

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

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **SEPTEMBER 30, 2022**

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period \_\_\_\_\_ to

Commission File Number **001-36365**

**SCYNEXIS, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

1 Evertrust Plaza, 13<sup>th</sup> Floor  
Jersey City, New Jersey

(Address of principal executive offices)

**56-2181648**

(I.R.S. Employer  
Identification No.)

07302-6548

(Zip Code)

**(201)-884-5485**

(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, par value \$0.001 per share	SCYX	Nasdaq Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of November 1, 2022, there were 32,656,992 shares of the registrant's Common Stock outstanding.

SCYNEXIS, INC.  
QUARTERLY REPORT ON FORM 10-Q  
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2022

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

SCYNEXIS, INC.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

	September 30, 2022	December 31, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 68,620	\$ 104,484
Short-term investments	27,470	—
Prepaid expenses and other current assets	4,141	3,569
Accounts receivable, net	2,493	861
Inventory, net	786	463
Restricted cash	55	—
Total current assets	103,565	109,377
Other assets	5,076	6,235
Deferred offering costs	73	150
Restricted cash	163	218
Intangible assets, net	770	1,056
Operating lease right-of-use asset (See Note 8)	2,646	2,801
<b>Total assets</b>	<b>\$ 112,293</b>	<b>\$ 119,837</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 7,419	\$ 7,848
Accrued expenses	5,856	5,698
Other liabilities, current portion (See Note 7)	720	—
Operating lease liability, current portion (See Note 8)	269	70
Total current liabilities	14,264	13,616
Other liabilities (See Note 7)	4,898	3,345
Warrant liabilities	27,730	18,062
Convertible debt and derivative liability (See Note 7)	11,032	11,607
Loan payable	34,162	28,745
Operating lease liability (See Note 8)	2,998	3,204
Total liabilities	95,084	78,579
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value, authorized 5,000,000 shares as of September 30, 2022 and December 31, 2021; 0 shares issued and outstanding as of September 30, 2022 and December 31, 2021	—	—
Common stock, \$0.001 par value, 150,000,000 shares authorized as of September 30, 2022 and 100,000,000 shares as of December 31, 2021; 32,656,242 and 28,705,334 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	36	32
Additional paid-in capital	425,032	400,705
Accumulated deficit	(407,859)	(359,479)
Total stockholders' equity	17,209	41,258
<b>Total liabilities and stockholders' equity</b>	<b>\$ 112,293</b>	<b>\$ 119,837</b>

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

## SCYNEXIS, INC.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Revenue:</b>				
Product revenue, net	\$ 1,557	\$ 516	\$ 3,567	\$ 516
License agreement revenue	—	—	—	12,050
Total revenue	1,557	516	3,567	12,566
<b>Operating expenses:</b>				
Cost of product revenue	189	145	432	145
Research and development	6,430	4,401	19,410	16,083
Selling, general and administrative	16,739	15,411	47,001	34,879
Total operating expenses	23,358	19,957	66,843	51,107
Loss from operations	(21,801)	(19,441)	(63,276)	(38,541)
<b>Other expense (income):</b>				
Loss on extinguishment of debt	—	—	—	2,725
Amortization of debt issuance costs and discount	396	413	1,194	937
Interest income	(531)	(8)	(724)	(20)
Interest expense	1,379	1,019	3,669	1,678
Warrant liabilities fair value adjustment	6,497	(18,810)	(13,215)	(35,378)
Derivative liabilities fair value adjustment	42	(1,400)	(1,120)	(1,772)
Total other expense (income)	7,783	(18,786)	(10,196)	(31,830)
<b>Loss before taxes</b>	<b>(29,584)</b>	<b>(655)</b>	<b>(53,080)</b>	<b>(6,711)</b>
Income tax benefit	—	(50)	(4,700)	(3,088)
<b>Net loss</b>	<b>\$ (29,584)</b>	<b>\$ (605)</b>	<b>\$ (48,380)</b>	<b>\$ (3,623)</b>
Net loss per share attributable to common stockholders – basic				
Net loss per share – basic	\$ (0.62)	\$ (0.02)	\$ (1.18)	\$ (0.14)
Net loss per share attributable to common stockholders – diluted				
Net loss per share – diluted	\$ (0.62)	\$ (0.06)	\$ (1.18)	\$ (0.73)
Weighted average common shares outstanding – basic and diluted				
Basic	47,503,821	26,616,628	40,965,908	26,147,658
Diluted	47,503,821	27,754,828	40,965,908	26,326,006

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

SCYNEXIS, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Nine Months Ended September 30,	
	2022	2021
<b>Cash flows from operating activities:</b>		
Net loss	\$ (48,380 )	\$ (3,623 )
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	451	133
Stock-based compensation expense	3,232	1,528
Accretion of short-term investment discount	(90 )	—
Amortization of debt issuance costs and discount	1,194	937
Change in fair value of warrant liabilities	(13,215 )	(35,378 )
Change in fair value of derivative liabilities	(1,120 )	(1,772 )
Noncash operating lease expense for right-of-use asset	155	149
Loss on extinguishment of debt	—	2,725
Changes in operating assets and liabilities:		
Prepaid expenses, accounts receivable, inventory, and other	(1,729 )	1,271
Accounts payable, accrued expenses, other liabilities, and other	2,425	4,990
Net cash used in operating activities	(57,077 )	(29,040 )
<b>Cash flows from investing activities:</b>		
Purchase of intangible assets	(9 )	(589 )
Purchase of short-term investments	(27,380 )	—
Net cash used in investing activities	(27,389 )	(589 )
<b>Cash flows from financing activities:</b>		
Proceeds from common stock issued	47,248	8,027
Payments of offering costs and underwriting discounts and commissions	(3,638 )	(151 )
Proceeds from loan payable	5,000	30,000
Payments of loan payable issuance costs	(26 )	(1,253 )
Proceeds from employee stock purchase plan issuances	18	22
Repurchase of shares to satisfy tax withholdings	—	(3 )
Net cash provided by financing activities	48,602	36,642
Net (decrease) increase in cash, cash equivalents, and restricted cash	(35,864 )	7,013
Cash, cash equivalents, and restricted cash at beginning of period	104,702	93,314
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 68,838</u>	<u>\$ 100,327</u>
<b>Supplemental cash flow information:</b>		
Cash paid for interest	<u>\$ 3,308</u>	<u>\$ 1,569</u>
Cash received for interest	<u>\$ 636</u>	<u>\$ 18</u>
<b>Noncash financing and investing activities:</b>		
Common stock issued for settlement of senior convertible notes	<u>\$ —</u>	<u>\$ 7,452</u>
Purchased intangible assets included in accounts payable and accrued expenses	<u>\$ —</u>	<u>\$ 556</u>
Deferred offering and issuance costs included in accounts payable and accrued expenses	<u>\$ —</u>	<u>\$ 50</u>
Deferred offering costs reclassified to additional-paid-in capital	<u>\$ 77</u>	<u>\$ 30</u>
Reclass of warrant liability to additional paid in capital	<u>\$ 71</u>	<u>\$ 298</u>
Reclass of deferred asset associated with issuance of loan payable to debt discount	<u>\$ 206</u>	<u>\$ 390</u>
Settlement of liability for exercise of warrants	<u>\$ —</u>	<u>\$ 805</u>

*The accompanying notes are an integral part of the financial statements.*

## SCYNEXIS, INC.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

**1. Description of Business and Basis of Preparation***Organization*

SCYNEXIS, Inc. ("SCYNEXIS" or the "Company") is a Delaware corporation formed on November 4, 1999. SCYNEXIS is a biotechnology company, headquartered in Jersey City, New Jersey, and is pioneering innovative medicines to overcome and prevent difficult-to-treat and drug-resistant infections. The Company is developing its lead product candidate, ibrexafungerp, as a broad-spectrum, intravenous ("IV")/oral agent for severe, hospital-based indications. In June 2021, the U.S. Food and Drug Administration ("FDA") approved BREXAFEMME<sup>®</sup> (ibrexafungerp tablets) for treatment of patients with vulvovaginal candidiasis ("VVC"), also known as vaginal yeast infection. The FDA has accepted the Company's submission of a supplemental New Drug Application to expand the label of BREXAFEMME to include the prevention of recurrent VVC. The FDA granted the submission Priority Review and assigned the Prescription Drug User Fee Act target decision date as November 30, 2022.

In October 2022, the Company announced that it is actively pursuing a U.S. commercialization partner to out-license BREXAFEMME in order to refocus its resources on the clinical development of ibrexafungerp for severe, hospital-based indications. As a result, the Company has begun to wind down its promotional activities associated with BREXAFEMME, while keeping BREXAFEMME on the market and available to patients. Additionally, the Company will conclude the partnership with its contracted commercial sales partner, Amplify Health ("Amplify"), which is expected to conclude on November 30, 2022, and the Company will undertake a workforce reduction.

The Company has incurred significant losses and negative cash flows from operations since its initial public offering in May 2014 and expects to continue to incur losses and negative cash flows for the foreseeable future. As a result, the Company had an accumulated deficit of \$407.9 million at September 30, 2022 and limited capital resources to fund ongoing operations. These capital resources primarily comprised cash and cash equivalents and short-term investments of \$96.1 million at September 30, 2022. While the Company believes its capital resources are sufficient to fund the Company's on-going operations for a period of at least 12 months subsequent to the issuance of the accompanying unaudited condensed consolidated financial statements, the Company's liquidity could be materially affected over this period by: (1) its ability to raise additional capital through equity offerings, debt financings, or other non-dilutive third-party funding; (2) costs associated with new or existing strategic alliances, or licensing and collaboration arrangements; (3) negative regulatory events or unanticipated costs related to its development of ibrexafungerp; (4) its ability to secure a commercialization partner in the U.S. to out-license BREXAFEMME and; (5) any other unanticipated material negative events or costs. One or more of these events or costs could materially affect the Company's liquidity. If the Company is unable to meet its obligations when they become due, the Company may have to delay expenditures, reduce the scope of its research and development programs, or make significant changes to its operating plan. The accompanying unaudited condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. Intercompany balances and transactions are eliminated in consolidation.

*New Jersey Technology Business Tax Certificate Transfer (NOL) Program*

The New Jersey Technology Business Tax Certificate Transfer (NOL) program, administered by the New Jersey Economic Development Authority, enables approved biotechnology companies to sell their unused net operating losses ("NOLs") and research and development tax credits to unaffiliated, profitable corporate taxpayers in the State of New Jersey. For the nine months ended September 30, 2022, the Company recognized a \$4.7 million income tax benefit for the sale of a portion of the Company's unused New Jersey NOLs and research and development credits.

*Unaudited Condensed Consolidated Financial Information*

The accompanying unaudited condensed consolidated financial statements and notes have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP"), as contained in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification (the "Codification" or "ASC") for interim financial information. In the opinion of management, the interim financial information includes all adjustments of a normal recurring nature necessary for a fair presentation of the results of operations, financial position, and cash flows. The results of operations for the three and nine months ended September 30, 2022, are not necessarily indicative of the results for the full year or the results for any future periods. These unaudited condensed consolidated financial statements should be read in conjunction with

the financial statements and notes set forth in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 29, 2022.

*Use of Estimates*

The preparation of unaudited condensed consolidated financial statements in conformity with US GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant estimates and judgements include: revenue recognition including gross to net estimates and the identification of performance obligations in licensing arrangements, determination of the fair value of stock-based compensation grants; the estimate of services and effort expended by third-party research and development service providers used to recognize research and development expense; and the estimates and assumptions utilized in measuring the fair values of the warrant and derivative liabilities each reporting period.

**2. Summary of Significant Accounting Policies**

The accompanying unaudited condensed consolidated financial statements and notes follow the same significant accounting policies as those described in the notes to the audited consolidated financial statements of the Company for the year ended December 31, 2021, except as described below.

*Short-Term Investments*

The Company's held-to-maturity short-term investments in U.S. government securities are carried at amortized cost and any premiums or discounts are amortized or accreted through the maturity date of the investment. Any impairment that is not deemed to be temporary is recognized in the period identified.

*Basic and Diluted Net Loss per Share of Common Stock*

The Company calculates net loss per common share in accordance with ASC 260, *Earnings Per Share*. Basic net loss per common share for the three and nine months ended September 30, 2022 and 2021 was determined by dividing net loss applicable to common stockholders by the weighted average number of common shares outstanding during the period. Per ASC 260, *Earnings Per Share*, the weighted average number of common shares outstanding utilized for determining the basic net loss per common share for the three and nine months ended September 30, 2022 includes the outstanding pre-funded warrants to purchase 11,666,667 and 3,200,000 shares of common stock issued in the April 2022 Public Offering and December 2020 public offering, respectively. The outstanding pre-funded warrants to purchase 3,200,000 shares of common stock issued in the December 2020 public offering were included in the three and nine months ended September 30, 2021. Diluted net loss per common share for the three and nine months ended September 30, 2022 and 2021 was determined as follows (in thousands, except share and per share amounts):

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Net loss	\$ (29,584 )	\$ (605 )	\$ (48,380 )	\$ (3,623 )
Dilutive effect of warrant liability	—	—	—	(15,719 )
Dilutive effect of convertible debt	—	(988 )	—	—
Net loss allocated to common shares	<u>\$ (29,584 )</u>	<u>\$ (1,593 )</u>	<u>\$ (48,380 )</u>	<u>\$ (19,342 )</u>
Weighted average common shares outstanding – basic	47,503,821	26,616,628	40,965,908	26,147,658
Dilutive effect of warrant liability	—	—	—	178,348
Dilutive effect of convertible debt	—	1,138,200	—	—
Weighted average common shares outstanding – diluted	<u>47,503,821</u>	<u>27,754,828</u>	<u>40,965,908</u>	<u>26,326,006</u>
Net loss per share – diluted	\$ (0.62 )	\$ (0.06 )	\$ (1.18 )	\$ (0.73 )

The following potentially dilutive shares of common stock have not been included in the computation of diluted net loss per share for the three and nine months ended September 30, 2022 and 2021, as the result would be anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Outstanding stock options	2,125,002	1,643,506	2,125,002	1,643,506
Outstanding restricted stock units	990,015	149,134	990,015	149,134
Warrants to purchase common stock associated with March 2018 public offering – Series 2	798,810	798,810	798,810	798,810
Warrants to purchase common stock associated with December 2019 public offering	—	4,472,205	—	4,472,205
Warrants to purchase common stock associated with December 2020 public offering - Series 1	—	6,439,866	—	—
Warrants to purchase common stock associated with December 2020 public offering - Series 2	6,800,000	6,800,000	6,800,000	6,800,000
Warrants to purchase common stock associated with April 2022 Public Offering	15,000,000	—	15,000,000	—
Warrants to purchase common stock associated with Loan Agreement	198,819	170,410	198,819	170,410
Common stock associated with March 2019 Notes	1,138,200	—	1,138,200	1,138,200
Warrants to purchase common stock associated with Danforth	50,000	—	50,000	—
<b>Total</b>	<b>27,100,846</b>	<b>20,473,931</b>	<b>27,100,846</b>	<b>15,172,265</b>

#### Reclassification of Prior Year Amounts

Certain prior year amounts have been reclassified for consistency with the current year presentation.

#### Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”). The amendments in ASU 2016-13 require a financial asset (or group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. In November 2019, the FASB issued ASU No. 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)* (“ASU 2019-10”), which revised the effective dates for ASU 2016-13 for public business entities that meet the SEC definition of a smaller reporting company to fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022, with early adoption permitted. As a smaller reporting company, the Company is currently evaluating the impact ASU 2016-13 will have on its unaudited condensed consolidated financial statements.

In August 2020, the FASB issued ASU No. 2020-06, *Debt—Debt with Conversion and Other Options and Derivatives and Hedging—Contracts in Entity’s Own Equity: Accounting for Convertible Instruments and Contracts in and Entity’s Own Equity* (“ASU 2020-06”). The amendments in ASU 2020-06 reduce the number of accounting models for convertible debt instruments and revises certain guidance relating to the derivative scope exception and earnings per share. The amendments in ASU 2020-06 are effective for public business entities that meet the definition of a SEC filer and a smaller reporting company for fiscal years beginning after December 15, 2023, and interim periods within those years. As a smaller reporting company, the Company is currently evaluating the impact ASU 2020-06 will have on its unaudited condensed consolidated financial statements.

### 3. Short-term Investments

The following table summarizes the short-term investments at September 30, 2022 (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
As of September 30, 2022				
U.S. government securities	\$ 27,470	\$ —	\$ (164)	\$ 27,306
<b>Total short-term investments</b>	<b>\$ 27,470</b>	<b>\$ —</b>	<b>\$ (164)</b>	<b>\$ 27,306</b>



As of September 30, 2022, the Company has \$27.5 million of held-to-maturity investments with contractual maturities less than one year. The Company carries short-term investments at amortized cost. The fair value of the short-term investments is determined based on “Level 1” inputs, which consist of quoted prices in active markets for identical assets.

#### 4. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (in thousands):

	September 30, 2022	December 31, 2021
Prepaid research and development services	\$ 857	\$ 247
Prepaid insurance	543	505
Other prepaid expenses	2,737	2,813
Other current assets	4	4
Total prepaid expenses and other current assets	<u>\$ 4,141</u>	<u>\$ 3,569</u>

#### 5. Inventory

Inventory consisted of the following (in thousands):

	September 30, 2022	December 31, 2021
Raw materials	\$ 5,331	\$ 5,162
Work in process	—	3
Finished goods	56	127
Total inventory	<u>\$ 5,387</u>	<u>\$ 5,292</u>

As of September 30, 2022 and December 31, 2021, the Company’s inventory consisted of \$4.6 million and \$4.8 million, respectively, of raw material that is not expected to be sold in one year and is classified as long term within other assets on the unaudited condensed consolidated balance sheet.

