, Inc. was generally not subject to income taxes. Instead, stockholders were individually liable for income taxes on their respective shares of the Company's taxable income. Accordingly, a provision for income taxes has not been included in these financial statements.

The Company follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes* , which prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the financial statements as of September 30, 2017 and December 31, 2016.

The Company files income tax returns with the U.S. federal government and with various state and local governments. The Company is currently subject to U.S. federal, state, and local income tax examinations by tax authorities for jurisdictions in which the Company has filed tax returns for subsequent to December 31, 2014.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606),* which established a comprehensive revenue recognition standard for virtually all industries under U.S. GAAP, including those that previously followed industry specific guidance such as real estate, construction and software industries. The revenue standard's core principle is built on the contract between a vendor and a customer for the provision of goods and services. It attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. To accomplish this objective, the standard requires five basic steps: i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The statement is effective for private entities for annual periods beginning after December 15, 2018. The Company has substantially completed its evaluation and determined that the impact of ASU 2014-09 on its financial statements will not be significant.

In February 2016, the FASB issued ASU 2016-02, *Leases* . The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for private entities for annual periods beginning after December 15, 2019. The Company is in the process of evaluating the potential impact of ASU 2016-02 on its financial statements and has not yet determined the method by which the standard will be adopted in 2020.

Subsequent Events

Management has evaluated subsequent events through March 5, 2018, the date the financial statements were available to be issued. On December 20, 2017, LLC was acquired by Diplomat Pharmacy, Inc. for a combination of cash and stock consideration totaling $595 million.

3. Changes in Accounting Policies

In connection with preparation of these financial statements, the Company changed its accounting policies related to its accounting for goodwill and business combinations. These accounting policy changes resulted in the reversal of amortization expense previously recorded on goodwill under Accounting Standards Update No. 2014-02, *Accounting for Goodwill, a consensus of the Private Company Council,* and also resulted in the Successor Company recognizing an intangible asset for customer relationships in purchase accounting on November 1, 2016 under the provisions of FASB ASC 350 and 805 which unwound the accounting previously applied under Accounting Standards Update No. 2014-18, *Accounting for Identifiable Assets in a Business Combination* .

4. Business Acquisitions

On November 1, 2016, LLC acquired all of the assets and liabilities of Inc., a Missouri corporation d/b/a LDI Integrated Pharmacy Services, engaged in the business of supplying mail-order pharmaceuticals and providing retail pharmacy benefit management services for employer healthcare plans for cash consideration of $247,960,345 (the "Acquisition"). The Company recorded a working capital receivable due from the sellers of $891,791 in Accounts Receivable at December 31, 2016 with a corresponding reduction to goodwill. This reduction to goodwill is reflected in the allocation of the purchase price included in the table below. The Acquisition is treated as a business combination in accordance with ASC 805, *Business Combinations.* Accordingly, financial results prior to November 1, 2016 relate to the Predecessor Company and results subsequent thereto pertain to the Successor Company.

Costs related to the Acquisition, which included legal, accounting, and other professional service fees, in the amount of $11,542,070 were charged directly to operations and were reported in the successor company's financial statements.

The following table summarizes the net assets acquired (at fair value):

Accounts receivable	**(a)**	**$**	**26,304,590**
Rebates receivable	**(a)**		**27,562,161**
Inventory	**(b)**		**2,419,135**
Prepaid expenses	**(a)**		**353,112**
Due from related parties			**6,787**
Property and equipment	**(c)**		**2,493,763**
Trademark	**(d)**		**24,918,000**
Goodwill	**(e)**		**78,146,376**
Customer relationships	**(f)**		**122,183,000**
Deposits			**47,997**
			284,434,921
Accounts payable	**(a)**		**(8,294,405)**
Pharmacies payable	**(a)**		**(12,525,344)**
Accrued rebates payable	**(a)**		**(13,690,426)**
Accrued expenses	**(a)**		**(1,647,859)**
Other long-term liabilities			**(1,208,333)**
Net assets acquired		**$**	**247,068,554**

(a) Working capital accounts recorded at fair value in connection with the Acquisition.

(b) Inventory recorded at fair value at date of acquisition includes a step-up of $162,451.

(c) Property and equipment were recorded at their estimated fair values at date of acquisition.

(d) The trademark was recorded at fair value as of the date of acquisition using the relief from royalty method, which is an income approach method based on cash flow projections and assumptions of future operations.

(e) Goodwill reflects the amount of consideration paid in excess of the fair value of identifiable assets and liabilities acquired.

(f) Customer relationship intangibles were recorded at fair value as of the date of acquisition using the multi-period excess earnings method, which is an income approach method based on cash flow projections and assumptions of future operations.