#### 6. Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	September 30, 2022	December 31, 2021
Accrued research and development expenses	\$ 783	\$ 1,498
Accrued employee bonus compensation	1,821	2,012
Other accrued expenses	2,580	1,352
Accrued co-pay rebates	672	836
Total accrued expenses	<u>\$ 5,856</u>	<u>\$ 5,698</u>

#### 7. Borrowings

##### *Loan Agreement*

On May 13, 2021 (the “Closing Date”), the Company entered into a Loan and Security Agreement (the “Loan Agreement”) with Hercules Capital, Inc. (“Hercules”), as administrative agent and collateral agent (in such capacity, the “Agent”) and a lender, and Silicon Valley Bank, as a lender (“SVB,” and collectively with Hercules, the “Lenders”) for an aggregate principal amount of \$60.0 million (the “Term Loan”). Pursuant to the Loan Agreement, the Term Loan is available to the Company in four tranches, subject to certain terms and conditions.

Under the terms of the Loan Agreement, the Company received an initial tranche of \$20.0 million from the Lenders on the Closing Date. The second tranche of the Term Loan, consisting of up to an additional \$10.0 million, became available to the Company upon receipt of approval from the FDA of ibrexafungerp for the treatment of vaginal yeast infections (the “First Performance Milestone”) and was fully funded in June 2021. The third tranche of the Term Loan, consisting of an additional \$5.0 million, became available to the Company upon (a) the First Performance Milestone and (b) the achievement of the primary endpoint from the Phase 3 study of ibrexafungerp in patients with recurrent vulvovaginal candidiasis, and was fully funded in March 2022. The fourth tranche of the Term Loan, consisting of up to an additional \$25.0 million, will be available to the Company from January 1, 2022 through December 31, 2023 in \$5.0 million increments, subject to certain terms and conditions, including in maintaining a ratio of total outstanding Term Loan principal to net product revenues for BREXAFEMME below a certain specified level for a given draw period. The Company estimated the fair value of the loan payable as of September 30, 2022 using a credit spread valuation model and Level 3 inputs which included an implied secured

spread, risk free rate, and secured yield of 10.16%, 4.23%, and 14.39%, respectively. As of December 31, 2021, the implied secured spread, risk free rate, and secured yield were 9.30%, 1.00%, and 10.30%. At September 30, 2022 and December 31, 2021, the fair value of the loan payable is \$33.7 million and \$29.2 million, respectively.

The Term Loan will mature on March 3, 2025 (the “Maturity Date”); provided that, the Maturity Date shall be automatically extended to May 1, 2025 subject to the occurrence of certain conditions set forth in the Loan Agreement. The Term Loan bears interest at a variable annual rate equal to the greater of (a) 9.05% and (b) the Prime Rate (as reported in the Wall Street Journal) plus 5.80% (the “Interest Rate”). The Company is making payments of interest only through June 3, 2024, which is further extendable in quarterly increments until the Maturity Date, subject to continued compliance with the financial covenant of the Loan Agreement (the “interest-only period”). After the interest-only period, the principal balance and related interest will be required to be repaid in equal monthly installments and continuing until the Maturity Date.

The Loan Agreement contains customary closing fees, prepayment fees and provisions, events of default, and representations, warranties and covenants, including a financial covenant requiring the Company to maintain certain levels of trailing three-month net product revenue solely from the sale of ibrexafungerp commencing on September 30, 2022. The financial covenant will be waived at any time in which the Company maintains unrestricted and unencumbered cash in accounts maintained with SVB equal to at least 50.0% of the total outstanding Term Loan principal amount, subject to certain requirements.

Future principal debt payments on the currently outstanding loan payable as of September 30, 2022 are as follows (in thousands):

2022	—
2023	—
2024	23,684
2025	11,316
Total principal payments	35,000
Final fee due at maturity	1,383
Total principal and final fee payment	36,383
Unamortized discount and debt issuance costs	(2,221 )
Less current portion	—
Loan payable, long term	<u>\$ 34,162</u>

*April 2020 Note Purchase Agreement*

On April 9, 2020, the Company entered into the April 2020 Note Purchase Agreement with Puissance Life Science Opportunities Fund VI (“Puissance”) and issued and sold to Puissance \$10.0 million aggregate principal amount of its April 2020 Notes, resulting in net proceeds of approximately \$9.5 million after deducting \$0.5 million for an advisory fee and other issuance costs.

In January 2021, Puissance converted the remaining \$6.0 million of the April 2020 Notes for 959,080 shares of common stock. Upon conversion of the \$6.0 million of the April 2020 Notes, the Company recognized a \$2.7 million extinguishment loss which represents the difference between the total net carrying amount of the convertible debt and derivative liability of \$4.8 million and the fair value of the consideration issued of \$7.5 million.

*March 2019 Note Purchase Agreement*

On March 7, 2019, the Company entered into a Senior Convertible Note Purchase Agreement (the “March 2019 Note Purchase Agreement”) with Puissance. Pursuant to the March 2019 Note Purchase Agreement, on March 7, 2019, the Company issued and sold to Puissance \$16.0 million aggregate principal amount of its 6.0% Senior Convertible Notes due 2025 (“March 2019 Notes”), resulting in \$14.7 million in net proceeds after deducting \$1.3 million for an advisory fee and other issuance costs.

As of September 30, 2022 and December 31, 2021, the Company’s March 2019 Notes consists of the convertible debt balance of \$10.8 million and \$10.2 million, presented net of the unamortized debt issuance costs allocated to the convertible debt of \$0.3 million, and the bifurcated embedded conversion option derivative liability of \$0.2 million and \$1.4 million, respectively. In connection with the Company’s issuance of its March 2019 Notes, the Company bifurcated the embedded conversion option, inclusive of the interest make-whole provision and make-whole fundamental change provision, and recorded the embedded conversion option as a long-term derivative liability in the Company’s balance sheet in accordance with ASC 815, *Derivatives and Hedging*, at its initial fair value of \$7.0 million as the interest make-whole provision is settled in shares of common stock. The convertible debt and derivative liability associated with the March 2019 Notes are presented in total on the accompanying unaudited condensed consolidated balance sheets as the convertible debt and derivative liability. The derivative liability will be remeasured at each reporting period using the binomial lattice model with changes in fair value recorded in the statements of operations in other (income) expense. For the three months ended September 30, 2022 and 2021, the Company

recognized a loss of \$42,000 and a gain of \$1.4 million, respectively, on the fair value adjustment for the derivative liability. For the nine months ended September 30, 2022 and 2021, the Company recognized gains of \$1.1 million and \$1.9 million, respectively, on the fair value adjustment for the derivative liability. For both the three months ended September 30, 2022 and 2021, the Company recognized \$0.2 million in amortization of debt issuance costs and discount related to the March 2019 Notes. For the nine months ended September 30, 2022 and 2021, the Company recognized \$0.5 million and \$0.7 million, respectively, in amortization of debt issuance costs and discount related to the March 2019 Notes.

The Company estimated the fair value of the convertible debt and derivative liability for the March 2019 Notes using a binomial lattice valuation model and Level 3 inputs. At September 30, 2022 and December 31, 2021, the fair value of the convertible debt and derivative liability for the March 2019 Notes is \$10.6 million and \$12.3 million, respectively.

The March 2019 Notes bear interest at a rate of 6.0% per annum payable semiannually in arrears on March 15 and September 15 of each year, beginning September 15, 2019. The March 2019 Notes will mature on March 15, 2025, unless earlier converted, redeemed or repurchased. The March 2019 Notes constitute general, senior unsecured obligations of the Company.

#### *Other Liabilities*

In February 2021, the Company partnered with Amplity for the commercial launch of BREXAFEMME for the treatment of VVC. In October 2022, the Company announced that it is actively pursuing a U.S. commercialization partner to out-license BREXAFEMME to in order to refocus its resources on the clinical development of ibrexafungerp for severe, hospital-based indications. As a result, the Company has begun to wind down its promotional activities associated with BREXAFEMME, while keeping BREXAFEMME on the market and available to patients. As a result, the Company will conclude the partnership with Amplity, which is expected to conclude on November 30, 2022.

Under the terms of the 5-year agreement as currently in effect (the "Amplity Agreement"), the Company was to utilize Amplity's commercial execution and resources for sales force, remote engagement, training, market access and select operations services. The Company maintains full ownership of ibrexafungerp. Amplity deferred a portion of its direct service fees ("Deferred Fees") in the first two years (2021 and 2022) which the Company is to repay according to the terms of the Amplity Agreement and the Loan Agreement, including related agreements. As of September 30, 2022 and December 31, 2021, Deferred Fees of \$4.9 million and \$3.3 million, respectively, are recognized as long term other liabilities in the unaudited condensed consolidated balance sheet. The Deferred Fees represent a debt obligation as of September 30, 2022 given the Amplity Agreement had not been terminated as of September 30, 2022.

The Deferred Fees accrue interest at an annual rate of 12.75% and will be compounded quarterly, at the end of each quarter. Interest expense is recognized using the effective interest method. The Company will repay the Deferred Fees plus accrued interest in quarterly installments at the end of each calendar quarter beginning in 2023. The total amount of Deferred Fees plus accrued interest as of December 31, 2022, will serve as the basis for repayment (the "Repayment Basis"), which shall be repaid in equal installments at the end of a given quarter calculated as follows: 15% of the Repayment Basis will be repaid in 2023; 50% of the Repayment Basis will be repaid in 2024; and 35% of the Repayment Basis will be repaid in 2025. As of September 30, 2022, the Company is obligated to repay \$1.0 million in 2023, \$2.6 million in 2024, and \$2.0 million in 2025. If the Amplity Agreement is terminated, the Deferred Fees become immediately due, subject to the terms of the Loan Agreement and related agreements.

## **8. Commitments and Contingencies**

#### *Leases*

On March 1, 2018, the Company entered into a long-term lease agreement for approximately 19,275 square feet of office space in Jersey City, New Jersey, that the Company identified as an operating lease under ASC 842 (the "Lease"). The lease term is eleven years from August 1, 2018, the commencement date, with total lease payments of \$7.3 million over the lease term. The Company has the option to renew for two consecutive five-year periods from the end of the first term and the Company is not reasonably certain that the option to renew the Lease will be exercised. Under the Lease, the Company furnished a security deposit in the form of a standby letter of credit in the amount of \$0.3 million, which was reduced by fifty-five thousand dollars on the first anniversary of the commencement date. The security deposit will continue to be reduced by fifty-five thousand dollars every two years on the commencement date anniversary for eight years. The security deposit is classified as restricted cash in the accompanying unaudited condensed consolidated balance sheets.

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The following table summarizes certain quantitative information associated with the amounts recognized in the unaudited condensed consolidated financial statements for the Lease (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Operating lease cost	\$ 166	\$ 166	\$ 498	\$ 498
Variable lease cost	8	9	13	18
Total operating lease expense	<u>\$ 174</u>	<u>\$ 175</u>	<u>\$ 511</u>	<u>\$ 516</u>
Cash paid for amounts included in the measurement of operating lease liability	\$ 118	\$ 116	\$ 350	\$ 343
			<b>September 30, 2022</b>	<b>December 31, 2021</b>
Remaining Lease term (years)			6.84	7.59
Discount rate			15 %	15 %

Future minimum lease payments for the Lease as of September 30, 2022 are as follows (in thousands):

	<b>September 30, 2022</b>
2022	\$ 177
2023	715
2024	730
2025	744
2026	759
Thereafter	2,030
Total	<u>\$ 5,155</u>

The presentations of the operating lease liability as of September 30, 2022 are as follows (in thousands):

	<b>September 30, 2022</b>
Present value of future minimum lease payments	\$ 3,267
Operating lease liability, current portion	\$ 269
Operating lease liability, long-term portion	2,998
Total operating lease liability	<u>\$ 3,267</u>
Difference between future minimum lease payments and discounted cash flows	\$ 1,888

*License Arrangement with Potential Future Expenditures*

As of September 30, 2022, the Company had a license arrangement with Merck Sharp & Dohme Corp., or Merck, as amended, that involves potential future expenditures. Under the license arrangement, executed in May 2013, the Company exclusively licensed from Merck its rights to ibrexafungerp in the field of human health. In January 2014, Merck assigned the patents related to ibrexafungerp that it had exclusively licensed to the Company. Ibrexafungerp is the Company's lead product candidate. Pursuant to the terms of the license agreement, Merck was originally eligible to receive milestone payments from the Company that could total \$19.0 million upon occurrence of specific events, including initiation of a Phase 3 clinical study, new drug application, and marketing approvals in each of the U.S., major European markets, and Japan. In addition, Merck is eligible to receive tiered royalties from the Company based on a percentage of worldwide net sales of ibrexafungerp. The aggregate royalties are mid- to high-single digits.

In December 2014, the Company and Merck entered into an amendment to the license agreement that deferred the remittance of a milestone payment due to Merck, such that no amount would be due upon initiation of the first Phase 2 clinical trial of a product containing the ibrexafungerp compound (the "Deferred Milestone"). The amendment also increased, in an amount equal to the Deferred Milestone, the milestone payment that would be due upon initiation of the first Phase 3 clinical trial of a product containing the ibrexafungerp compound. In December 2016 and January 2018, the Company entered into

second and third amendments to the license agreement with Merck which clarified what would constitute the initiation of a Phase 3 clinical trial for the purpose of milestone payment. In January 2019, a milestone payment became due to Merck as a result of the initiation of the VANISH Phase 3 VVC program and was paid in March 2019. On December 2, 2020, the Company entered into a fourth amendment to the license agreement with Merck. The amendment eliminates two cash milestone payments that the Company would have paid to Merck upon the first filing of an NDA, triggered by the FDA acceptance for filing of the Company's NDA for ibrexafungerp for the treatment of VVC, and first marketing approval in the U.S. Such cash milestone payments would have been creditable against future royalties owed to Merck on net sales of ibrexafungerp. With the amendment, these milestones will not be paid in cash and, accordingly, credits will not accrue. Pursuant to the amendment, the Company will also forfeit the credits against future royalties that it had accrued from a prior milestone payment already paid to Merck. All other key terms of the license agreement are unchanged.

## 9. Stockholders' Equity

### *Authorized, Issued, and Outstanding Common Stock*

The Company's authorized common stock has a par value of \$0.001 per share and consists of 150,000,000 and 100,000,000 shares as of September 30, 2022, and December 31, 2021, respectively; 32,656,242 and 28,705,334 shares were issued and outstanding at September 30, 2022, and December 31, 2021, respectively. In September 2022, the Company amended its Amended and Restated Certificate of Incorporation to increase the total number of authorized shares of common stock from 100,000,000 to 150,000,000.

The following table summarizes common stock share activity for the three and nine months ended September 30, 2022 and 2021 (dollars in thousands):

	Three Months Ended September 30, 2022				
	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance, June 30, 2022	32,596,403	\$ 36	\$ 423,719	\$ (378,275)	\$ 45,480
Net loss	—	—	—	(29,584)	(29,584)
Stock-based compensation expense	—	—	1,210	—	1,210
Common stock issued through employee stock purchase plan	3,714	—	8	—	8
Common stock issued, net of expenses	50,000	—	95	—	95
Common stock issued for vested restricted stock units	6,125	—	—	—	—
Balance, September 30, 2022	<u>32,656,242</u>	<u>\$ 36</u>	<u>\$ 425,032</u>	<u>\$ (407,859)</u>	<u>\$ 17,209</u>

	Three Months Ended September 30, 2021				
	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance, June 30, 2021	23,147,552	\$ 26	\$ 361,925	\$ (329,631)	\$ 32,320
Net loss	—	—	—	(605)	(605)
Stock-based compensation expense	—	—	588	—	588
Common stock issued through employee stock purchase plan	2,759	—	13	—	13
Common stock issued, net of expenses	733,937	1	5,300	—	5,301
Common stock issued for vested restricted stock units	1,322	—	(3)	—	(3)
Balance, September 30, 2021	<u>23,885,570</u>	<u>\$ 27</u>	<u>\$ 367,823</u>	<u>\$ (330,236)</u>	<u>\$ 37,614</u>

	Nine Months Ended September 30, 2022				
	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance, December 31, 2021	28,705,334	\$ 32	\$ 400,705	\$ (359,479)	\$ 41,258
Net loss	—	—	—	(48,380)	(48,380)

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Stock-based compensation expense	—	—	3,232	—	3,232
Common stock issued through employee stock purchase plan	6,834	—	18	—	18
Common stock issued, net of expenses	3,895,943	4	21,006	—	21,010
Common stock issued for vested restricted stock units	48,131	—	—	—	—
Vested Loan Agreement warrants	—	—	71	—	71
Balance, September 30, 2022	<u>32,656,242</u>	<u>\$ 36</u>	<u>\$ 425,032</u>	<u>\$ (407,859)</u>	<u>\$ 17,209</u>

**Nine Months Ended September 30, 2021**

	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance, December 31, 2020	19,663,698	\$ 20	\$ 349,351	\$ (326,613 )	\$ 22,758
Net loss	—	—	—	(3,623 )	(3,623 )
Stock-based compensation expense	—	—	1,528	—	1,528
Common stock issued through employee stock purchase plan	4,943	—	22	—	22
Common stock issued, net of expenses	3,250,739	6	8,707	—	8,713
Common stock issued for conversion of April 2020 Notes	959,080	1	7,452	—	7,453
Common stock issued for vested restricted stock units	7,110	—	(3 )	—	(3 )
Vested Loan Agreement warrants	—	—	766	—	766
Balance, September 30, 2021	<u>23,885,570</u>	<u>\$ 27</u>	<u>\$ 367,823</u>	<u>\$ (330,236 )</u>	<u>\$ 37,614</u>