5. Accounts Receivable

Accounts receivable consist of the following:

	September 30, 2017	December 31, 2016
Trade receivables	$ 29,376,806	$ 24,483,510
Co-pay receivables	54,459	39,642
Miscellaneous receivables	—	95,574
	$ 29,431,265	$ 24,618,726

6. Property and Equipment, Net

Property and equipment, net consists of the following:

	September 30, 2017	December 31, 2016
Vehicles	$ 6,849	$ 6,849
Furniture, computers and equipment	1,655,051	1,162,174
Leasehold Improvements	1,405,277	1,405,277
	3,067,177	2,574,300
Less accumulated depreciation and amortization	653,283	122,796
	$ 2,413,894	$ 2,451,504

Depreciation expense for the period from January 1, 2017 to September 30, 2017 was $564,254. Depreciation expense for the period from January 1, 2016 to September 30, 2016 was $605,555.

7. Customer Relationships

The carrying value of customer relationships was $122,183,000 at September 30, 2017 and December 31, 2016 and the related accumulated amortization was $12,329,627 and $2,241,750 at September 30, 2017 and December 31, 2016, respectively.

Future estimated aggregate amortization expense is as follows:

Years Ending December 31,	
2017 (remaining three months)	$ 3,362,626
2018	11,955,794
2019	10,804,784
2020	9,848,183
2021	9,053,978
Thereafter	64,828,008
	$ 109,853,373

Amortization expense related to customer relationship intangible assets was $10,087,877 and $190,500 for the periods January 1, 2017 to September 30, 2017 and January 1, 2016 to September 30, 2016, respectively.

8. Long-Term Debt

Long-term debt consists of the following:

	September 30, 2017	**December 31, 2016**
Revolving line of credit with a maximum balance of $15,000,000 at December 31, 2016; Expires November 1, 2021. Interest is payable monthly at the base rate plus applicable margin (LIBOR + 4.75% - floor of 5.75% at December 31, 2016).	—	$ 5,000,000
Bank term loan, payable in quarterly principal installments of $200,000 with the remaining principal due November 1, 2022; interest payable quarterly at LIBOR plus the applicable margin, as defined (LIBOR + 4.75% - floor of 5.75% at December 31, 2016).	$ 79,400,000	80,000,000
Subordinated senior debt payable to members; interest at 12% - 11% per annum, payable quarterly in cash arrears plus 1% per annum, payable quarterly in cash or accrued as principal; due May 1, 2023.	30,000,000	30,050,000
	109,400,000	115,050,000
Less current maturities	800,000	800,000
Less unamortized debt financing costs	1,844,850	2,183,700
	$ 106,755,150	$ 112,066,300

Successor Company

The Company maintains financing agreements with banks consisting of a revolving line of credit and a secured term loan. The loan agreement requires the Company to pay a percentage fee for the unused portion of the revolving credit commitment, subject to certain criteria defined in the loan agreement. Total fees charged during the period from January 1, 2017 to September 30, 2017 were $21,346 and are included in interest expense in the statements of operations. Outstanding borrowings on the revolving line of credit totaled $0 and $5,000,000 at September 30, 2017 and December 31, 2016, respectively.

In addition, the Company has outstanding subordinated notes totaling $30,000,000 and $30,050,000, inclusive of capitalized interest, at September 30, 2017 and December 31, 2016, respectively. The notes are subordinate to the bank financing agreements.

Both the bank and subordinated debt are subject to certain financial covenants. These covenants include a maximum total leverage ratio and a minimum ratio of fixed charges. The Company was in compliance with these covenants at September 30, 2017 and December 31, 2016. All of the loans are collateralized by substantially all of the assets of Hold Co.

The scheduled maturities of long-term debt and unamortized debt financing costs as of September 30, 2017 are as follows:

Years Ending December 31,	Principal	Unamortized Debt Financing Costs
2017 (remaining three months)	$ 200,000	$ 38,070
2018	800,000	375,033
2019	800,000	373,157
2020	800,000	371,292
2021	800,000	369,436
Thereafter	106,000,000	317,862
	$ 109,400,000	$ 1,844,850

Amortization expense from debt financing costs totaling $338,850 is included in interest expense in the statements of operations for the period from January 1, 2017 to September 30, 2017.

Predecessor Company

The Company had a revolving line of credit loan for borrowings up to the calculated borrowing base not to exceed $4,500,000. Interest was calculated quarterly and payable monthly and accrued at a rate per annum equal to LIBOR plus a percentage varying from 2.25% to 3.00% based up on the ratio of total funded debt to earnings before income taxes, depreciation and amortization. The Company had no borrowings outstanding under this line of credit for the period January 1, 2016 to September 30, 2016.

9. Members' Equity

Hold Co's LLC Agreement authorizes 6,720,455 Class B-1 Units, 6,720,455 Class B-2 Units and 6,720,455 Class B-3 Units for issuance under an equity incentive plan. At September 30, 2017, 4,200,284 Class B-1 Units, 4,200,284 Class B-2 Units and 4,200,284 Class B-3 Units had been issued to members of LLC's management. All Class B-1, B-2 and B-3 Units were issued on November 1, 2016. The fair values of the Class B-1, Class B-2 and Class B-3 Units issued were $685,338, $593,001 and $324,766, respectively. Class B-1 Units time vest over five years or upon a liquidity event or series of liquidity events which result in Hold Co receiving proceeds greater than 2 times the aggregate Class A contribution amounts ("Class B 2x Performance Hurdle"). Class B-2 Units vest upon achievement of the Class B 2x Performance Hurdle. Class B-3 Units vest upon a liquidity event or series of liquidity events which result in Hold Co receiving proceeds greater than 3 times the aggregate Class A contribution amounts. Compensation expense recorded for the Class B-1 units was $170,025 for the period from January 1, 2017 to September 30, 2017 and is included in operating expenses in the statements of operations. No compensation expense was recorded for Class B-2 or Class B-3 Units as a liquidity event was not deemed probable as of September 30, 2017.

10. Operating Lease Commitments

The Company leases space for its mail order pharmacy and corporate office employees in St. Louis, Missouri. Total future minimum rental payments required under this non-cancellable operating lease with terms greater than one year as of September 30, 2017 are as follows:

Years Ended December 31,		
2017 (remaining three months)	$	167,001
2018		695,986
2019		712,582
2020		729,821
2021		746,738
Thereafter		505,201
	$	3,557,329

Under this lease agreement, in addition to the base rent above, the Company pays additional rent as a percentage of the utilities, real estate taxes, and maintenance costs for the office and retail pharmacy facilities exceeding a base year amount. Rent expense for the period from January 1, 2017 to September 30, 2017 was $456,683. Rent expense for the period from January 1, 2016 to September 30, 2016 was $476,259. Rent expense is included in cost of sales and operating expenses in the statements of operations.

11. Related Party Transactions

At September 30, 2017 and December 31, 2016, the Company had amounts due from related parties of $5,008 and $6,699, respectively, bearing interest at rates ranging from 1.65% to 2.0% per annum. Interest income relating to these receivables for the period from January 1, 2017 to September 30, 2017 was $90. Interest income relating to these receivables for the period from January 1, 2016 to September 30, 2016 was $1,244.

12. Employee Benefit Plan

The Company sponsors a 401(k) savings plan, which allows employees with at least one month of service to make tax deferred contributions at a percentage of an employee's compensation up to a maximum amount allowed under IRS guidelines. The plan provides for Company matching of employee contributions up to 4% of compensation. Employees are immediately vested in the matching contributions. Company contributions to the plan for the period from January 1, 2017 to September 30, 2017 were $190,252. Company contributions to the Plan for the period from January 1, 2016 to September 30, 2016 were $172,969. These contributions to the plan are included in cost of sales and operating expenses on the statements of operations.

13. Collective Bargaining Agreement

Pharmacy technicians and call center employees are subject to a collective bargaining agreement. The agreement expires in December 2018. Employees subject to the collective bargaining agreement receive most of the same benefits as all other employees and also have guaranteed pay increases. Thirty-one and thirty-five percent of the Company's employees, respectively, were subject to the collective bargaining agreement at September 30, 2017 and December 31, 2016.

14. Concentrations

The Company has one major customer who accounted for 19% of the Company's total revenues for the period from January 1, 2017 to September 30, 2017. The same customer accounted for 20% of the Company's total revenues for the period from January 1, 2016 to September 30, 2016. Aggregate accounts receivable due from this customer are approximately 19% and 12% of the Company's total trade accounts receivable at September 30, 2017 and December 31, 2016, respectively.

For the period from January 1, 2017 to September 30, 2017, one vendor supplied approximately 76% of the Company's total inventory purchases. The same vendor supplied approximately 71% of the Company's total inventory purchases for the period from January 1, 2016 to September 30, 2016. Aggregate accounts payable due to this vendor were approximately 91% and 82% of the Company's total trade accounts payable at September 30, 2017 and December 31, 2016, respectively. Management does not believe these concentrations to represent significant risks to the business.

15. Contingencies

The Company is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material effect on the financial condition or results of operations of the Company.