*Shares Reserved for Future Issuance*

The Company had reserved shares of common stock for future issuance as follows:

	September 30, 2022	December 31, 2021
Outstanding stock options	2,125,002	1,542,126
Outstanding restricted stock units	990,015	133,834
Warrants to purchase common stock associated with March 2018 public offering – Series 2	798,810	798,810
Warrants to purchase common stock associated with December 2020 public offering - Series 2	6,800,000	6,800,000
Prefunded warrants to purchase common stock associated with December 2020 public offering	3,200,000	3,200,000
Warrants to purchase common stock associated with April 2022 Public Offering	15,000,000	—
Prefunded warrants to purchase common stock associated with April 2022 Public Offering	11,666,667	—
Warrants to purchase common stock associated with Loan Agreement	198,819	170,410
Warrant to purchase common stock associated with Danforth	50,000	50,000
For possible future issuance for the conversion of the March 2019 Notes	1,138,200	1,138,200
For possible future issuance under 2014 Plan (Note 10)	62,995	295,220
For possible future issuance under employee stock purchase plan	—	3,893
For possible future issuance under 2015 Plan (Note 10)	128,250	235,000
Total common shares reserved for future issuance	<u>42,158,758</u>	<u>14,367,493</u>

*April 2022 Public Offering*

On April 22, 2022, the Company entered into an Equity Underwriting Agreement (the “Underwriting Agreement”) with Guggenheim Securities, LLC, as representative of the several underwriters (the “Underwriters”), relating to the offering, issuance and sale (the “April 2022 Public Offering”) of (a) 3,333,333 shares of the Company’s common stock, par value \$0.001 per share, (b) pre-funded warrants, in lieu of common stock, to purchase 11,666,667 shares of the Company’s common stock, par value \$0.001 per share, and (c) warrants, which will accompany the common stock or pre-funded warrants, to purchase up to an aggregate of 15,000,000 shares of the Company’s common stock. The pre-funded warrants entitle the holders to purchase

up to 11,666,667 shares of common stock and have an unlimited term and an exercise price of \$0.001 per share. The warrants entitle the holders to purchase up to an aggregate of 15,000,000 shares of common stock and have a seven-year term and an exercise price of \$3.45 per share. The warrants that accompany the pre-funded warrants have an additional provision entitling the holder thereof to purchase a pre-funded warrant rather than a share of common stock at the warrant exercise price less the exercise price of the pre-funded warrant purchased. Each warrant is exercisable immediately upon issuance, subject to certain limitations on beneficial ownership. The price to the public in the April 2022 Public Offering was \$3.00 per share of common stock and accompanying warrants, or in the case of pre-funded warrants, \$2.999 per pre-funded warrant and accompanying warrants, which resulted in \$41.8 million of net proceeds to the Company after deducting the underwriting discount and offering expenses.

The prefunded warrants are classified as equity in accordance with ASC 815, *Derivatives and Hedging* given the prefunded warrants are indexed to the Company's own shares of common stock and meet the requirements to be classified in equity. The prefunded warrants were recorded at their relative fair value at issuance in the stockholders' equity section of the balance sheet and the prefunded warrants are considered outstanding shares in the basic earnings per share calculation for the three and nine months ended September 30, 2022 given their nominal exercise price.

#### *Common Stock Purchase Agreement and Sales Agreements*

On April 10, 2020, the Company entered into the Common Stock Purchase Agreement with Aspire Capital (the "Common Stock Purchase Agreement") pursuant to which the Company had the right to sell to Aspire Capital from time to time in its sole discretion up to \$20.0 million in shares of the Company's common stock, subject to certain limitations and conditions set forth in the Common Stock Purchase Agreement. The Common Stock Purchase Agreement expired in October 2022. During the three and nine months ended September 30, 2022, the Company sold 50,000 and 425,000 shares of its common stock under the Common Stock Purchase Agreement for gross proceeds of \$0.1 million and \$1.6 million, respectively. During both the three and nine months ended September 30, 2021, the Company sold 400,000 of its common stock under the Common Stock Purchase Agreement for gross proceeds of \$2.6 million.

During the three and nine months ended September 30, 2022, the Company sold zero and 137,610 shares of its common stock and received net proceeds of zero and \$0.7 million, respectively, under the Controlled Equity Offering<sup>SM</sup> Sales Agreements with Cantor Fitzgerald & Co. and Ladenburg Thalmann & Co. Inc. (the "Sales Agreements"). During the three and nine months ended September 30, 2021, the Company sold 333,937 and 430,605 shares of its common stock and received net proceeds of \$1.9 million and \$2.5 million under the Sales Agreements.

#### *Warrants Associated with the March 2018, December 2020 and April 2022 Public Offerings*

The outstanding warrants associated with the March 2018 and December 2020 public offerings contain a provision where the warrant holder has the option to receive cash, equal to the Black-Scholes fair value of the remaining unexercised portion of the warrant, as cash settlement in the event that there is a fundamental transaction (contractually defined to include various merger, acquisition or stock transfer activities). Due to this provision, ASC 480, *Distinguishing Liabilities from Equity*, requires that these warrants be classified as liabilities. The fair values of these warrants have been determined using the Black-Scholes valuation model, and the changes in the fair value are recorded in the accompanying unaudited condensed consolidated statements of operations. The outstanding warrants associated with the April 2022 public offering meet the definition of a derivative pursuant to ASC 815, *Derivatives and Hedging*, and do not meet the derivative scope exception given the warrants do not qualify under the indexation guidance. As a result, the April 2022 public offering warrants were initially recognized as liabilities and measured at fair value using the Black-Scholes valuation model. Issuance costs of \$1.7 million initially allocated to the April 2022 public offering warrants were written off and recognized in the warrant liabilities fair value adjustment in the nine months ended September 30, 2022. During the three months ended September 30, 2022 and 2021, the Company recognized a loss of \$6.5 million and a gain of \$18.8 million on the warrant liabilities fair value adjustment, respectively. During the nine months ended September 30, 2022 and 2021, the Company recognized gains of \$13.2 million and \$35.4 million on the warrant liabilities fair value adjustment. As of September 30, 2022 and December 31, 2021, the fair value of the warrant liabilities was \$27.7 million and \$18.1 million, respectively.

#### *Warrants Associated with Loan Agreement*

In connection with the entry into the Loan Agreement, the Company issued to each of Hercules and SVB a warrant (collectively, the "Warrants") to purchase shares of the Company's common stock, par value \$0.001 per share (the "Shares"). The amount of shares that may be purchased for the Warrants, collectively between Hercules and SVB, will not exceed 0.04 multiplied by the aggregate amount of the term loan advances, divided by the exercise price of the Warrants. At the closing of the Loan Agreement, the Company issued 113,607 warrants to purchase shares of the Company's common stock and recognized the initial warrants at their relative fair value in shareholder's equity. Upon the funding of the \$10.0 million and \$5.0 million for the second and third tranches in June 2021 and March 2022, respectively, the associated warrant liabilities of \$0.3 million and \$0.1 million, respectively, were reclassified to additional paid in capital at settlement. In June 2021 and March

2022, 56,803 and 28,409 warrants to purchase shares of the Company’s common stock were issued upon vesting of the second and third tranches, respectively.

**10. Stock-based Compensation**

Pursuant to the terms of the Company’s 2014 Equity Incentive Plan (“2014 Plan”), on January 1, 2022 and 2021, the Company automatically added 1,148,213 and 786,547 shares to the total number shares of common stock available for future issuance under the 2014 Plan, respectively. As of September 30, 2022, there were 62,995 shares of common stock available for future issuance under the 2014 Plan.

As of September 30, 2022, there were 128,250 shares of common stock available for future issuance under the Company’s 2015 Inducement Award Plan (“2015 Plan”). During the nine months ended September 30, 2022 and 2021, there were options to purchase 109,000 and 182,600 shares of the Company’s common stock granted under the 2015 Plan, respectively.

The activity for the Company’s 2009 Stock Option Plan, 2014 Plan, and 2015 Plan, for the nine months ended September 30, 2022, is summarized as follows:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (\$000)
Outstanding — December 31, 2021	1,542,126	\$ 14.89	7.45	\$ 42
Granted	664,000	\$ 4.15		
Forfeited/Cancelled	(81,124 )	\$ 7.42		
Outstanding — September 30, 2022	<u>2,125,002</u>	\$ 11.82	7.61	\$ 49
Exercisable — September 30, 2022	<u>1,052,080</u>	\$ 18.11	6.30	\$ —
Vested or expected to vest — September 30, 2022	<u>2,125,002</u>	\$ 11.82	7.61	\$ 49

Restricted stock unit (“RSU”) activity under the 2014 Plan and 2015 Plan for the nine months ended September 30, 2022, is summarized as follows:

	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Non-vested at December 31, 2021	133,834	\$ 7.98
Granted	943,465	\$ 5.35
Vested	(48,131 )	\$ 8.29
Forfeited	(39,153 )	\$ 6.28
Non-vested at September 30, 2022	<u>990,015</u>	\$ 5.52

The fair value of RSUs is based on the market price of the Company’s common stock on the date of grant. RSUs generally vest 25% annually over a four-year period from the date of grant. Upon vesting, the RSUs are net share settled to cover the required withholding tax with the remaining shares issued to the holder. The Company recognizes compensation expense for such awards ratably over the corresponding vesting period.

*Compensation Cost*

The compensation cost that has been charged against income for stock awards under the 2014 Plan and the 2015 Plan was \$1.0 million and \$0.6 million for the three months ended September 30, 2022 and 2021, respectively, and \$3.1 million and \$1.5 million for the nine months ended September 30, 2022 and 2021, respectively. The total income tax benefit recognized in the statements of operations for share-based compensation arrangements was zero for each of the three and nine months ended September 30, 2022 and 2021.



Stock-based compensation expense related to stock options is included in the following line items in the accompanying unaudited condensed consolidated statements of operations (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Research and development	\$ 327	\$ 174	\$ 955	\$ 436
Selling, general and administrative	710	414	2,104	1,092
Total	<u>\$ 1,037</u>	<u>\$ 588</u>	<u>\$ 3,059</u>	<u>\$ 1,528</u>

## 11. Fair Value Measurements

The carrying amounts of certain financial instruments, including cash and cash equivalents, restricted cash, accounts receivable, prepaid expenses and other current assets, accounts payable, and accrued expenses approximate their respective fair values due to the short-term nature of such instruments.

### *Assets and Liabilities Measured at Fair Value on a Recurring Basis*

The Company evaluates its financial assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level in which to classify them for each reporting period. This determination requires significant judgments to be made. The following table summarizes the conclusions reached as of September 30, 2022 and December 31, 2021 for financial instruments measured at fair value on a recurring basis (in thousands):

	Balance	Fair Value Hierarchy Classification		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>September 30, 2022</b>				
Cash	\$ (59)	\$ (59)	—	—
Restricted cash	218	218	—	—
Money market funds	68,679	68,679	—	—
<b>Total assets</b>	<b>\$ 68,838</b>	<b>\$ 68,838</b>	<b>—</b>	<b>—</b>
Warrant liabilities	\$ 27,730	—	—	\$ 27,730
Derivative liability	238	—	—	238
<b>Total liabilities</b>	<b>\$ 27,968</b>	<b>—</b>	<b>—</b>	<b>\$ 27,968</b>
<b>December 31, 2021</b>				
Cash	\$ 310	\$ 310	—	—
Restricted cash	218	218	—	—
Money market funds	104,187	104,187	—	—
<b>Total assets</b>	<b>\$ 104,715</b>	<b>\$ 104,715</b>	<b>—</b>	<b>—</b>
Warrant liabilities	\$ 18,062	—	—	\$ 18,062
Derivative liability	1,358	—	—	1,358
<b>Total liabilities</b>	<b>\$ 19,420</b>	<b>—</b>	<b>—</b>	<b>\$ 19,420</b>

The Company measures cash equivalents at fair value on a recurring basis. The fair value of cash equivalents is determined based on “Level 1” inputs, which consist of quoted prices in active markets for identical assets.

Level 3 financial liabilities consist of the warrant liabilities for which there is no current market such that the determination of fair value requires significant judgment or estimation. Changes in fair value measurements categorized within Level 3 of the fair value hierarchy are analyzed each period based on changes in estimates or assumptions and recorded as appropriate. The Company uses the Black-Scholes option valuation model to value the Level 3 warrant liabilities at inception and on subsequent valuation dates. This model incorporates transaction details such as the Company’s stock price, contractual terms, maturity, risk free rates, as well as volatility. The unobservable input for all of the Level 3 warrant liabilities includes volatility. The historical and implied volatility of the Company, using its closing common stock prices and market data, is utilized to reflect future volatility over the expected term of the warrants. At September 30, 2022, the range and weighted average of the Level 3 volatilities utilized in the Black-Scholes model to fair value the warrant liabilities were 81.7% to 84.8% and 84.7%, respectively. The Company utilizes a probability assessment to estimate the likelihood of vesting for the remaining Loan Agreement warrants and allocated the probability of occurrence percentage to the fair values calculated.

The Company uses the binomial lattice valuation model to value the Level 3 derivative liabilities at inception and on subsequent valuation dates. This model incorporates transaction details such as the Company’s stock price, contractual terms, dividend yield, risk-free rate, adjusted equity volatility, credit rating, market credit spread, and estimated effective yield. The unobservable inputs associated with the Level 3 derivative liabilities are adjusted equity volatility, market credit spread, and estimated yield. As of September 30, 2022, these inputs were 65.7%, 1,544 basis points, and 19.7%, respectively. The senior

convertible notes are initially fair valued using the binomial lattice model and with the straight debt fair value calculated using the discounted cash flow method. The residual difference represents the fair value of the embedded derivative liabilities and the fair value of the embedded derivative liabilities are reassessed using the binomial lattice valuation model on a quarterly basis.

A reconciliation of the beginning and ending balances for liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows (in thousands):

	<b>Warrant Liabilities</b>	
Balance – December 31, 2021	\$	18,062
April 2022 Public Offering warrant issuance		24,704
Loan Agreement warrants		(71 )
Gain adjustment to fair value		(14,965 )
Balance – September 30, 2022	<u>\$</u>	<u>27,730</u>

  

	<b>Derivative Liability</b>	
Balance – December 31, 2021	\$	1,358
Gain adjustment to fair value		(1,120 )
Balance – September 30, 2022	<u>\$</u>	<u>238</u>

## 12. Revenue

### *Product Revenue, Net*

Net product revenue was \$1.6 million and \$3.6 million for the three and nine months ended September 30, 2022. Products are sold primarily to wholesalers and specialty pharmacies. Revenue is reduced from wholesaler list price at the time of recognition for expected chargebacks, rebates, discounts, incentives, and returns, which are referred to as gross to net (“GTN”) adjustments. These reductions are currently attributed to various commercial arrangements. Chargebacks and discounts are recognized as a reduction in accounts receivable or as accrued expenses based on their nature and settled through the issuance of credits to the customer or through cash payments to the customer, respectively. All other returns, rebates, and incentives are reflected as accrued expenses and settled through cash payments to the customer. Three wholesalers comprised 45%, 29%, and 20% of the Company’s gross revenue for the nine months ended September 30, 2022.

The following table summarizes activity in each of the Company’s product revenue provision and allowance categories as of September 30, 2022 (in thousands):

	<b>Discounts and Chargebacks (1)</b>	<b>Product Returns (2)</b>	<b>Rebates and Incentives (3)</b>	<b>Total</b>
Balance as of December 31, 2021	\$ 249	\$ 21	\$ 1,110	\$ 1,380
Provision related to current period revenue	1,124	38	2,998	4,160
Changes in estimate related to prior period revenue	(31 )	—	55	24
Credit/payments	(742 )	—	(2,982 )	(3,724 )
Balance as of September 30, 2022	<u>\$ 600</u>	<u>\$ 59</u>	<u>\$ 1,181</u>	<u>\$ 1,840</u>

- (1) Discounts and chargebacks include fees for wholesaler fees, prompt pay and other discounts, and chargebacks. Discounts and chargebacks are deducted from gross revenue at the time revenues are recognized and are included as a reduction in accounts receivable or as an accrued expense based on their nature on the Company’s unaudited condensed consolidated balance sheet.
- (2) Provisions for product returns are deducted from gross revenues at the time revenues are recognized and are included in accrued expenses on the Company’s unaudited condensed consolidated balance sheet.
- (3) Rebates and incentives include rebates and co-pay program incentives. Provisions for rebates and incentives are deducted from gross revenues at the time revenues are recognized and are included in accrued expenses on the Company’s unaudited condensed consolidated balance sheets.

### *License Agreement Revenue*

In February 2021, the Company entered into an Exclusive License and Collaboration Agreement (the “Agreement”) with Hansoh (Shanghai) Health Technology Co., Ltd., and Jiangsu Hansoh Pharmaceutical Group Company Limited (collectively,

“Hansoh”), pursuant to which the Company granted to Hansoh an exclusive license to research, develop and commercialize ibrexafungerp in the Greater China region, including mainland China, Hong Kong, Macau, and Taiwan (the “Territory”). The Company also granted to Hansoh a non-exclusive license to manufacture ibrexafungerp solely for development and commercialization in the Territory. For the three and nine months ended September 30, 2022, there was no license agreement revenue recognized associated with the Agreement given the variable consideration was fully constrained as of September 30, 2022. For the nine months ended September 30, 2021, the Company recognized license agreement revenue of \$12.1 million which included the fixed upfront cash payment of \$10.0 million, an additional amount that was payable upon the transfer of certain data related to the manufacturing license, and \$1.1 million related to withholding tax obligations that Hansoh remitted on behalf of the Company.

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Operating results for the three and nine months ended September 30, 2022, are not necessarily indicative of results that may occur in future interim periods or future fiscal years. Some of the statements in this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” are forward-looking statements. These forward-looking statements are based on management’s beliefs and assumptions and on information currently available to our management and involve significant elements of subjective judgment and analysis. Words such as “expects,” “will,” “anticipate,” “target,” “goal,” “intend,” “plan,” “seek,” “estimate,” “potential,” “should,” “could,” variations of such words, and similar expressions are intended to identify forward-looking statements. Our actual results and the timing of events may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a difference include those discussed under the heading “Risk Factors” in Item 1A of Part I of our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 29, 2022, and in Part II, Item 1A of this Quarterly Report on Form 10-Q. These and many other factors could affect our future financial and operating results. We undertake no obligation to update any forward-looking statement to reflect events after the date of this Quarterly Report on Form 10-Q. In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into or review of, all relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely on these statements.

### Overview

SCYNEXIS, Inc. is pioneering innovative medicines to overcome and prevent difficult-to-treat and drug-resistant infections. We are developing our lead product candidate, ibrexafungerp, as a broad-spectrum, intravenous (IV)/oral agent for severe, hospital-based indications. In June 2021, the U.S. Food and Drug Administration (FDA) approved BREXAFEMME (ibrexafungerp tablets) for treatment of patients with vulvovaginal candidiasis (VVC), also known as vaginal yeast infection. In October 2022, we announced that we are actively pursuing a U.S. commercialization partner to out-license BREXAFEMME in order to refocus our resources on the clinical development of ibrexafungerp for severe, hospital-based indications. As a result, we have begun to wind down our promotional activities associated with BREXAFEMME, while keeping BREXAFEMME on the market and available to patients.

Ibrexafungerp, the first representative of a novel class of antifungal agents called triterpenoids, is a structurally distinct glucan synthase inhibitor and has shown *in vitro* and *in vivo* activity against a broad range of human fungal pathogens such as *Candida* and *Aspergillus* genera, including multidrug-resistant strains, as well as *Pneumocystis*, *Coccidioides*, *Histoplasma* and *Blastomyces* genera. *Candida* and *Aspergillus* genera are the fungi responsible for approximately 85% of all invasive fungal infections in the United States (U.S.) and Europe. To date, we have characterized the antifungal activity, pharmacokinetics, and safety profile of the oral and IV formulations of ibrexafungerp in multiple *in vitro*, *in vivo*, and clinical studies. The FDA has granted Qualified Infectious Disease Product (QIDP) and Fast Track designations to ibrexafungerp for the indications of VVC (including the prevention of recurrent VVC), invasive candidiasis (IC) (including candidemia), and invasive aspergillosis (IA), and has granted Orphan Drug designations for the IC and IA indications. The European Medicines Agency has granted Orphan Medicinal Product designation to ibrexafungerp for IC. These designations may provide us with additional market exclusivity and expedited regulatory paths.

### Corporate Strategy Update

In October 2022, we announced a new corporate strategic direction by refocusing our resources on the clinical development of ibrexafungerp for severe, hospital-based indications with both the oral and liposomal IV formulations, as multiple ongoing Phase 3 studies are progressing for a potential first approval in hospital indications in 2024 and a Phase 2 study of the IV formulation is planned for 2023. We intend to out-license BREXAFEMME® (ibrexafungerp tablets) for VVC and we are actively pursuing a U.S. commercialization partner. BREXAFEMME has seen continued growth in prescriptions and expansion of access, including recent new coverage with an additional national pharmacy benefit manager for an additional 21 million commercially insured lives. Additionally, we will conclude the partnership with our contracted commercial sales partner, Amplify Health (Amplify), which we expect to conclude on November 30, 2022, and we will undertake a workforce reduction.

In October 2022, Dr. Marco Taglietti informed us that that he plans to retire and will leave his position as President and Chief Executive Officer, and will step down from the Board of Directors, on December 31, 2022. David Angulo, M.D., who has served as Chief Medical Officer for the past seven years, will become President and Chief Executive Officer and join the Board of Directors, effective January 1, 2023. Additionally, Ivor Macleod joined as Chief Financial Officer on October 24, 2022. Mr. Macleod has more than thirty years of experience in the life sciences industry, including most recently as Chief

Financial Officer of Athersys, Inc. The role of Chief Commercial Officer will be eliminated, and Christine Coyne, who has served in this leadership role since May 2021, will transition from us to pursue other opportunities.

#### **BREXAFEMME Update**

In June 2021, the FDA approved BREXAFEMME for use in women with VVC. This approval was based on positive results from two Phase 3, randomized, double-blind, placebo-controlled, multi-center studies (VANISH-303 and VANISH-306), in which oral ibrexafungerp demonstrated statistically superior efficacy compared to placebo and a favorable tolerability profile in women with VVC. The FDA granted BREXAFEMME five years of exclusivity extension under the Generating Antibiotic Incentives Now (GAIN) Act, which will be added to any other applicable exclusivity periods, such as the five years of new chemical entity (NCE) exclusivity, for a combined ten-year period of regulatory exclusivity. BREXAFEMME also is protected by multiple patents, including a composition-of-matter patent covering the ibrexafungerp molecule. With patent term extension, this patent is expected to expire in 2035, providing an expected 13 years of protection from generic competitors in the U.S. We intend to out-license BREXAFEMME® (ibrexafungerp tablets) for VVC and we are actively pursuing a U.S. commercialization partner.

Treatments for VVC have historically included several topical azole antifungals and oral fluconazole. Approximately 80% of VVC sufferers will have more than one yeast infection and over a third of women may have six yeast infections or more in a lifetime. There are over 17 million prescriptions written for VVC in the U.S. annually, all of which belonged to a single drug class, the azoles, before the approval of BREXAFEMME. BREXAFEMME has seen continued growth in prescriptions and expansion of access, including recent additional coverage with a national pharmacy benefit manager for an additional 21 million commercially insured lives bringing total coverage to 130 million, or 70% of commercially insured lives. According to IQVIA data, there were approximately 5,785 prescriptions for BREXAFEMME written in the third quarter of 2022, an increase of 13% over the second quarter of 2022. BREXAFEMME was prescribed by approximately 2,500 individual healthcare professionals in the third quarter of 2022, an increase of 11% over the second quarter of 2022. We anticipate FDA approval for a second indication in 2022 for prevention of recurrent VVC, with the potential for peak U.S. sales combined for the treatment of VVC and recurrent VVC estimated over \$400 million.

#### **Ibrexafungerp Update**

The CANDLE study, a Phase 3, multi-center, randomized, double-blind, placebo-controlled trial designed to evaluate the efficacy and safety of oral ibrexafungerp for the prevention of recurrent VVC, defined as three or more infections in a 12-month period, was completed in April 2022. In August 2022, we announced that the FDA has accepted our submission of a supplemental New Drug Application (sNDA) to expand the label of BREXAFEMME (ibrexafungerp tablets) to include the prevention of RVVC. The FDA granted the submission Priority Review and assigned the Prescription Drug User Fee Act (PDUFA) target decision date as November 30, 2022. If approved for this second indication, BREXAFEMME, an oral non-azole therapy, would be the first and only product approved in the U.S. for both the treatment of VVC and the prevention of recurrent VVC.

In the second quarter of 2022, enrollment began in a new Phase 3b, open-label, multicenter study (VANQUISH) to evaluate the efficacy, safety and tolerability of oral ibrexafungerp as a treatment for complicated VVC in patients who have failed treatment with fluconazole, based on mycological and clinical outcomes. The VANQUISH study will enroll approximately 150 complicated VVC patients who will receive 600 mg of oral ibrexafungerp for one, three or seven consecutive days determined by their underlying complicating condition, including immunocompromised state. Complicated patients include patients with recurrent VVC, those with VVC caused by non-*albicans Candida* species and those with diabetes, immunocompromising conditions (e.g., HIV), or immunosuppressive therapy (e.g., corticosteroids). The VANQUISH study will be conducted in approximately 25 centers in the U.S. and we are targeting to have data from this study in the first half of 2024.

Enrollment is continuing in our prospective, randomized, double-blind, global Phase 3 study to evaluate the efficacy, safety and tolerability of oral ibrexafungerp as a step-down therapy for patients with IC including candidemia following IV echinocandin therapy in the hospital compared to currently available therapies (the MARIO study). Eligible patients with IC will receive treatment with IV echinocandin and will then be switched to either oral ibrexafungerp or a standard of care option, either oral fluconazole or best available therapy (BAT) for subjects with infections caused by fluconazole non-susceptible strains, once step-down criteria are met. Approximately 220 patients will be enrolled and randomized in the study, and we expect topline results in the first half of 2024 and a potential approval by the end of 2024.

The primary objective of the study is to determine whether treatment of IC with IV echinocandins followed by oral ibrexafungerp is as effective as treatment with IV echinocandins followed by oral fluconazole (or BAT), the current standard of care. The primary end point of the study will be all-cause mortality at 30 days after initiation of antifungal therapy.

Approximately 35,000 cases of IC in the U.S. per year are caused by the *Candida* isolates that are resistant to azoles, a population for which ibrexafungerp could provide a much-needed oral alternative.

We completed our Phase 1 randomized, double-blind, placebo-controlled single and multiple ascending dose study evaluating the safety, tolerability, and pharmacokinetics of the liposomal IV formulation of ibrexafungerp in 64 healthy subjects with treatment durations of up to seven days. The liposomal IV formulation of ibrexafungerp was designed to optimize tolerability and address dose-limiting infusion site irritation adverse events observed with previous formulations. The liposomal IV formulation of ibrexafungerp was generally well tolerated with no serious adverse events reported. The most common adverse events were mostly mild (few moderate) reactions at the infusion site. The dosing was successfully progressed until the target exposure was achieved (i.e., exposure associated with efficacy from animal models). We are planning to begin a Phase 2 study of the liposomal IV formulation in 2023.

We achieved a target enrollment of 200 patients in our Phase 3 FURI study investigating the potential of ibrexafungerp as a treatment for fungal infections that are refractory or intolerant to other antifungals, including infections caused by *Candida auris* (*C. auris*), and anticipate study completion activities in the first half of 2023 with a Data Review Committee review and topline data in early 2024. We are also on track with our Phase 3 CARES study which will follow similar completion and reporting timing to the Phase 3 FURI study and we expect enrollment for the Phase 3 CARES study to be completed by the end of 2022. The data from the MARIO study along with data from FURI and CARES studies are intended to be supportive of an NDA submission in 2024 with an anticipated first approval for an indication in the hospital setting later in 2024.

Enrollment is ongoing in our Phase 2 SCYNERGIA study for patients with invasive aspergillosis and will continue in 2022 to enable investigators impacted by the COVID-19 pandemic additional time to secure patients for this important trial. We anticipate the completion of enrollment by the end of 2022, although the number of patients may be smaller than initially projected.

#### **Liquidity**

We have operated as a public entity since we completed our initial public offering (IPO) of our common stock in May 2014. We also completed a follow-on public offering of our common stock in April 2015 and public offerings of our common stock and warrants in June 2016, March 2018, December 2019, December 2020, and April 2022. We had received an aggregate of \$295.1 million in net proceeds from the issuance of our common stock and warrants in these seven offerings. Our principal source of liquidity is cash and cash equivalents and short-term investments, which totaled \$96.1 million as of September 30, 2022, and availability to issue up to \$46.2 million of our common stock under our at-the-market facility (ATM) with Cantor Fitzgerald & Co. (Cantor) and Ladenburg Thalmann & Co. Inc. (Ladenburg). We have received \$35.0 million under our Term Loan and could potentially be eligible to receive up to an additional \$25.0 million, subject to certain terms and conditions. See "Liquidity and Capital Resources" below for amounts sold under the ATM with Cantor and Ladenburg, and the amounts sold under our common stock purchase agreement with Aspire Capital which expired in October 2022.

We have incurred annual net losses since our inception, including the year ended December 31, 2021, and net losses in the three and nine months ended September 30, 2022. As of September 30, 2022, our accumulated deficit was \$407.9 million. We anticipate that we will continue to incur losses for at least the next several years. We expect we will continue to incur significant research and development expense as we continue to execute our research and drug development strategy. Consistent with our operating plan, we also expect that we will continue to incur significant selling, general and administrative expenses to support our public reporting company operations and ongoing operations, but that our selling, general and administrative expenses will decrease as we begin to wind down the promotional activities associated with BREXAFEMME for the VVC indication. As a result, we will need additional capital to fund our operations, which we may obtain through one or more of equity offerings, debt financings, other non-dilutive third-party funding, strategic alliances and licensing or collaboration arrangements. We may offer shares of our common stock pursuant to our effective shelf registration statements, including under our ATM.

#### **Collaborations and Licensing Agreements**

We are party to a number of licensing and collaboration agreements with partners in human health, including: (1) Merck, a pharmaceutical company, under which we exclusively licensed the rights to ibrexafungerp in the field of human health, and agreed to pay Merck milestones upon the occurrence of specified events as well as tiered royalties based on worldwide sales of ibrexafungerp when and if it is approved (in 2014, Merck assigned to us the patents related to ibrexafungerp that it had exclusively licensed to us and, as contemplated by the agreement, we will continue to pay milestones and royalties); (2) Hansoh, a pharmaceutical company, which we exclusively provide a license from us to research, develop and commercialize ibrexafungerp in the Greater China region, including mainland China, Hong Kong, Macau, and Taiwan, under which we are entitled to receive development and commercial milestones and royalties (3) R-Pharm, CJSC, or "R-Pharm," a leading supplier of hospital drugs in Russia, granting it exclusive rights in the field of human health to develop and commercialize

ibrexafungerp in Russia and several non-core markets, under which we are entitled to receive potential milestones and royalties and reimbursement for certain development costs incurred by us (this agreement is not material to our unaudited condensed consolidated balance sheets, statements of operations, or statements of cash flows); (4) Waterstone, an international pharmaceutical business, granting Waterstone exclusive worldwide rights to development and commercialization of SCY-635 for the treatment of viral diseases in humans, under which we are entitled to receive potential milestones and royalties; and (5) Cypralis Limited, or "Cypralis," a life sciences company, transferring to it certain cyclophilin inhibitor assets of ours, under which we are eligible to receive milestone payments upon the successful progression of certain Cypralis clinical candidates into later stage clinical studies and royalties payable upon product commercialization.

### **Components of Operating Results**

#### *Revenue*

Revenue primarily consists of a non-refundable upfront payment received under our license agreement with Hansoh and product sales of BREXAFEMME.

#### *Cost of Product Revenue*

Cost of product revenue consists primarily of distribution, freight expenses, royalties due to Merck, and other manufacturing costs associated with BREXAFEMME. Prior to the regulatory approval of BREXAFEMME on June 1, 2021, we expensed as research and development the costs associated with the third-party manufacture of BREXAFEMME.

#### *Research and Development Expense*

Research and development expense consists of expenses incurred while performing research and development activities to discover, develop, or improve potential product candidates we seek to develop. This includes conducting preclinical studies and clinical trials, manufacturing and other development efforts, and activities related to regulatory filings for product candidates. We recognize research and development expenses as they are incurred. Our research and development expense primarily consists of:

- costs related to executing preclinical and clinical trials, including development milestones, drug formulation, manufacturing and other development;
- salaries and personnel-related costs, including benefits and any stock-based compensation, for personnel in research and development functions;
- fees paid to consultants and other third parties who support our product candidate development and intellectual property protection;
- other costs in seeking regulatory approval of our products; and
- allocated overhead.

Ibrexafungerp was the only key research and development project during the periods presented. We expect to continue to incur significant research and development expense for the foreseeable future as we continue our effort to develop ibrexafungerp, and to potentially develop our other product candidates, subject to the availability of additional funding.

The successful development of product candidates is highly uncertain. At this time, we cannot reasonably estimate the nature, timing or costs required to complete the remaining development of any product candidates. This is due to the numerous risks and uncertainties associated with the development of product candidates.

#### *Selling, General and Administrative Expense*

Selling, general and administrative expense consists primarily of salaries and personnel-related costs, including employee benefits and any stock-based compensation. This includes personnel in executive, finance, human resources, business development, medical affairs, marketing and commercial, and administrative support functions. Other expenses include facility-related costs not otherwise allocated to research and development expense, professional fees for accounting, auditing, tax and legal services, consulting costs for general and administrative purposes, information systems and marketing efforts.

#### *Other Expense (Income)*

All of our other income recognized in the three and nine months ended September 30, 2022 and 2021, consists of amortization of debt issuance costs and discount, interest income, interest expense, the warrant liabilities fair value adjustment, the derivative liabilities fair value adjustment, and the loss recognized for the extinguishment of debt.



### Income Tax Benefit

All of our income tax benefit recognized in the three and nine months ended September 30, 2022 and 2021 consists of an income tax benefit associated with the sale of our NOLs and research and development credits and tax withholding expense associated with the upfront payment received from Hansoh.