Exhibit 99.4

UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined consolidated statement of operations for the year ended December 31, 2017 presents the operating results of Diplomat Pharmacy, Inc. and its consolidated subsidiaries (the "Company" or "Diplomat") after giving pro forma effect to the following as if such transactions had occurred on January 1, 2017:

- the Company's acquisition of LDI Holding Company LLC, doing business as LDI Integrated Pharmacy Services ("LDI") on December 20, 2017;
- the Company's other 2017 acquisitions ("Other 2017 Acquisitions"):
    - Affinity Biotech, Inc. ("Affinity") on February 1, 2017;
    - Comfort Infusion, Inc. (Comfort") on March 22, 2017;
    - WRB Communications, LLC ("WRB") on May 8, 2017;
    - Accurate Rx Pharmacy Consulting, LLC ("Accurate") on July 5, 2017;
    - Focus Rx Pharmacy Services Inc. and Focus Rx Inc. (collectively, "Focus") on September 1, 2017; and
    - Pharmaceuticals Technologies, Inc., doing business as National Pharmaceutical Services ("NPS") on November 27, 2017; and
- the Company's borrowings under its credit facility;

These transactions are all more fully described in Note 2 hereto. The pro forma adjustments are based on available information and upon assumptions that the Company's management believes are reasonable in order to reflect, on a pro forma basis, the impact of the noted events on the Company's historical consolidated financial information.

Included in the pro forma condensed combined consolidated financial information is an allocation of the purchase price paid for LDI and Other 2017 Acquisitions based on preliminary estimates and assumptions. Those estimates and assumptions could change materially as we finalize our assessment of the allocation and the fair values of the net tangible and intangible assets we acquired, some of which are dependent on the completion of valuations being performed by independent valuation specialists. The unaudited pro forma condensed combined consolidated financial information does not reflect any future operating efficiencies, associated costs savings or any possible integration costs that may occur related to these acquisitions.

The unaudited pro forma condensed combined consolidated financial information is included for informational purposes only and should not be relied upon as being indicative of the Company's financial condition or results of operations had the noted events occurred on the dates assumed nor as a projection of the Company's results of operations for any future period or date. The preparation of the unaudited pro forma condensed combined consolidated information requires the use of certain assumptions which may be materially different from our actual experience.

The unaudited pro forma condensed combined consolidated statement of operations should be read in conjunction with the Company's consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2017 and the consolidated financial statements of LDI included as Exhibits 99.2 and 99.3 of the Form 8-K/A. An unaudited pro forma condensed combined consolidated balance sheet has not been included as all of the transactions identified above are already included in the Company's historical balance sheet as of December 31, 2017.

DIPLOMAT PHARMACY, INC.
Unaudited Pro Forma Condensed Combined Consolidated Statement of Operations
For the Year Ended December 31, 2017

(Dollars in Thousands, Except Per Share Amounts)

	Diplomat Actual	LDI Actual	LDI Acquisition Adjustments	Subtotal	Other 2017 Acquisitions Actual	Other 2017 Acquisitions Adjustments	Credit Facility	Pro Forma Total
Net sales	$4,485,230	$ 386,342	$	$4,871,572	$ 82,922	$	$	$4,954,494
Cost of products sold	(4,136,552)	(324,699)		(4,461,251)	(42,623)			(4,503,875)
Gross profit	348,678	61,643		410,321	40,298			450,619
Selling, general and administrative expenses	(330,113)	(35,566)	(24,088) A	(373,474)	(37,342)	(4,017) H		(412,555)
			13,789 B			2,018 I		
			1,555 C			260 J		
			948 D					
Income from operations	18,565	26,078	(7,796)	36,847	2,956	(1,739)		38,064
Other (expense) income:								
Interest expense	(10,716)	(9,084)	(18,594) E	(38,394)	(149)	(2,297) K	(1,186) N	(42,027)
Other	213			213	162	—		375
Total other expense	(10,503)	(9,084)	(18,594)	(38,181)	13	(2,297)	(1,186)	(41,652)
Income (loss) before income taxes	8,062	16,993	(26,390)	(1,335)	2,969	(4,036)	(1,186)	(3,588)
Income tax (expense) benefit	7,126	(4,440)	8,199 F	10,885	(29)	455 L	474 O	11,786
Net income	15,188	12,553	(18,191)	9,550	2,940	(3,581)	(712)	8,198
Less: net loss attributable to noncontrolling interest	(322)			(322)				(322)
Net income attributable to Diplomat Pharmacy, Inc.	$ 15,510	$ 12,553	$ (18,191)	$ 9,872	$ 2,940	$ (3,581)	$ (712)	$ 8,520
Net income per common share:								
Basic	$ 0.23							$ 0.12
Diluted	$ 0.23							$ 0.12
Weighted average shares outstanding:								
Basic	68,130,322		3,977,960 G	72,108,282		1,012,833 M		73,121,115
Diluted	68,780,053		3,977,960 G	72,758,013		1,012,833 M		73,770,846

DIPLOMAT PHARMACY, INC.