### Results of Operations for the Three Months Ended September 30, 2022 and 2021

The following table summarizes our results of operations for the three months ended September 30, 2022 and 2021, together with the changes in those items in dollars and percentage (dollars in thousands):

	2022	Three Months Ended September 30,		
		2021		Period-to-Period Change
<b>Revenue:</b>				
Product revenue, net	\$ 1,557	\$ 516	\$ 1,041	201.7 %
License agreement revenue	—	—	—	— %
Total revenue	1,557	516	1,041	— %
<b>Operating expenses:</b>				
Cost of product revenue	189	145	44	30.3 %
Research and development	6,430	4,401	2,029	46.1 %
Selling, general and administrative	16,739	15,411	1,328	8.6 %
Total operating expenses	23,358	19,957	3,401	17.0 %
Loss from operations	(21,801)	(19,441)	(2,360)	12.1 %
<b>Other expense (income):</b>				
Amortization of debt issuance costs and discount	396	413	(17)	(4.1) %
Interest income	(531)	(8)	(523)	6,537.5 %
Interest expense	1,379	1,019	360	35.3 %
Warrant liabilities fair value adjustment	6,497	(18,810)	25,307	(134.5) %
Derivative liabilities fair value adjustment	42	(1,400)	1,442	(103.0) %
Total other expense (income)	7,783	(18,786)	26,569	(141.4) %
<b>Loss before taxes</b>	<b>(29,584)</b>	<b>(655)</b>	<b>(28,929)</b>	<b>4,416.6 %</b>
Income tax benefit	—	(50)	50	(100.0) %
<b>Net loss</b>	<b>\$ (29,584)</b>	<b>\$ (605)</b>	<b>\$ (28,979)</b>	<b>4,789.9 %</b>

*Revenue.* Revenue in the three months ended September 30, 2022 consists solely of product sales of BREXAFEMME, for which we began commercialization in the second half of 2021.

*Cost of Product Revenue.* Cost of product revenue in the three months ended September 30, 2022 consists primarily of distribution, freight, and royalty costs associated with BREXAFEMME.

*Research and Development.* For the three months ended September 30, 2022, research and development expenses increased to \$6.4 million compared to \$4.4 million for the three months ended September 30, 2021. The increase of \$2.0 million, or 46%, for the three months ended September 30, 2022, was primarily driven by an increase of \$1.0 million in clinical development expense, an increase of \$0.5 million in preclinical expense, an increase of \$0.2 million in both salary related costs and stock compensation expense, and a net increase of \$0.1 million in other research and development expense.

The \$1.0 million increase in clinical development expense for the three months ended September 30, 2022, was primarily driven by an increase of \$1.1 million in expense associated with the ongoing costs for the MARIO study which was initiated in the fourth quarter of 2021, an increase of \$0.6 million in expense associated with the VANQUISH study, offset in part by a \$0.7 million decrease in expense associated with the CANDLE Phase 3 study which was substantially complete in the first quarter of 2022. The \$0.5 million increase in preclinical expense was primarily associated with the expense recognized for certain preclinical studies associated with the IV liposomal formulation conducted in the current period. The \$0.2 million increase in both salary related costs and stock compensation expense is primarily driven by the increase in employees in comparison to the prior period and by the increase in restricted stock unit grants made in the first quarter of 2022, respectively.

*Selling, General & Administrative.* For the three months ended September 30, 2022, selling, general and administrative expenses increased to \$16.7 million from \$15.4 million for the three months ended September 30, 2021. The increase of \$1.3 million, or 9%, for the three months ended September 30, 2022, was primarily driven by an increase of \$0.5 million in professional fees, an increase of \$0.3 million increase in commercial related expense due to the costs recognized to support the commercialization of BREXAFEMME, an increase of \$0.3 million in stock compensation expense, and a net increase in other selling, general, and administrative expenses of \$0.2 million.

**Amortization of Debt Issuance Costs and Discount.** For each of the three months ended September 30, 2022 and 2021, we recognized \$0.4 million in amortization of debt issuance costs and discount. The 2022 and 2021 debt issuance costs and discount for our March 2019 convertible notes primarily consisted of an allocated portion of advisory fees and other issuance costs. The 2022 and 2021 debt issuance costs and discount for our Loan and Security Agreement with Hercules Capital, Inc. and Silicon Valley Bank (the Loan Agreement) comprised issuance and commitment costs, customary closing and final fees, and the fair value of the warrants issued in conjunction with the Loan Agreement.

**Interest Income.** For the three months ended September 30, 2022 and 2021, we recognized \$0.5 million and \$8,000, respectively, in interest income primarily due to the increase in the interest rate on our money market fund.

**Interest Expense.** For the three months ended September 30, 2022 and 2021, we recognized \$1.4 million and \$1.0 million in interest expense. The \$0.4 million increase in interest expense for the three months ended September 30, 2022, was primarily driven by the increase in the interest rate associated with the Loan Agreement entered into in May 2021.

**Warrant Liabilities Fair Value Adjustment.** For the three months ended September 30, 2022 and 2021, we recognized a loss of \$6.5 million and a gain \$18.8 million, respectively, in the fair value adjustment related to the warrant liabilities primarily due to the increase and decrease in our stock price during the periods, respectively.

**Derivative Liabilities Fair Value Adjustment.** For the three months ended September 30, 2022 and 2021, we recognized a loss of \$42,000 and a gain of \$1.4 million, respectively, in the fair value adjustment related to the derivative liabilities primarily due to the increase and decrease in our stock price during the respective periods.

**Income Tax Benefit.** Income tax benefit in the three months ended September 30, 2021 consists of \$0.1 million in income tax benefit associated with an upfront payment received from Hansoh.

### Results of Operations for the Nine Months Ended September 30, 2022 and 2021

The following table summarizes our results of operations for the nine months ended September 30, 2022 and 2021, together with the changes in those items in dollars and percentage (dollars in thousands):

	2022	Nine Months Ended September 30,		
		2021		Period-to-Period Change
<b>Revenue:</b>				
Product revenue, net	\$ 3,567	\$ 516	\$ 3,051	591.3 %
License agreement revenue	—	12,050	(12,050)	(100.0) %
Total revenue	3,567	12,566	(8,999)	(71.6) %
<b>Operating expenses:</b>				
Cost of product revenue	432	145	287	197.9 %
Research and development	19,410	16,083	3,327	20.7 %
Selling, general and administrative	47,001	34,879	12,122	34.8 %
Total operating expenses	66,843	51,107	15,736	30.8 %
Loss from operations	(63,276)	(38,541)	(24,735)	64.2 %
<b>Other expense (income):</b>				
Loss on extinguishment of debt	—	2,725	(2,725)	(100.0) %
Amortization of debt issuance costs and discount	1,194	937	257	27.4 %
Interest income	(724)	(20)	(704)	3,520.0 %
Interest expense	3,669	1,678	1,991	118.7 %
Warrant liabilities fair value adjustment	(13,215)	(35,378)	22,163	(62.6) %
Derivative liabilities fair value adjustment	(1,120)	(1,772)	652	(36.8) %
Total other income	(10,196)	(31,830)	21,634	(68.0) %
<b>Loss before taxes</b>	<b>(53,080)</b>	<b>(6,711)</b>	<b>(46,369)</b>	<b>690.9 %</b>
Income tax benefit	(4,700)	(3,088)	(1,612)	52.2 %
<b>Net loss</b>	<b>\$ (48,380)</b>	<b>\$ (3,623)</b>	<b>\$ (44,757)</b>	<b>1,235.4 %</b>

**Revenue.** Revenue in the nine months ended September 30, 2022 consists solely of product sales of BREXAFEMME, for which we began commercialization in the second half of 2021. Revenue in the nine months ended September 30, 2021, consists primarily of a non-refundable upfront payment received under our license agreement with Hansoh.

**Cost of Product Revenue.** Cost of product revenue in the nine months ended September 30, 2022 consists primarily of distribution, freight, and royalty costs associated with BREXAFEMME.

**Research and Development.** For the nine months ended September 30, 2022, research and development expenses increased to \$19.4 million compared to \$16.1 million for the nine months ended September 30, 2021. The increase of \$3.3

million, or 21%, for the nine months ended September 30, 2022, was primarily driven by an increase of \$2.3 million in clinical development expense, an increase of \$0.8 million in preclinical expense, an increase of \$0.5 million in both salary related costs and stock compensation expense, offset in part by a decrease of \$0.7 million in chemistry, manufacturing, and controls (CMC) expense, and a net decrease of \$0.1 million in other research and development expense.

The \$2.3 million increase in clinical development expense for the nine months ended September 30, 2022, was primarily driven by an increase of \$4.0 million in expense associated with the startup and ongoing costs for the MARIO study which was initiated in the fourth quarter of 2021, and an increase of \$0.7 million in expense associated with the VANQUISH study, offset in part by a \$2.0 million decrease in expense associated with the CANDLE Phase 3 study which was substantially complete in the first quarter of 2022. The \$0.8 million increase in preclinical expense was primarily associated with the expense recognized for pharmacokinetic modeling studies and certain preclinical studies associated with the IV liposomal formulation conducted in the period. The \$0.7 million decrease in CMC for the nine months ended September 30, 2022, was primarily driven by a \$0.7 million decrease in expense for third-party drug product manufacturing in the current period.

*Selling, General & Administrative.* For the nine months ended September 30, 2022, selling, general and administrative expenses increased to \$47.0 million from \$34.9 million for the nine months ended September 30, 2021. The increase of \$12.1 million, or 35%, for the nine months ended September 30, 2022, was primarily driven by a \$9.2 million increase in commercial related expense, an increase of \$1.8 million in salary and payroll related costs, and an increase of \$1.1 million in professional fees, all primarily due to the costs recognized to support the commercialization of BREXAFEMME, an increase of \$1.0 million in stock compensation expense, and an increase in other selling, general, and administrative expense of \$0.5 million, offset in part by a decrease of \$0.6 million in medical affairs expense and a \$0.8 million decrease in business development expense due to the Hansoh license agreement entered into in 2021.

*Loss on Extinguishment of Debt.* For the nine months ended September 30, 2021, we recognized \$2.7 million in loss on extinguishment of debt associated with the January 2021 conversion of our remaining April 2020 convertible notes.

*Amortization of Debt Issuance Costs and Discount.* For the nine months ended September 30, 2022 and 2021, we recognized \$1.2 million and \$0.9 million in amortization of debt issuance costs and discount. The 2022 and 2021 debt issuance costs and discount for our March 2019 convertible notes primarily consisted of an allocated portion of advisory fees and other issuance costs. The 2022 and 2021 debt issuance costs and discount for the Loan Agreement comprised issuance and commitment costs, customary closing and final fees, and the fair value of the warrants issued in conjunction with the Loan Agreement.

*Interest Income.* For the nine months ended September 30, 2022 and 2021, we recognized \$0.7 million and \$20,000, respectively, in interest income primarily due to the increase in the interest rate on our money market fund.

*Interest Expense.* For the nine months ended September 30, 2022 and 2021, we recognized \$3.7 million and \$1.7 million in interest expense. The \$2.0 million increase in interest expense for the nine months ended September 30, 2022, was primarily driven by the increase in the interest rate associated with the Loan Agreement entered into in May 2021.

*Warrant Liabilities Fair Value Adjustment.* For the nine months ended September 30, 2022 and 2021, we recognized gains of \$13.2 million and \$35.4 million, respectively, in the fair value adjustment related to the warrant liabilities primarily due to the decrease in our stock price during the period.

*Derivative Liabilities Fair Value Adjustment.* For the nine months ended September 30, 2022 and 2021, we recognized gains of \$1.1 million and \$1.8 million, respectively, in the fair value adjustment related to the derivative liabilities primarily due to the decrease in our stock price during the period.

*Income Tax Benefit.* For the nine months ended September 30, 2022, we recognized a \$4.7 million income tax benefit associated with the sale of a portion of our NOLs and research and development credits. For the nine months ended September 30, 2021, we recognized a \$4.1 million income tax benefit associated with the sale of a portion of our NOLs and research and development credits and \$1.1 million of tax withholding expense primarily associated with the upfront payment received from Hansoh.

## **Liquidity and Capital Resources**

### *Sources of Liquidity*

Through September 30, 2022, we have primarily funded our operations from net proceeds from equity and debt issuances and through revenue from development services. As of September 30, 2022, we had cash and cash equivalents and short-term investments of \$96.1 million, compared to cash and cash equivalents and short-term investments of \$104.5 million as of December 31, 2021. The decrease in our cash and cash equivalents and short-term investments was primarily due to the selling, general and administrative expenses in part to support the commercial launch of BREXAFEMME and the continued

development costs associated with ibrexafungerp, offset in part due to the \$41.8 million in net proceeds we raised from our public offering of our common stock and warrants in April 2022. We have incurred annual net losses since our inception, and we incurred a net loss during the three and nine months ended September 30, 2022. As of September 30, 2022, our accumulated deficit was \$407.9 million.

We expect that we will continue to incur losses for at least the foreseeable future. Consistent with our operating plan, we expect to incur significant research and development expenses and selling, general and administrative expenses; however, we expect our selling, general, and administrative expenses will decrease as we begin to wind down the promotional activities associated with BREXAFEMME for the VVC indication. As a result of our continued significant expenses, we may need additional capital to fund our operations, which we may obtain through one or more of equity offerings, debt financings, or other non-dilutive third-party funding, strategic alliances and licensing or collaboration arrangements. We may offer shares of our common stock pursuant to our shelf registrations, including the related at-the-market facility entered into on May 17, 2021 with Cantor and Ladenburg. During the nine months ended September 30, 2022, we sold 137,610 and 425,000 shares of our common stock, and received net proceeds of \$0.7 million and \$1.6 million, under our at-the-market facility and common stock purchase agreement with Aspire Capital, respectively. Our common stock purchase agreement with Aspire Capital expired in October 2022.

*Cash Flows*

The following table sets forth the significant sources and uses of cash for the nine months ended September 30, 2022 and 2021 (in thousands):

	Nine Months Ended September 30,	
	2022	2021
Cash, cash equivalents, and restricted cash, January 1	\$ 104,702	\$ 93,314
Net cash used in operating activities	(57,077 )	(29,040 )
Net cash used in investing activities	(27,389 )	(589 )
Net cash provided by financing activities	48,602	36,642
Net (decrease) increase in cash, cash equivalents, and restricted cash	(35,864 )	7,013
Cash, cash equivalents, and restricted cash, September 30	<u>\$ 68,838</u>	<u>\$ 100,327</u>

*Operating Activities*

The \$28.0 million increase in net cash used in operating activities for the nine months ended September 30, 2022, as compared to the nine months ended September 30, 2021, was primarily due to the increase in selling, general and administrative expenses to support the commercial launch of BREXAFEMME and the continued development costs associated with ibrexafungerp. In the prior comparable period, we received a cash receipt of \$10.0 million from Hansoh, as consideration for the licenses under our agreement with Hansoh in February 2021, that offset selling, general and administrative expenses to support the commercial launch of BREXAFEMME and the continued development costs associated with ibrexafungerp and ongoing operations. Consistent with our operating plan, we expect to incur significant research and development expenses and we expect our selling, general and administrative expenses to decrease as we begin to wind down the promotional activities associated with BREXAFEMME for the VVC indication.

Net cash used in operating activities of \$57.1 million for the nine months ended September 30, 2022, primarily consisted of the \$48.4 million net loss adjusted for non-cash charges that included the gain on change in fair value of the warrant liabilities of \$13.2 million, the gain on change in fair value of the derivative liabilities of \$1.1 million, stock-based compensation expense of \$3.2 million, and amortization of debt issuance costs and discount of \$1.2 million, partially offset by a net favorable change in operating assets and liabilities of \$0.7 million. The net favorable change in operating assets and liabilities was due to an increase in accounts payable, accrued expenses, other liabilities and other of \$2.4 million partially offset by an increase in prepaid expenses, accounts receivable, inventory, and other of \$1.7 million. The \$2.4 million increase in accounts payable, accrued expenses, other liabilities, and other was primarily due to the increase of \$2.3 million in other liabilities associated with the deferred fees due to Amplitry. The increase in prepaid expenses, accounts receivable, inventory, and other of \$1.7 million was primarily due to the increase in accounts receivable of \$1.6 million in accounts receivable.

Net cash used in operating activities of \$29.0 million for the nine months ended September 30, 2021, primarily consisted of the \$3.6 million net loss adjusted for non-cash charges that included the gain on change in fair value of the warrant liabilities of \$35.4 million, the gain on change in fair value of the derivative liabilities of \$1.8 million, stock-based compensation expense of \$1.5 million, amortization of debt issuance costs and discount of \$0.9 million, and the loss on extinguishment of debt of \$2.7 million, plus a net favorable change in operating assets and liabilities of \$6.3 million. The net favorable change in operating assets and liabilities was due to an increase in accounts payable, accrued expenses, and other of \$5.0 million and a decrease in prepaid expenses, deferred costs, and other of \$1.3 million. The \$5.0 million increase in accounts payable, accrued expenses, and other was primarily due to the increase in accounts payable of \$2.3 million, an increase in accrued expenses of \$0.6

million, and an increase of \$2.1 million in other liabilities associated with the long term deferred fees due to Amplity. The decrease in prepaid expense, deferred cost, and other of \$1.3 million was primarily due to the collection of a \$2.9 million receivable in February 2021 and a \$0.7 million decrease in prepaid research and development services, primarily offset by an increase of \$0.6 million in inventory and \$0.4 million in prepaid insurance.

*Investing Activities*

Net cash used in investing activities of \$27.4 million for the nine months ended September 30, 2022, consisted of purchases of short-term investments.

Net cash used in investing activities of \$0.6 million for the nine months ended September 30, 2021, consisted solely of purchases of intangible assets.

*Financing Activities*

Net cash provided by financing activities of \$48.6 million for the nine months ended September 30, 2022, consisted primarily of the gross proceeds of \$45.0 million from the April 2022 Public Offering, the \$2.2 million in gross proceeds from common stock issued under our at-the-market and common stock purchase agreements, and the \$5.0 million received from the Loan Agreement, offset by payments of offering costs and underwriting discounts and commissions of \$3.6 million.

Net cash provided by financing activities of \$36.6 million for the nine months ended September 30, 2021, consisted primarily of the net proceeds of \$28.7 million received from the Loan Agreement and \$8.0 million in proceeds from common stock issued.

*Future Funding Requirements*

We have generated limited revenue from the product sales for BREXAFEMME and we expect our product sales for BREXAFEMME to decrease as a result of the wind down of our promotional activities. We expect to incur expenses in connection with our efforts to further development activities, particularly as we continue the research, development and clinical trials of, and seek regulatory approval for, product candidates. We anticipate that we will need substantial additional funding in connection with our continuing future operations.

Based upon our operating plan, we believe that our existing cash and cash equivalents and short-term investments will enable us to fund our operating requirements into the second quarter of 2024. However, we are continually evaluating our operating plan and assessing the optimal cash utilization for our ibrexafungerp development strategy. We have based our estimates on assumptions that may prove to be wrong, and we may use our available capital resources sooner than we currently expect. Because of the numerous risks and uncertainties associated with the development and commercialization of product candidates, we are unable to estimate the amounts of increased capital outlays and operating expenses necessary to complete the development of product candidates.

Our future capital requirements will depend on many factors, including:

- the costs and potential revenue associated with the commercialization of BREXAFEMME and the ability to secure a partner to commercialize BREXAFEMME in the U.S.;
- the progress, and costs, of the clinical development of ibrexafungerp;
- the outcome, costs and timing of seeking and obtaining FDA and any other regulatory approvals;
- the ability of product candidates to progress through clinical development successfully;
- our need to expand our research and development activities;
- the costs associated with securing, establishing and maintaining commercialization and manufacturing capabilities;
- our ability to maintain, expand and defend the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make, or that we may receive, in connection with the licensing, filing, prosecution, defense and enforcement of any patents or other intellectual property rights;
- our need and ability to hire additional management and scientific and medical personnel;
- our need to implement additional, as well as to enhance existing, internal systems and infrastructure, including financial and reporting processes and systems and the associated compliance costs; and
- the economic and other terms, timing and success of our existing licensing arrangements and any collaboration, licensing or other arrangements into which we may enter in the future.

Until such time, if ever, as we can generate substantial revenue from product sales, we expect to finance our cash needs through a combination of net proceeds from equity offerings, debt financings or other non-dilutive third-party funding, strategic alliances and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities as we did in April 2015, June 2016, March 2018, December 2019, December 2020, and April 2022, the ownership interests of our common stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common stockholders. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through sales of assets, other third-party funding, strategic alliances and licensing or collaboration arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable to us.

#### **Significant Estimates and Judgements**

Our management's discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which we have prepared in accordance with accounting principles generally accepted in the United States, or GAAP. The preparation of our condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of our condensed consolidated financial statements, as well as the reported revenues and expenses during the reported periods. We evaluate these estimates and judgments on an ongoing basis. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Our critical estimates and judgements are described within Item 7 to our Annual Report on Form 10-K for the year ended December 31, 2021.

#### **Item 3. Quantitative and Qualitative Disclosure about Market Risk.**

This item is not applicable to smaller reporting companies.

#### **Item 4. Controls and Procedures.**

##### *Management's Evaluation of our Disclosure Controls and Procedures*

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is (1) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

As of September 30, 2022, our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our principal executive officer and principal financial officer have concluded based upon the evaluation described above that, as of September 30, 2022, our disclosure controls and procedures were effective at the reasonable assurance level.

##### *Changes in Internal Control Over Financial Reporting*

During the quarter ended September 30, 2022, there have been no changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15(d)-15(f) promulgated under the Securities Exchange Act of 1934, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

#### **Item 1A. Risk Factors.**

Our operations and financial results are subject to various risks and uncertainties, including those described in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021.

**Item 6. Exhibits.**

<b>Exhibit Number</b>	<b>Description of Document</b>
3.1	<a href="#">Amended and Restated Certificate of Incorporation (Filed with the SEC as Exhibit 3.1 to our current report on Form 8-K, filed with the SEC on May 12, 2014, SEC File No. 001-36365, and incorporated by reference here).</a>
3.2	<a href="#">Certificate of Amendment of Amended and Restated Certificate of Incorporation of SCYNEXIS, Inc. (Filed with the SEC as Exhibit 3.2 to our Form 10-Q, filed with the SEC on August 7, 2019, SEC File No. 001-36365, and incorporated by reference here).</a>
3.3	<a href="#">Certificate of Amendment of Amended and Restated Certificate of Incorporation of SCYNEXIS, Inc. (Filed with the SEC as Exhibit 3.1 to our Form 8-K, filed with the SEC on July 16, 2020, SEC File No. 001-36365, and incorporated by reference here).</a>
3.4	<a href="#">Certificate of Amendment of Amended and Restated Certificate of Incorporation of SCYNEXIS, Inc.</a>
3.5	<a href="#">Amended and Restated By-Laws (Filed with the SEC as Exhibit 3.4 to our Registration Statement on Form S-1, filed with the SEC on February 27, 2014, SEC File No. 333-194192, and incorporated by reference here).</a>
4.1	Reference is made to Exhibits <a href="#">3.1</a> through <a href="#">3.3</a> .
10.1	<a href="#">Amended and Restated 2015 Inducement Award Plan.</a>
10.2	<a href="#">Form of Restricted Stock Award Grant Notice and Restricted Stock Award Agreement under the Amended and Restated 2015 Inducement Award Plan.</a>
10.3	<a href="#">Controlled Equity Offering<sup>SM</sup> Sales Agreement, dated May 17, 2021, between SCYNEXIS, Inc. and Cantor Fitzgerald &amp; Co. (Filed with the SEC as Exhibit 1.1 to our Current Report on Form 8-K, filed with the SEC on May 18, 2021, SEC File No. 001-36365, and incorporated by reference here).</a>
10.4	<a href="#">Controlled Equity Offering<sup>SM</sup> Sales Agreement, dated May 17, 2021, between SCYNEXIS, Inc. and Ladenburg Thalmann &amp; Co. Inc. (Filed with the SEC as Exhibit 1.2 to our Current Report on Form 8-K, filed with the SEC on May 18, 2021, SEC File No. 001-36365, and incorporated by reference here).</a>
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15(d)-14(a) of the Exchange Act.</a>
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.</a>
32.1	<a href="#">Certification of Chief Executive Officer and Chief Financial Officer pursuant to 13a-14(b) or 15d-14(b) of the Exchange Act.</a>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Schema Linkbase Document
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

**SIGNATURES**

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

SCYNEXIS, INC.

By: /s/ Marco Taglietti, M.D.  
Marco Taglietti, M.D.  
Chief Executive Officer  
(Principal Executive Officer)

Date: November 8, 2022

By: /s/ Ivor Macleod  
Ivor Macleod  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

Date: November 8, 2022





**CERTIFICATE OF AMENDMENT OF  
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF  
SCYNEXIS, INC.**

**SCYNEXIS, Inc.**, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the “Corporation”), hereby certifies that:

**First:** The name of the Corporation is **SCYNEXIS, Inc.** The Corporation was originally incorporated under the name Scyrex, Inc.

**Second:** The date on which the Certificate of Incorporation of the Corporation was originally filed with the Secretary of State of the State of Delaware is November 4, 1999.

**Third:** Pursuant to Section 242 of the General Corporation Law of the State of Delaware, this Certificate of Amendment of Amended and Restated Certificate of Incorporation amends the Corporation’s Amended and Restated Certificate of Incorporation as follows:

Article IV.A of the Amended and Restated Certificate of Incorporation is amended to read in its entirety as follows:

**A.** This Corporation is authorized to issue two classes of stock to be designated, respectively, “**Common Stock**” and “**Preferred Stock**.” The total number of shares which the Corporation is authorized to issue is 155,000,000 shares. 150,000,000 shares shall be Common Stock, each having a par value of \$0.001. 5,000,000 shares shall be Preferred Stock, each having a par value of \$0.001.

**Fourth:** Thereafter pursuant to a resolution of the Board of Directors, the amendment of Article IV.A. of the Amended and Restated Certificate of Incorporation was submitted to the stockholders of the Corporation for their approval, and was duly adopted at an Annual Meeting of Stockholders held on September 28, 2022, in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

**In Witness Whereof, SCYNEXIS, Inc.** has caused this Certificate of Amendment to be signed by its Chief Executive Officer this 28<sup>th</sup> day of September, 2022.

**SCYNEXIS, Inc.**

By: /s/ Marco Taglietti  
Marco Taglietti  
Chief Executive Officer

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## SCYNEXIS, INC.

## 2015 INDUCEMENT AWARD PLAN

ADOPTED: March 26, 2015

AMENDED: June 9, 2019

ADJUSTED FOR REVERSE STOCK SPLIT: July 17, 2020

FURTHER AMENDED: April 30, 2021

FURTHER AMENDED: OCTOBER 18, 2022

## 1. GENERAL.

(a) **Eligible Award Recipients.** The persons eligible to receive Stock Awards are Eligible Employees as of the date of grant.

(b) **Available Awards.** The Plan provides for the grant of the following Stock Awards: (i) Options, (ii) Stock Appreciation Rights (iii) Restricted Stock Awards, (iv) Restricted Stock, and (v) Restricted Stock Unit Awards, and (vi) Other Stock Awards.

(c) **Purpose.** The Company, by means of the Plan, seeks to retain the services of persons not previously employees or directors of the Company, or following a *bona fide* period of non-employment, as an inducement material to the individuals' entering into employment with the Company within the meaning of NASDAQ Listing Rule 5635(c)(4), and to provide incentives through Stock Awards for such persons to exert maximum efforts for the success of the Company and its Affiliates.

## 2. ADMINISTRATION.

(a) **Administration by Board.** The Board shall administer the Plan unless and until the Board delegates administration of the Plan to a Committee or Committees, as provided in Section 2(c), provided that the grant of Stock Awards to Eligible Employees shall be approved by the Company's independent compensation committee or a majority of the Company's independent directors (as determined under NASDAQ Listing Rule 5635(c)(4)) in order to comply with the exemption from the stockholder approval requirement for "inducement grants" provided under NASDAQ Listing Rule 5635(c)(4).

(b) **Powers of Board.** The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine: (A) who will be granted Stock Awards; (B) when and how each Stock Award will be granted; (C) what type or combination of types of Stock Awards shall be granted; (D) the provisions of each Stock Award (which need not be identical), including when a person will be permitted to exercise or otherwise receive cash or Common Stock under the Stock Award; (E) the number of shares of Common Stock subject to, or the cash value of, a Stock Award; and (F) the Fair Market Value applicable to a Stock Award.

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**(ii)** To construe and interpret the Plan and Stock Awards granted under it, and to establish, amend and revoke rules and regulations for administration of the Plan and Stock Awards. The Board, in the exercise of these powers, may correct any defect, omission or inconsistency in the Plan or in any Stock Award Agreement, in a manner and to the extent it will deem necessary or expedient to make the Plan or Stock Award fully effective.

**(iii)** To settle all controversies regarding the Plan and Stock Awards granted under it.

**(iv)** To accelerate, in whole or in part, the time at which a Stock Award may be exercised or vest (or the time at which cash or shares of Common Stock may be issued in settlement thereof).

**(v)** To suspend or terminate the Plan at any time. Except as otherwise provided in the Plan or a Stock Award Agreement, suspension or termination of the Plan will not materially impair a Participant's rights under the Participant's then-outstanding Stock Award without the Participant's written consent, except as provided in subsection (vi) below.

**(vi)** To amend the Plan in any respect the Board deems necessary or advisable, including, without limitation, relating to certain nonqualified deferred compensation under Section 409A of the Code to bring the Plan and/or Stock Award into compliance therewith, subject to the limitations, if any, of applicable law. If required by applicable law or listing requirements, and except as provided in Section 9(a) relating to Capitalization Adjustments, the Company will seek stockholder approval of any amendment of the Plan that (A) materially increases the number of shares of Common Stock available for issuance under the Plan, (B) materially expands the class of individuals eligible to receive Stock Awards under the Plan, (C) materially increases the benefits accruing to Participants under the Plan, (D) materially extends the term of the Plan, or (E) materially expands the types of Stock Awards available for issuance under the Plan. Except as otherwise provided in the Plan or a Stock Award Agreement, no amendment of the Plan will materially impair a Participant's rights under an outstanding Stock Award without the Participant's written consent.

**(vii)** To approve forms of Stock Award Agreements for use under the Plan and to amend the terms of any one or more Stock Award, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Stock Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; *provided however*, that the Participant's rights under any Stock Award shall not be impaired by any such amendment unless (A) the Company requests the consent of the affected Participant, and (B) such Participant consents in writing. Notwithstanding the foregoing, subject to the limitations of applicable law, if any, the Board may amend the terms of any one or more Stock Awards without the affected Participant's consent if necessary to bring the Stock Award into compliance with Section 409A of the Code.

**(viii)** Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Stock Awards.

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(ix) To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Eligible Employees who are foreign nationals or employed outside the United States.

**(c) Delegation to Committee**

**(i) General.** Subject to Section 2(a) of the Plan, the Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee, as applicable). Any delegation of administrative powers will be reflected in resolutions, not inconsistent with the provisions of the Plan, adopted from time to time by the Board or Committee (as applicable). The Committee may, at any time, abolish the subcommittee and/or re-vest in the Committee any powers delegated to the subcommittee. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, re-vest in the Board some or all of the powers previously delegated to the Committee, Committees, subcommittee or subcommittees.

**(d) Effect of Board's Decision.** All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

**3. SHARES SUBJECT TO THE PLAN.**

**(a) Share Reserve.** Subject to the provisions of Section 9 relating to adjustments upon changes in stock, the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards after the Effective Date shall not exceed 900,000 shares (the "**Share Reserve**"). For clarity, the foregoing is a limitation on the number of shares of the Common Stock that may be issued pursuant to the Plan and does not limit the granting of Stock Awards except as provided in Section 7(a). If a Stock Award or any portion thereof (i) expires or otherwise terminates without all of the shares covered by such Stock Award having been issued or (ii) is settled in cash (*i.e.*, the Participant receives cash rather than stock), such expiration, termination or settlement shall not reduce (or otherwise offset) the number of shares Common Stock that may be available for issuance under the Plan.

**(b) Reversion of Shares to the Share Reserve.** If any shares of common stock issued pursuant to a Stock Award are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required to vest such shares in the Participant, then the shares that are forfeited or repurchased shall revert to and again become available for issuance under the Plan. Any shares reacquired by the Company pursuant to Section 8(f) or as consideration for the exercise of a Stock Award shall again become available for issuance under the Plan.

**(c) Source of Shares.** The stock issuable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

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#### 4. ELIGIBILITY.

**(a) Inducement Grant Requirements.** Stock Awards may be granted to Eligible Employees. Stock Awards may only be granted to an Eligible Employee as an inducement material to the individual's entering into employment with the Company or an Affiliate within the meaning of NASDAQ Listing Rule 5635(c) (4).

#### 5. PROVISIONS RELATING TO OPTIONS AND STOCK APPRECIATION RIGHTS.

Each Option or SAR shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. Each Option Agreement or Stock Appreciation Right Agreement shall include (through incorporation of provisions hereof by reference in the Option Agreement or Stock Appreciation Right Agreement or otherwise) the substance of each of the following provisions:

**(a) Term.** No Options or SAR shall be exercisable after the expiration of ten (10) years from the date of its grant or such shorter period specified in the Option Agreement or Stock Appreciation Right Agreement.

**(b) Exercise Price.** The exercise or strike price of each Option or SAR will be not less than 100% of the Fair Market Value of the Common Stock subject to the Option or SAR on the date the Stock Award is granted. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise or strike price lower than 100% of the Fair Market Value of the Common Stock subject to the Stock Award if such Stock Award is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Section 409A of the Code of the Code. Each SAR will be denominated in shares of Common Stock equivalents.

**(c) Purchase Price for Options.** The purchase price of Common Stock acquired pursuant to the exercise of an Option may be paid, to the extent permitted by applicable law and as determined by the Board in its sole discretion, by any combination of the methods of payment set forth below. The Board will have the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to use a particular method of payment. The permitted methods of payment are as follows:

**(i)** by cash, check, bank draft or money order payable to the Company;

**(ii)** pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds;

**(iii)** by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock;

**(iv)** by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a

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Fair Market Value that does not exceed the aggregate exercise price; *provided, however*, that the Company will accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued. Shares of Common Stock will no longer be subject to an Option and will not be exercisable thereafter to the extent that (A) shares issuable upon exercise are used to pay the exercise price pursuant to the “net exercise,” (B) shares are delivered to the Participant as a result of such exercise, and (C) shares are withheld to satisfy tax withholding obligations; or

(v) in any other form of legal consideration that may be acceptable to the Board and specified in the applicable Stock Award Agreement.

**(d) Exercise and Payment of a SAR.** To exercise any outstanding SAR, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Stock Appreciation Right Agreement evidencing such SAR. The appreciation distribution payable on the exercise of a SAR will be not greater than an amount equal to the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the SAR) of a number of shares of Common Stock equal to the number of Common Stock equivalents in which the Participant is vested under such SAR, and with respect to which the Participant is exercising the SAR on such date, over (B) the aggregate strike price of the number of Common Stock equivalents with respect to which the Participant is exercising the SAR on such date. The appreciation distribution may be paid in Common Stock, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Stock Award Agreement evidencing such SAR.

**(e) Transferability of Options and SARs.** The Board may, in its sole discretion, impose such limitations on the transferability of Options and SARs as the Board will determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options and SARs will apply:

**(i) Restrictions on Transfer.** An Option or SAR will not be transferable except by will or by the laws of descent and distribution (or pursuant to subsections (ii) and (iii) below), and will be exercisable during the lifetime of the Participant only by the Participant. The Board may permit transfer of the Option or SAR in a manner that is not prohibited by applicable tax and securities laws. Except as explicitly provided in the Plan, neither an Option nor a SAR may be transferred for consideration.

**(ii) Domestic Relations Orders.** Subject to the approval of the Board or a duly authorized officer, an Option or SAR may be transferred pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument.