Notes to Unaudited Pro Forma Condensed Combined Consolidated Statement of Operations

(Dollars in Thousands)

1. Basis of Presentation

The unaudited pro forma condensed combined consolidated statement of operations presents the Company's results of operations as if the transactions described in Note 2 occurred on January 1, 2017 for purposes of the pro forma statements of operations. For the year ended December 31, 2017, LDI's and 2017 Other Acquisitions' actual operating results for the year up to their respective acquisition dates were used as the basis for the pro forma statement of operations. The pro forma condensed combined consolidated statement of operations also reflects the assumptions and adjustments described in Note 3.

2. Description of Transactions

The Company accounts for its business acquisitions using the acquisition method as required by Financial Accounting Standards Board's Accounting Standards Codification Topic 805, *Business Combinations* . The Company ascribes significant value to the synergies and other benefits that do not meet the recognition criteria of acquired identifiable intangible assets. Accordingly, the value of these components is included within goodwill. The Company's business acquisitions described below, except for a portion of LDI, were treated as asset purchases for income tax purposes and the related goodwill resulting from these business acquisitions is deductible for income tax purposes.

The assets acquired and liabilities assumed in the business combinations described below, including identifiable intangible assets, were based on their estimated fair values as of the acquisition date. The excess of purchase price over the estimated fair value of the net tangible and identifiable intangible assets acquired was recorded as goodwill. The allocation of the purchase price required management to make significant estimates in determining the fair values of assets acquired and liabilities assumed, especially with respect to identifiable intangible assets. These estimated fair values were based on information obtained from management of the acquired companies and historical experience and, with respect to the long-lived tangible and intangible assets, were made with the assistance of an independent valuation firm. These estimates included, but were not limited to, the cash flows that an asset is expected to generate in the future, and the cost savings expected to be derived from acquiring an asset, discounted at rates commensurate with the risks and uncertainties involved. For acquisitions that involved contingent consideration, the Company recognized a liability equal to the fair value of the contingent consideration obligation as of the acquisition date. The estimate of fair value of a contingent consideration obligation required subjective assumptions regarding future business results, discount rates and probabilities assigned to various potential business result scenarios. These estimates are preliminary and subject to change up to one year following each acquired entity's respective acquisition date.

LDI

On December 20, 2017, the Company acquired LDI, a full-service PBM based in St. Louis, Missouri. LDI's service offerings include URAC-accredited mail-order and specialty pharmacies, a national network of retail pharmacies and comprehensive clinical programs. The following table summarizes the consideration transferred to acquire LDI:

Cash	$	521,300
4,113,188 restricted common shares		79,088
	$	600,388

The above share consideration at closing is based on 4,113,188 shares, in accordance with the purchase agreement, multiplied by the per share closing market price of the Company's common stock as of December 19, 2017 ($20.24) and multiplied by 95 percent to account for the restricted nature of the shares.

Approximately $7,500 of the purchase consideration was deposited into an escrow account to be held for 12 months after the closing date to satisfy any indemnification claims that may be made by the Company.

The Company incurred acquisition-related costs of $948 which were charged to "Selling, general and administrative expenses" during the year ended December 31, 2017.

The following table summarizes the preliminary fair values of identifiable assets acquired and liabilities assumed at the acquisition date:

Cash	$	965
Accounts receivable		38,273
Inventories		2,979
Prepaid expenses and other current assets		837
Property and equipment		2,659
Capitalized software for internal use		791
Definite-lived intangible assets		201,523
Accounts payable		(35,472)
Accrued expenses — compensation and benefits		(2,137)
Accrued expenses — other		(4,862)
Deferred income taxes		(31,173)
Total identifiable net assets		174,383
Goodwill		426,005
	$	600,388

Definite-lived intangible assets that were acquired and their respective useful lives are as follows:

	Useful Life		Amount
Customer relationships	10 years	$	184,973
Trade names and trademarks	4 years		16,550
		$	201,523

NPS

On November 27, 2017, the Company acquired NPS, a full-service PBM based in Omaha, Nebraska. The following table summarizes the consideration transferred to acquire NPS:

Cash	$	34,437
835,017 restricted common shares		12,753
	$	47,190

The above share consideration at closing is based on 835,017 shares, in accordance with the purchase agreement, multiplied by the per share closing market price of the Company's common stock as of November 24, 2017 ($16.97) and multiplied by 90 percent to account for the restricted nature of the shares.

Approximately $9,005 of the purchase consideration was deposited into an escrow account to be held for 12 months after the closing date to satisfy any indemnification claims that may be made by the Company.

The Company incurred acquisition-related costs of $804 which were charged to "Selling, general and administrative expenses" during the year ended December 31, 2017.

The following table summarizes the preliminary fair values of identifiable assets acquired and liabilities assumed at the acquisition date:

Cash	$	10,151
Accounts receivable		21,286
Inventories		100
Prepaid expenses and other current assets		650
Property and equipment		13,713
Capitalized software for internal use		1,800
Definite-lived intangible assets		6,720
Accounts payable		(23,084)
Accrued expenses — other		(4,881)
Total identifiable net assets		26,455
Goodwill		20,735
	$	47,190

Definite-lived intangible assets that were acquired and their respective useful lives are as follows:

	Useful Life		Amount
Customer relationships	10 years	$	5,900
Trade names and trademarks	2 years		820
		$	6,720

Focus

On September 1, 2017, the Company acquired Focus, a specialty pharmacy focusing on infusion services located in Ronkonkoma, New York. The following table summarizes the consideration transferred to acquire Focus:

Cash	$	17,252
374,297 restricted common shares		5,643
Contingent consideration at fair value		2,080
	$	24,975

The above share consideration at closing is based on 374,297 shares, in accordance with the purchase agreement, multiplied by the per share closing market price of the Company's common stock as of August 31, 2017 ($16.75) and multiplied by 90 percent to account for the restricted nature of the shares.

The purchase price includes a contingent consideration arrangement that requires the Company to pay the former owners additional cash payouts of up to $1,500 per performance period based upon the achievement of certain gross profit targets in each of the 12-month periods ending September 30, 2018 and 2019. The maximum additional cash payout is $3,000.

Approximately $1,200 of the purchase consideration was deposited into an escrow account to be held for 12 months after the closing date to satisfy any of the Company's indemnification claims.

The Company incurred acquisition-related costs of $329 which were charged to "Selling, general and administrative expenses" during the year ended December 31, 2017.

The following table summarizes the preliminary fair values of identifiable assets acquired and liabilities assumed at the acquisition date:

Cash	$	1,809
Accounts receivable		4,936
Inventories		1,177
Prepaid expenses and other current assets		20
Definite-lived intangible assets		7,100
Other noncurrent assets		21
Accounts payable		(5,169)
Accrued expenses — compensation and benefits		(156)
Total identifiable net assets		9,738
Goodwill		15,237
	$	24,975

Definite-lived intangible assets that were acquired and their respective useful lives are as follows:

	Useful Life		Amount
Patient relationships	7 years	$	3,700
Non-compete employment agreements	3 years		2,200
Trade names and trademarks	3 years		1,200
		$	7,100

Accurate

On July 5, 2017, the Company acquired Accurate, a specialty pharmacy focusing on infusion services located in Columbia, Missouri. The following table summarizes the consideration transferred to acquire Accurate:

Cash	$	9,408
131,108 restricted common shares		1,776
Contingent consideration at fair value		1,980
	$	13,164

The above share consideration at closing is based on 131,108 shares, in accordance with the purchase agreement, multiplied by the per share closing market price of the Company's common stock as of July 3, 2017 ($15.05) and multiplied by 90 percent to account for the restricted nature of the shares.

The purchase price includes a contingent consideration arrangement that requires the Company to pay the former owners additional cash payouts of up to $3,600 per performance period based upon the achievement of certain gross profit targets in each of the 12-month periods ending July 31, 2018 and 2019. The maximum additional cash payout is $7,200.

Approximately $1,000 of the purchase consideration was deposited into an escrow account to be held for 15 months after the closing date to satisfy any of the Company's indemnification claims.

The Company incurred acquisition-related costs of $218 which were charged to "Selling, general and administrative expenses" during the year ended December 31, 2017.

The following table summarizes the preliminary fair values of identifiable assets acquired and liabilities assumed at the acquisition date:

Cash	$	1,295
Accounts receivable		2,196
Inventory		936
Prepaid expenses and other current assets		34
Definite-lived intangible assets		3,420
Other noncurrent assets		3
Accounts payable		(3,303)
Accrued expenses — compensation and benefits		(152)
Accrued expenses — other		(6)
Total identifiable net assets		4,423
Goodwill		8,741
	$	13,164

Definite-lived intangible assets that were acquired and their respective useful lives are as follows:

	Useful Life		Amount
Patient relationships	7 years	$	2,100
Non-compete employment agreements	5 years		670
Trade names and trademarks	4 years		650
		$	3,420

WRB

On May 8, 2017, the Company acquired WRB, a communications and contact center company based in Chantilly, Virginia that specializes in relationship management programs for leading pharmaceutical manufacturers and service organizations. The following table summarizes the consideration transferred to acquire WRB:

Cash	$	26,804
299,325 restricted common shares		4,291
Contingent consideration at fair value		530
	$	31,625

The above share consideration at closing is based on 299,325 shares, in accordance with the purchase agreement, multiplied by the per share closing market price of the Company's common stock as of May 5, 2017 ($15.93) and multiplied by 90 percent to account for the restricted nature of the shares.