**(iii) Beneficiary Designation.** Subject to the approval of the Board or a duly authorized Officer, a Participant may, by delivering written notice to the Company, in a form approved by the Company (or the designated broker), designate a third party who, on the death of the Participant, will thereafter be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, upon the death of the Participant, the executor or administrator of the Participant’s estate will be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. However, the Company may prohibit designation of a beneficiary at any time,

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including due to any conclusion by the Company that such designation would be inconsistent with the provisions of applicable laws.

**(f) Vesting Generally.** The total number of shares of Common Stock subject to an Option or SAR may vest and become exercisable in periodic installments that may or may not be equal. The Option or SAR may be subject to such other terms and conditions on the time or times when it may or may not be exercised as the Board may deem appropriate. The vesting provisions of individual Options or SARs may vary. The provisions of this Section 5(f) are subject to any Option or SAR provisions governing the minimum number of shares of Common Stock as to which an Option or SAR may be exercised.

**(g) Termination of Continuous Service.** Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates (other than for Cause and other than upon the Participant's death or Disability), the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Stock Award as of the date of termination of Continuous Service) within the period of time ending on the earlier of (i) the date which occurs three (3) months following the termination of the Participant's Continuous Service (or such longer or shorter period specified in the applicable Stock Award Agreement), and (ii) the expiration of the term of the Option or SAR as set forth in the applicable Stock Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR (as applicable) within the applicable time frame, the Option or SAR will terminate.

**(h) Extension of Termination Date.** Except as otherwise provided in the applicable Stock Award Agreement, if the exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause and other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option or SAR will terminate on the earlier of (i) the expiration of a total period of three (3) months (that need not be consecutive) equal to the applicable post termination exercise period after the termination of the Participant's Continuous Service during which the exercise of the Option or SAR would not be in violation of such registration requirements, and (ii) the expiration of the term of the Option or SAR as set forth in the applicable Stock Award Agreement. In addition, unless otherwise provided in a Participant's applicable Stock Award Agreement, if the sale of any Common Stock received upon exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause) would violate the Company's insider trading policy, then the Option or SAR will terminate on the earlier of (i) the expiration of the period of days or months (that need not be consecutive) equal to the applicable post-termination exercise period after the termination of the Participant's Continuous Service during which the sale of the Common Stock received upon exercise of the Option or SAR would not be in violation of the Company's insider trading policy, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Stock Award Agreement.

**(i) Disability of Participant.** Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may

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exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Option or SAR as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date which occurs twelve (12) months following such termination of Continuous Service (or such longer or shorter period specified in the Stock Award Agreement), and (ii) the expiration of the term of the Option or SAR as set forth in the Stock Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the applicable time frame, the Option or SAR (as applicable) will terminate.

**(j) Death of Participant.** Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if (i) a Participant's Continuous Service terminates as a result of the Participant's death, or (ii) the Participant dies within the period (if any) specified in the Stock Award Agreement for exercisability after the termination of the Participant's Continuous Service for a reason other than death, then the Option or SAR may be exercised (to the extent the Participant was entitled to exercise such Option or SAR as of the date of death) by the Participant's estate, by a person who acquired the right to exercise the Option or SAR by bequest or inheritance or by a person designated to exercise the Option or SAR upon the Participant's death, but only within the period ending on the earlier of (i) the date which occurs eighteen (18) months following the date of death (or such longer or shorter period specified in the Stock Award Agreement), and (ii) the expiration of the term of such Option or SAR as set forth in the Stock Award Agreement. If, after the Participant's death, the Option or SAR is not exercised within the applicable time frame, the Option or SAR (as applicable) will terminate.

**(k) Termination for Cause.** Except as explicitly provided otherwise in a Participant's Stock Award Agreement or other individual written agreement between the Company or any Affiliate and the Participant, if a Participant's Continuous Service is terminated for Cause, the Option or SAR will terminate immediately upon the date on which the event giving rise to the termination for Cause first occurred, and the Participant will be prohibited from exercising his or her Option or SAR from and after the date on which the event giving rise to the termination for Cause first occurred (or, if required by law, the date of termination of Continuous Service). If a Participant's Continuous Service is suspended pending an investigation of the existence of Cause, all of the Participant's rights under the Option or SAR will also be suspended during the investigation period.

**(l) Non-Exempt Employees.** If an Option or SAR is granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, the Option or SAR will not be first exercisable for any shares of Common Stock until at least six months following the date of grant of the Option or SAR (although the Stock Award may vest prior to such date). Consistent with the provisions of the Worker Economic Opportunity Act, (i) if such non-exempt Employee dies or suffers a Disability, (ii) upon a Corporate Transaction in which such Option or SAR is not assumed, continued, or substituted, (iii) upon a Change in Control, or

(iv) upon the Participant's retirement (as such term may be defined in the Participant's Stock Award Agreement in another agreement between the Participant and the Company, or, if no such definition, in accordance with the Company's then current employment policies and guidelines), the vested portion of any Options and SARs may be exercised earlier than six (6) months

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following the date of grant. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay. To the extent permitted and/or required for compliance with the Worker Economic Opportunity Act to ensure that any income derived by a non-exempt employee in connection with the exercise, vesting or issuance of any shares under any other Stock Award will be exempt from the employee's regular rate of pay, the provisions of this Section 5(l) will apply to all Stock Awards and are hereby incorporated by reference into such Stock Award Agreements.

## **6. PROVISIONS OF STOCK AWARDS OTHER THAN OPTIONS AND SARS.**

**(a) Restricted Stock Awards.** Each Restricted Stock Award Agreement will be in such form and will contain such terms and conditions as the Board deems appropriate. To the extent consistent with the Company's bylaws, at the Board's election, shares of Common Stock may be (x) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (y) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. The terms and conditions of Restricted Stock Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award Agreements need not be identical. Each Restricted Stock Award Agreement will conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

**(i) Consideration.** A Restricted Stock Award may be awarded in consideration for (A) cash, check, bank draft or money order payable to the Company, (B) past services to the Company or an Affiliate, or (C) any other form of legal consideration (including future services) that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

**(ii) Vesting.** Shares of Common Stock awarded under the Restricted Stock Award Agreement may be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board.

**(iii) Termination of Participant's Continuous Service.** If a Participant's Continuous Service terminates, the Company may receive through a forfeiture condition or a repurchase right any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination of Continuous Service under the terms of the Restricted Stock Award Agreement.

**(iv) Transferability.** Rights to acquire shares of Common Stock under the Restricted Stock Award Agreement will be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Award Agreement, as the Board will determine in its sole discretion, so long as Common Stock awarded under the Restricted Stock Award Agreement remains subject to the terms of the Restricted Stock Award Agreement.

**(v) Dividends.** A Restricted Stock Award Agreement may provide that any dividends paid on Restricted Stock will be subject to the same vesting and forfeiture restrictions as apply to the shares subject to the Restricted Stock Award to which they relate.

**(b) Restricted Stock Unit Awards.** Each Restricted Stock Unit Award Agreement will be in such form and will contain such terms and conditions as the Board deems appropriate. The terms

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and conditions of Restricted Stock Unit Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Unit Award Agreements need not be identical. Each Restricted Stock Unit Award Agreement will conform to (through incorporation of the provisions hereof by reference in the Agreement or otherwise) the substance of each of the following provisions:

**(i) Consideration.** At the time of grant of a Restricted Stock Unit Award, the Board will determine the consideration, if any, to be paid by the Participant upon delivery of each share of Common Stock subject to the Restricted Stock Unit Award. The consideration to be paid (if any) by the Participant for each share of Common Stock subject to a Restricted Stock Unit Award may be paid in any form of legal consideration that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

**(ii) Vesting.** At the time of the grant of a Restricted Stock Unit Award, the Board may impose such restrictions on or conditions to the vesting of the Restricted Stock Unit Award as it, in its sole discretion, deems appropriate.

**(iii) Payment.** A Restricted Stock Unit Award may be settled by the delivery of shares of Common Stock, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the Restricted Stock Unit Award Agreement.

**(iv) Additional Restrictions.** At the time of the grant of a Restricted Stock Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the shares of Common Stock (or their cash equivalent) subject to a Restricted Stock Unit Award to a time after the vesting of such Restricted Stock Unit Award.

**(v) Dividend Equivalents.** Dividend equivalents may be credited in respect of shares of Common Stock covered by a Restricted Stock Unit Award, as determined by the Board and contained in the Restricted Stock Unit Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional shares of Common Stock covered by the Restricted Stock Unit Award in such manner as determined by the Board. Any additional shares covered by the Restricted Stock Unit Award credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying Restricted Stock Unit Award Agreement to which they relate.

**(vi) Termination of Participant's Continuous Service.** Except as otherwise provided in the applicable Restricted Stock Unit Award Agreement, such portion of the Restricted Stock Unit Award that has not vested will be forfeited upon the Participant's termination of Continuous Service.

**(c) Other Stock Awards.** Other forms of Stock Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, including the appreciation in value thereof (e.g., stock rights with an exercise price or strike price less than 100% of the Fair Market Value of the Common Stock at the time of grant) may be granted either alone or in addition to Stock Awards provided for under Section 5 and the preceding provisions of this Section 6. Subject to the provisions of the Plan, the Board will have sole and complete authority to determine the persons to whom and the time or times at which such Other Stock Awards will be granted, the number of

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shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Stock Awards and all other terms and conditions of such Other Stock Awards.

## 7. COVENANTS OF THE COMPANY.

**(a) Availability of Shares.** The Company will keep available at all times the number of shares of Common Stock reasonably required to satisfy then-outstanding Awards.

**(b) Securities Law Compliance.** The Company will seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise of the Stock Awards; *provided, however*, that this undertaking will not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company will be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Stock Awards unless and until such authority is obtained. A Participant will not be eligible for the grant of a Stock Award or the subsequent issuance of cash or Common Stock pursuant to the Stock Award if such grant or issuance would be in violation of any applicable securities law.

**(c) No Obligation to Notify or Minimize Taxes.** The Company will have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Stock Award. Furthermore, the Company will have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of a Stock Award or a possible period in which the Stock Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of a Stock Award to the holder of such Stock Award.

## 8. MISCELLANEOUS.

**(a) Use of Proceeds from Sales of Common Stock.** Proceeds from the sale of shares of Common Stock pursuant to Stock Awards will constitute general funds of the Company.

**(b) Corporate Action Constituting Grant of Stock Awards.** Corporate action constituting a grant by the Company of a Stock Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Stock Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action constituting the grant contain

terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Stock Award Agreement or related grant documents as a result of a clerical error in the papering of the Stock Award Agreement or related grant documents, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Stock Award Agreement or related grant documents.

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**(c) Stockholder Rights.** No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to an Stock Award unless and until (i) such Participant has satisfied all requirements for exercise of, or the issuance of shares of Common Stock under, the Stock Award pursuant to its terms, and (ii) the issuance of the Common Stock subject to such Stock Award has been entered into the books and records of the Company.

**(d) No Employment or Other Service Rights.** Nothing in the Plan, any Stock Award Agreement or any other instrument executed thereunder or in connection with any Stock Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Stock Award was granted or will affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

**(e) Change in Time Commitment.** In the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee or takes an extended leave of absence) after the date of grant of any Award to the Participant, the Board has the right in its sole discretion to (x) make a corresponding reduction in the number of shares or cash amount subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (y) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced or extended.

**(f) Investment Assurances.** The Company may require a Participant, as a condition of exercising or acquiring Common Stock under any Stock Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that such Participant is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Stock Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Stock Award for the Participant's own account and not with any present intention of selling or otherwise

distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, will be inoperative if (A) the issuance of the shares upon the exercise or acquisition of Common Stock under the Stock Award has been registered under a then currently effective registration statement under the Securities Act, or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such

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counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

**(g) Withholding Obligations.** Unless prohibited by the terms of a Stock Award Agreement, the Company may, in its sole discretion, satisfy any federal, state or local tax withholding obligation relating to a Stock Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Stock Award; *provided, however*, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law (or such lesser amount as may be necessary to avoid classification of the Stock Award as a liability for financial accounting purposes); (iii) withholding cash from a Stock Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant, including proceeds from the sale of shares of Common Stock issued pursuant to a Stock Award; or (v) by such other method as may be set forth in the Stock Award Agreement.

**(h) Electronic Delivery.** Any reference herein to a “written” agreement or document will include any agreement or document delivered electronically, filed publicly at [www.sec.gov](http://www.sec.gov) (or any successor website thereto) or posted on the Company’s intranet (or other shared electronic medium controlled by the Company to which the Participant has access).

**(i) Deferrals.** To the extent permitted by applicable law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Stock Award may be deferred and may establish programs and procedures for deferral elections to be made by Participants. Deferrals by Participants will be made in accordance with Section 409A of the Code (to the extent applicable to a Participant). Consistent with Section 409A of the Code, the Board may provide for distributions while a Participant is still an employee or otherwise providing services to the Company. The Board is authorized to make deferrals of Stock Awards and determine when, and in what annual percentages, Participants may receive payments, including lump sum payments, following the Participant’s termination of Continuous Service, and implement such other terms and conditions consistent with the provisions of the Plan and in accordance with applicable law.

**(j) Compliance with Section 409A of the Code.** Unless otherwise expressly provided for in a Stock Award Agreement, the Plan and Agreements will be interpreted to the greatest extent possible in a manner that makes the Plan and the Stock Awards granted hereunder exempt from Section 409A of the Code, and, to the extent not so exempt, in compliance with Section 409A of the Code. If the Board determines that any Stock Award granted hereunder is not exempt from and is therefore subject to Section 409A of the Code, the Stock Award Agreement evidencing such Stock Award will incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A (a) (1) of the Code, and to the extent a Stock Award Agreement is silent on terms necessary for compliance, such terms are hereby incorporated by reference into the Stock Award Agreement. Notwithstanding anything to the contrary in this Plan (and unless the Stock Award Agreement specifically provides otherwise), if the shares of Common Stock are publicly traded, and if a Participant holding a Stock Award that constitutes “deferred compensation” under Section 409A of the Code is a “specified employee” for purposes of Section 409A of the Code, no distribution or payment of any amount that is due because of a

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“separation from service” (as defined in Section 409A of the Code without regard to alternative definitions thereunder) will be issued or paid before the date that is six (6) months following the date of such Participant’s “separation from service” (as defined in Section 409A of the Code without regard to alternative definitions thereunder) or, if earlier, the date of the Participant’s death, unless such distribution or payment can be made in a manner that complies with Section 409A of the Code, and any amounts so deferred will be paid in a lump sum on the day after such six (6) month period elapses, with the balance paid thereafter on the original schedule.

**(k) Clawback/Recovery.** All Stock Awards granted under the Plan will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company’s securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law. In addition, the Board may impose such other clawback, recovery or recoupment provisions in a Stock Award Agreement as the Board determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of an event constituting Cause. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for “good reason” or “constructive termination” (or similar term) under any agreement with the Company or an Affiliate.

## **9. ADJUSTMENTS UPON CHANGES IN COMMON STOCK; OTHER CORPORATE EVENTS.**

**(a) Capitalization Adjustments.** In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a) and (ii) the class(es) and number of securities and price per share of stock subject to outstanding Stock Awards. The Board will make such adjustments, and its determination will be final, binding and conclusive.

**(b) Dissolution or Liquidation.** Except as otherwise provided in the Stock Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company’s right of repurchase) will terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company’s repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service; *provided, however*, that the Board may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Stock Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

**(c) Corporate Transaction.** The following provisions will apply to Stock Awards in the event of a Corporate Transaction unless otherwise provided in the instrument evidencing the Stock Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of a Stock Award. In the event of a Corporate Transaction, then, notwithstanding any other provision of the Plan, the

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Board will take one or more of the following actions with respect to Stock Awards, contingent upon the closing or completion of the Corporate Transaction:

(i) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue the Stock Award or to substitute a similar stock award for the Stock Award (including, but not limited to, a Stock award to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction);

(ii) arrange for the assignment of any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to the Stock Award to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

(iii) accelerate the vesting, in whole or in part, of the Stock Award (and, if applicable, the time at which the Stock Award may be exercised) to a date prior to the effective time of such Corporate Transaction as the Board determines (or, if the Board does not determine such a date, to the date that is five (5) days prior to the effective date of the Corporate Transaction), with such Stock Award terminating if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction;

(iv) arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company with respect to the Stock Award;

(v) cancel or arrange for the cancellation of the Stock Award, to the extent not vested or not exercised prior to the effective time of the Corporate Transaction, in exchange for such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate; and

(vi) make a payment, in such form as may be determined by the Board, equal to the excess, if any, of (A) the value of the property the Participant would have received upon the exercise of the Stock Award immediately prior to the effective time of the Corporate Transaction, over (B) any exercise price payable by such holder in connection with such exercise.

The Board need not take the same action or actions with respect to all Stock Awards or portions thereof or with respect to all Participants.

**(d) Change in Control.** A Stock Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control as may be provided in the Stock Award Agreement for such Stock Award or as may be provided in any other written agreement between the Company or any Affiliate and the Participant, but in the absence of such provision, no such acceleration will occur.

#### **10. TERMINATION OR SUSPENSION OF THE PLAN.**

The Board may suspend or terminate the Plan at any time. No Stock Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

#### **11. EFFECTIVE DATE OF THE PLAN; TIMING OF FIRST GRANT OR EXERCISE.**

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This Plan shall become effective on the Effective Date.

## 12. CHOICE OF LAW.

The law of the State of Delaware will govern all questions concerning the construction, validity and interpretation of this Plan, without regard to that state's conflict of laws rules.