The purchase price includes a contingent consideration arrangement that requires the Company to pay the former owners additional cash payouts of up to $500 per performance period based upon the achievement of certain earnings before interest, taxes, depreciation and amortization targets in each of the 12-month periods ending May 31, 2018 and 2019. During the fourth quarter of 2017, the Company guaranteed a full payout to allow for the acceleration of certain integration. The formers owners received $1,000 in cash in January 2018.

Approximately $1,950 of the purchase consideration was deposited into an escrow account to be held for 18 months after the closing date to satisfy any of the Company's indemnification claims.

The Company incurred acquisition-related costs of $259 which were charged to "Selling, general and administrative expenses" during the year ended December 31, 2017.

The following table summarizes the preliminary fair values of identifiable assets acquired and liabilities assumed at the acquisition date:

Cash	$	1,018
Accounts receivable		2,593
Prepaid expenses and other current assets		179
Property and equipment		498
Definite-lived intangible assets		7,730
Other noncurrent assets		24
Accounts payable		(100)
Accrued expenses — other		(498)
Total identifiable net assets		11,444
Goodwill		20,181
	$	31,625

Definite-lived intangible assets that were acquired and their respective useful lives are as follows:

	Useful Life		Amount
Customer relationships	7 years	$	5,200
Non-compete employment agreements	4 years		1,530
Trade names and trademarks	2 years		1,000
		$	7,730

Comfort

On March 22, 2017, the Company acquired Comfort, a specialty pharmacy and infusion services company based in Birmingham, Alabama that specializes in intravenous immune globulin therapy to support patients' immune systems. The following table summarizes the consideration transferred to acquire Comfort:

Cash	$	10,613
Contingent consideration at fair value		3,800
	$	14,413

The purchase price includes a contingent consideration arrangement that requires the Company to pay the former owners additional cash payouts of up to $2,000 per performance period based upon the achievement of certain gross profit targets in each of the 12-month periods ending March 31, 2018, 2019 and 2020. The maximum payout of contingent consideration is $6,000.

Approximately $1,050 of the purchase consideration was deposited into an escrow account to be held for 18 months after the closing date to satisfy any of the Company's indemnification claims.

The Company incurred acquisition-related costs of $204 which were charged to "Selling, general and administrative expenses" during the year ended December 31, 2017.

The following table summarizes the preliminary fair values of identifiable assets acquired and liabilities assumed at the acquisition date:

Cash	$	104
Accounts receivable		575
Inventories		118
Prepaid expenses and other current assets		15
Definite-lived intangible assets		2,400
Other noncurrent assets		5
Accounts payable		(372)
Accrued expenses — other		(101)
Total identifiable net assets		2,744
Goodwill		11,669
	$	14,413

Definite-lived intangible assets that were acquired and their respective useful lives are as follows:

	Useful Life		Amount
Physician relationships	7 years	$	1,200
Non-compete employment agreements	5 years		1,200
		$	2,400

Affinity

On February 1, 2017, the Company acquired Affinity, a specialty pharmacy and infusion services company based in Houston, Texas that provides treatments and nursing services for patients with hemophilia. The following table summarizes the consideration transferred to acquire Affinity:

Cash	$	17,377
Contingent consideration at fair value		35
	$	17,412

The purchase price includes a contingent consideration arrangement that requires the Company to pay the former owners an additional cash payout based upon the achievement of a certain earnings before interest, taxes, depreciation and amortization target in the 12-month period ending February 28, 2018. The maximum payout of contingent consideration is $4,000.

Approximately $2,000 of the purchase consideration was deposited into an escrow account to be held for 18 months after the closing date to satisfy any of the Company's indemnification claims.

The Company incurred acquisition-related costs of $204 which were charged to "Selling, general and administrative expenses" during the year ended December 31, 2017.

The following table summarizes the preliminary fair values of identifiable assets acquired and liabilities assumed at the acquisition date:

Cash	$	1,043
Accounts receivable		3,583
Inventories		79
Prepaid expenses and other current assets		74
Definite-lived intangible assets		5,100
Other noncurrent assets		5
Accounts payable		(1,075)
Accrued expenses — compensation and benefits		(144)
Accrued expenses — other		(25)
Total identifiable net assets		8,640
Goodwill		8,772
	$	17,412

Definite-lived intangible assets that were acquired and their respective useful lives are as follows:

	Useful Life		Amount
Patient relationships	7 years	$	4,000
Non-compete employment agreements	5 years		1,100
		$	5,100

Credit Facility

On December 20, 2017, in conjunction with the LDI acquisition, the Company fully syndicated an $800,000 debt financing led by JPMorgan Chase Bank, N.A. and Capital One, National Association ("Capital One"), comprised of a $250,000 line of credit and a $150,000 Term Loan A, each with a December 20, 2022 maturity date, and a $400,000 Term Loan B with a December 20, 2024 maturity date ("credit facility"). The credit facility is secured by substantially all of the Company's assets. The proceeds of this credit facility were used to finance the LDI acquisition, pay related transaction fees and expenses, and repay the Company's former credit facility, as well as provide sufficient liquidity for the Company's future needs. The Company incurred debt issuance costs of $21,507 associated with the credit facility, of which all but $744 were capitalized. These capitalized costs, along with $2,079 in previously incurred unamortized debt issuance costs, are being amortized to interest expense over the term of the credit facility. The Company also expensed $636 in previously incurred unamortized debt issuance costs to interest expense upon entering into the credit facility.

The interest rates the Company pays under the credit facility are a function of a defined margin above LIBOR. The Company's Term Loan A and Term Loan B interest rates were 4.04 percent and 6.04 percent, respectively, at December 31, 2017. The Company's line of credit interest rate was 4.04 percent at December 31, 2017. The Company is charged a monthly unused commitment fee ranging from 0.3 percent to 0.4 percent on the average unused daily balance on its $250,000 line of credit.

3. Unaudited Pro Forma Condensed Combined Consolidated Statement of Operations Adjustments

LDI Acquisition Adjustments:

A — Reflects amortization of identifiable definite-lived intangible assets acquired in the LDI acquisition (net of amortization already reflected in Diplomat's actual results). See Note 2 for further details. No depreciation expense adjustment deemed necessary.

B — Reflects the elimination of amortization and depreciation from LDI's actual results.

C	—	Reflects the elimination of management fees charged by the private equity firm that owned 44.9% of LDI from LDI's actual results.
D	—	Reflects the elimination of LDI-related acquisition costs incurred by Diplomat from its actual results. Transaction costs are eliminated from the pro forma results as they do not represent recurring expenses.
E	—	Reflects interest expense on incremental borrowings at a 5.49% annual rate under our credit facility to fund the cash portion of the LDI acquisition, less actual interest expense related to LDI's debt that was not assumed in the transaction.
F	—	Reflects income taxes associated with LDI's actual operating results and its pro forma adjustments at the Company's statutory income tax rate of 40% (35% federal and 5% state and local).
G	—	Reflects the 4,113,188 restricted shares of common stock issued to the sellers of LDI as partial consideration of the aggregate purchase price, reduced for the period of time in which these restricted shares were actually outstanding.

Other 2017 Acquisitions Adjustments:

H	—	Reflects amortization of identifiable definite-lived intangible assets acquired, including capitalized software for internal use. These amounts are net of amortization already reflected in Diplomat's actual results. See Note 2 for further details. No depreciation expense adjustment deemed necessary.
I	—	Reflects the elimination of Other 2017 Acquisitions-related acquisition costs incurred by Diplomat from its actual results. Transaction costs are eliminated from the pro forma results as they do not represent recurring expenses.
J	—	Reflects the elimination of acquisition-related bonus expense from Other 2017 Acquisitions' actual results.
K	—	Reflects interest expense on incremental borrowings at a 4.04% annual rate under our credit facility to fund the cash portions of Other 2017 Acquisitions, less actual interest expense related to Other 2017 Acquisitions debts that were not assumed in the transactions.
L	—	Reflects income taxes associated with Other 2017 Acquisitions' actual operating results and its pro forma adjustments at the Company's statutory income tax rate of 40% (35% federal and 5% state and local).
M	—	Reflects the 1,639,747 restricted shares of common stock issued to the sellers of Other 2017 Acquisitions as partial consideration of the aggregate purchase prices, reduced for the period of time in which these restricted shares were actually outstanding.

Credit Facility:

N	—	Reflects the recognition of $2,566 in interest expense associated with the recognition of additional debt issuance cost amortization, partially offset by the elimination of $1,380 in interest expense associated with the write-off of certain debt issuance costs recognized in Diplomat's actual results.
O	—	Reflects income tax impact at the Company's statutory income tax rate of 40% (35% federal and 5% state and local).