## 13. DEFINITIONS.

As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

(a) "**Affiliate**" means, at the time of determination, any "parent" or "subsidiary" of the Company as such terms are defined in Rule 405 of the Securities Act. The Board will have the authority to determine the time or times at which "parent" or "subsidiary" status is determined within the foregoing definition.

(b) "**Board**" means the Board of Directors of the Company.

(c) "**Capitalization Adjustment**" means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Stock Award after the Effective Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or

any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(d) "**Cause**" will have the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term means, with respect to a Participant, the occurrence of any of the following events: (i) such Participant's commission of any felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (ii) such Participant's attempted commission of, or participation in, a fraud or act of dishonesty against the Company; (iii) such Participant's intentional, material violation of any contract or agreement between the Participant and the Company or of any statutory duty owed to the Company; (iv) such Participant's unauthorized use or disclosure of the Company's confidential information or trade secrets; or (v) such Participant's gross misconduct. The determination that a termination of the Participant's Continuous Service is either for Cause or without Cause will be made by the Company, in its sole discretion. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Stock Awards held by such Participant will have no effect upon any determination of the rights or obligations of the Company or such Participant for any other purpose.

(e) "**Change in Control**" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

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(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control will not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities, or (C) solely because the level of Ownership held by any Exchange Act Person (the "**Subject Person**") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control will be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than 50% of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(iv) individuals who, on the date the Plan is adopted by the Board, are members of the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing definition or any other provision of the Plan, the term Change in Control will not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company and the definition of Change in Control (or

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any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant will supersede the foregoing definition with respect to Stock Awards subject to such agreement; *provided, however*, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition will apply.

If required for compliance with Section 409A of the Code, in no event will a Change in Control be deemed to have occurred if such transaction is not also a “change in the ownership or effective control of” the Company or “a change in the ownership of a substantial portion of the assets of” the Company as determined under Treasury Regulation Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder). The Board may, in its sole discretion and without a Participant’s consent, amend the definition of “Change in Control” to conform to the definition of “Change in Control” under Section 409A of the Code and the regulations and guidance thereunder.

**(f) “Code”** means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

**(g) “Committee”** means a committee of one or more Directors to whom authority has been delegated by the Board in accordance with Section 2(c).

**(h) “Common Stock”** means, as of the Effective Date, the common stock of the Company, having one vote per share.

**(i) “Company”** means Scynexis, Inc., a Delaware corporation.

**(j) “Consultant”** means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, will not cause a Director to be considered a “Consultant” for purposes of the Plan. Notwithstanding the foregoing, a person is treated as a Consultant under this Plan only if a Form S-8 Registration Statement under the Securities Act is available to register either the offer or the sale of the Company’s securities to such person.

**(k) “Continuous Service”** means that the Participant’s service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant’s service with the Company or an Affiliate, will not terminate a Participant’s Continuous Service; *provided, however*, that if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board, in its sole discretion, such Participant’s Continuous Service will be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party’s sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Board or chief

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executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. In addition, if required for exemption from or compliance with Section 409A of the code, the determination of whether there has been a termination of Continuous Service will be made, and such term will be construed, in a manner that is consistent with the definition of "separation from service" as defined under Treasury Regulation Section 1.409A-1(h) (without regard to any alternative definition thereunder). Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in a Stock Award only to such extent as may be provided in the Company's leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law.

**(l) "Corporate Transaction"** means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

- (i)** a sale or other disposition of all or substantially all, as determined by the Board, in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;
- (ii)** a sale or other disposition of at least 90% of the outstanding securities of the Company;
- (iii)** a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or
- (iv)** a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

To the extent required for compliance with Section 409A of the Code, in no event will an event be deemed a Corporate Transaction if such transaction is not also a "change in the ownership or effective control of" the Company or "a change in the ownership of a substantial portion of the assets of" the Company as determined under Treasury Regulation Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder).

**(m) "Covered Employee"** will have the meaning provided in Section 162(m)(3) of the Code.

**(n) "Director"** means a member of the Board.

**(o) "Disability"** means, with respect to a Participant, the inability of such Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months, as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

**(p) "Effective Date"** means March 26, 2015.

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(q) “**Employee**” means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an “Employee” for purposes of the Plan.

(r) “**Eligible Employee**” means any person entering into employment with the Company or an Affiliate, who was not previously an Employee or Director of the Company or an Affiliate, or following a bona fide period of non-employment with the Company or an Affiliate.

(r) “**Entity**” means a corporation, partnership, limited liability company or other entity.

(s) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(t) “**Exchange Act Person**” means any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that “Exchange Act Person” will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company’s then outstanding securities.

(u) “**Fair Market Value**” means, as of any date, the value of the Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value of a share of Common Stock will be, unless otherwise determined by the Board, the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the date of determination, as reported in a source the Board deems reliable.

(ii) Unless otherwise provided by the Board, if there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value will be the closing selling price on the last preceding date for which such quotation exists.

(iii) In the absence of such markets for the Common Stock, the Fair Market Value will be determined by the Board in good faith and in a manner that complies with Section 409A of the Code.

(v) “**Nonstatutory Stock Option**” means any Option granted pursuant to Section 5 of the Plan that does not qualify as an incentive stock option within the meaning of Section 422 of the Code.

(w) “**Officer**” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

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(x) “**Option**” means a stock option to purchase shares of Common Stock granted pursuant to the Plan. Only Nonstatutory Stock Options may be issued from the Plan.

(y) “**Option Agreement**” means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement will be subject to the terms and conditions of the Plan.

(z) “**Optionholder**” means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(aa) “**Other Stock Award**” means an award based in whole or in part by reference to the Common Stock which is granted pursuant to the terms and conditions of Section 6(d).

(bb) “**Other Stock Award Agreement**” means a written agreement between the Company and a holder of an Other Stock Award evidencing the terms and conditions of an Other Stock Award grant. Each Other Stock Award Agreement will be subject to the terms and conditions of the Plan.

(cc) “**Own,**” “**Owned,**” “**Owner,**” “**Ownership**” means a person or Entity will be deemed to “Own,” to have “Owned,” to be the “Owner” of, or to have acquired “Ownership” of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(dd) “**Participant**” means a person to whom a Stock Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(ee) “**Plan**” means this Scynexis, Inc. 2015 Inducement Award Plan, as it may be amended.

(ff) “**Restricted Stock Award**” means an award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(a).

(gg) “**Restricted Stock Award Agreement**” means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. Each Restricted Stock Award Agreement will be subject to the terms and conditions of the Plan.

(hh) “**Restricted Stock Unit Award**” means a right to receive shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(b).

(ii) “**Restricted Stock Unit Award Agreement**” means a written agreement between the Company and a holder of a Restricted Stock Unit Award evidencing the terms and conditions of a Restricted Stock Unit Award grant. Each Restricted Stock Unit Award Agreement will be subject to the terms and conditions of the Plan.

(jj) “**Securities Act**” means the Securities Act of 1933, as amended.

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**(kk)** “*Stock Appreciation Right*” or “SAR” means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 5.

**(ll)** “*Stock Appreciation Right Agreement*” means a written agreement between the Company and a holder of a Stock Appreciation Right evidencing the terms and conditions of a Stock Appreciation Right grant. Each Stock Appreciation Right Agreement will be subject to the terms and conditions of the Plan.

**(mm)** “*Stock Award*” means any right to receive Common Stock granted under the Plan, including a Nonstatutory Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, a Stock Appreciation Right or any Other Stock Award.

**(nn)** “*Stock Award Agreement*” means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant. Each Stock Award Agreement will be subject to the terms and conditions of the Plan.

**(oo)** “*Subsidiary*” means, with respect to the Company, (i) any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than 50%.

**SCYNEXIS, INC.  
STOCK OPTION GRANT NOTICE  
(2015 INDUCEMENT AWARD PLAN)**

Scynexis, Inc. (the “*Company*”), pursuant to its 2015 Inducement Award Plan (the “*Plan*”), hereby grants to Optionholder an option to purchase the number of shares of the Company’s Common Stock set forth below. This option is subject to all of the terms and conditions as set forth herein and in the Option Agreement and the Plan, all of which are incorporated herein in their entirety.

Optionholder:	_____
Date of Grant:	_____
Vesting Commencement Date:	_____
Number of Shares Subject to Option:	_____
Exercise Price (Per Share):	_____
Total Exercise Price:	_____
Expiration Date:	_____

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**Type of Grant:** Non-statutory Stock Option

**Exercise Schedule:** Same as Vesting Schedule

**Vesting Schedule:** 1/4th of the shares vest one year after the Vesting Commencement Date; the balance of the shares vest in a series of thirty-six (36) successive equal monthly installments measured from the first anniversary of the Vesting Commencement Date.

**Payment:** By one or a combination of the following items (described in the Option Agreement):

- By cash or check
- By bank draft or money order payable to the Company
- Pursuant to a Regulation T Program if the Shares are publicly traded
- By delivery of already-owned shares if the Shares are publicly traded
- By a "net exercise" arrangement, subject to the Company's consent at the time of exercise

**Additional Terms/Acknowledgements:**

By Optionholder's acceptance of this Award online, Optionholder acknowledges and agrees that this Option is granted under and governed by the terms and conditions of the Plan, the Option Agreement and this Stock Option Grant Notice.

Optionholder consents to receive Plan documents by electronic delivery and to participate in the Plan through an online or electronic system established and maintained by the Company or another third party designated by the Company. Optionholder hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan, the Option Agreement and this Stock Option Grant Notice. **PLEASE BE SURE TO READ ALL OF THE DOCUMENTS, WHICH CONTAIN THE SPECIFIC TERMS AND CONDITIONS OF THIS AGREEMENT.**

The Stock Option Right Grant Notice, Option Agreement, the 2015 Inducement Award Plan, the Plan Prospectus, a form of Notice of Exercise and our most recent Annual Report and Proxy Statement for the Annual Meeting of Stockholders are available to participants. You may request a hard copy of these documents from Human Resources.

**SCYNEXIS, INC.  
OPTION AGREEMENT  
2015 Inducement Award Plan**

Pursuant to your Stock Option Grant Notice ("**Grant Notice**") and this Option Agreement, SCYNEXIS, Inc. (the "**Company**") has granted you an option under its 2015 Inducement Award Plan (the "**Plan**") to purchase the number of shares of the Company's Common Stock indicated in your Grant Notice at the exercise price indicated in your Grant Notice. Defined terms not explicitly defined in this Option Agreement but defined in the Plan shall have the same definitions as in the Plan.

The details of your option are as follows:

**1. Vesting.** Subject to the limitations contained herein and the potential vesting acceleration provisions set forth in Section 9 of the Plan, your option will vest as provided in your Grant Notice, provided that vesting will cease upon the termination of your Continuous Service.

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**2.Number of Shares and Exercise Price.** The number of shares of Common Stock subject to your option and your exercise price per share referenced in your Grant Notice may be adjusted from time to time for Capitalization Adjustments.

**3.Exercise Restriction for Non-Exempt Employees.** In the event that you are an Employee eligible for overtime compensation under the Fair Labor Standards Act of 1938, as amended (i.e., a *“Non-Exempt Employee”*), and except as otherwise provided in the Plan, you may not exercise your option until you have completed at least six (6) months of Continuous Service measured from the Date of Grant specified in your Grant Notice, notwithstanding any other provision of your option.

**4.Method of Payment.** Payment of the exercise price is due in full upon exercise of all or any part of your option. You may elect to make payment of the exercise price in cash or by check or in any other manner *permitted by your Grant Notice*, which may include one or more of the following:

(a) Provided that at the time of exercise the Common Stock is publicly traded, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds.

(b) Provided that at the time of exercise the Common Stock is publicly traded, by delivery to the Company (either by actual delivery or attestation) of already-owned shares of Common Stock that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. “Delivery” for these purposes, in the sole discretion of the Company at the time you exercise your option, shall include delivery to the Company of your attestation of ownership of such shares of Common Stock in a form approved by the Company. Notwithstanding the foregoing, you may not exercise your option by tender to the Company of Common Stock to the extent such tender would violate the provisions of any law, regulation or agreement restricting the redemption of the Company’s stock.

(c) *Subject to the consent of the Company at the time of exercise*, by a “net exercise” arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise of your option by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; provided, however, that the Company shall accept a cash or other payment from you to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued; provided further, however, that shares of Common Stock will no longer be outstanding under your option and will not be exercisable thereafter to the extent that (1) shares are used to pay the exercise price pursuant to the “net exercise,” (2) shares are delivered to you as a result of such exercise, and (3) shares are withheld to satisfy tax withholding obligations.

**5.Whole Shares.** You may exercise your option only for whole shares of Common Stock.

**6.Securities Law Compliance.** Notwithstanding anything to the contrary contained herein, you may not exercise your option unless the shares of Common Stock issuable upon such exercise are then registered under the Securities Act or, if such shares of Common Stock are not then so

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registered, the Company has determined that such exercise and issuance would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations.

**7.Term.** You may not exercise your option before the commencement or after the expiration of its term. The term of your option commences on the Date of Grant and expires, subject to the provisions of Section 5(g) of the Plan, upon the earliest of the following:

- (a) immediately upon the termination of your Continuous Service for Cause;
- (b) three (3) months after the termination of your Continuous Service for any reason other than Cause, your Disability or death, provided that if during any part of such three (3) month period your option is not exercisable solely because of the condition set forth in Section 6 above relating to "Securities Law Compliance," your option shall not expire until the earlier of the Expiration Date or until it shall have been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service; and if (i) you are a Non- Exempt Employee, (ii) your Continuous Service terminates within six (6) months after the Date of Grant specified in your Grant Notice, and (iii) you have vested in a portion of your option at the time of your termination of Continuous Service, your option shall not expire until the earlier of (x) the later of (A) the date that is seven (7) months after the Date of Grant specified in your Grant Notice or (B) the date that is three (3) months after the termination of your Continuous Service, or (y) the Expiration Date;
- (c) twelve (12) months after the termination of your Continuous Service due to your Disability;
- (d) eighteen (18) months after your death if you die either during your Continuous Service or within three (3) months after your Continuous Service terminates for any reason other than Cause;
- (e) the Expiration Date indicated in your Grant Notice; or
- (f) the day before the tenth (10th) anniversary of the Date of Grant.

**8.Exercise.**

- (a) You may exercise the vested portion of your option (and the unvested portion of your option if your Grant Notice so permits) during its term by delivering a Notice of Exercise (in a form designated by the Company) together with the exercise price to the Secretary of the Company, or to such other person as the Company may designate, during regular business hours, together with such additional documents as the Company may then require.
- (b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (1) the exercise of your option, (2) the lapse of any substantial risk of forfeiture to which the shares of Common Stock are subject at the time of exercise, or (3) the disposition of shares of Common Stock acquired upon such exercise.

**9.Transferability.** Except as otherwise provided in this Section 9, your option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you.

- (a) **Certain Trusts.** Upon receiving written permission from the Board or its duly authorized designee, you may transfer your option to a trust if you are considered to be the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while the option is
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held in the trust, provided that you and the trustee enter into transfer and other agreements required by the Company.

(b)**Domestic Relations Orders.** Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your option pursuant to a domestic relations order that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this option with the Company prior to finalizing the domestic relations order to help ensure the required information is contained within the domestic relations order.

(c)**Beneficiary Designation.** Upon receiving written permission from the Board or its duly authorized designee, you may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company and any broker designated by the Company to effect option exercises, designate a third party who, in the event of your death, shall thereafter be entitled to exercise this option and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, your executor or administrator of your estate shall be entitled to exercise this option and receive, on behalf of your estate, the Common Stock or other consideration resulting from such exercise.

**10.Option not a Service Contract.** Your option is not an employment or service contract, and nothing in your option shall be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment. In addition, nothing in your option shall obligate the Company or an Affiliate, their respective stockholders, Boards of Directors, Officers or Employees to continue any relationship that you might have as a Director or Consultant for the Company or an Affiliate.

#### **11.Withholding Obligations.**

(a)At the time you exercise your option, in whole or in part, or at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a “cashless exercise” pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise of your option.

(b)Upon your request and subject to approval by the Company, in its sole discretion, and in compliance with any applicable legal conditions or restrictions, the Company may withhold from fully vested shares of Common Stock otherwise issuable to you upon the exercise of your option a number of whole shares of Common Stock having a Fair Market Value, determined by the Company as of the date of exercise, not in excess of the minimum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid classification of your option as a liability for financial accounting purposes). If the date of determination of any tax withholding obligation is deferred to a date later than the date of exercise of your option, share withholding pursuant to the preceding sentence shall not be permitted unless you make a proper and timely election under Section 83(b) of the Code, covering the aggregate number of shares of Common Stock acquired upon such exercise with respect to which such determination is otherwise deferred, to accelerate the determination of such tax withholding obligation to the date of exercise of your

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option. Notwithstanding the filing of such election, shares of Common Stock shall be withheld solely from fully vested shares of Common Stock determined as of the date of exercise of your option that are otherwise issuable to you upon such exercise. Any adverse consequences to you arising in connection with such share withholding procedure shall be your sole responsibility.

(c) You may not exercise your option unless the tax withholding obligations of the Company and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company shall have no obligation to issue a certificate for such shares of Common Stock unless such obligations are satisfied.

**12. Tax Consequences.** You hereby agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You shall not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from your option or your other compensation. In particular, you acknowledge that this option is exempt from Section 409A of the Code only if the exercise price per share specified in the Grant Notice is at least equal to the “fair market value” per share of the Common Stock on the Date of Grant and there is no other impermissible deferral of compensation associated with the option.

**13. Notices.** Any notices provided for in your option or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company.

**14. Governing Plan Document.** Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of your option and those of the Plan, the provisions of the Plan shall control.

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**SCYNEXIS, INC.**  
**RESTRICTED STOCK UNIT AWARD GRANT NOTICE**  
**2015 INDUCEMENT AWARD PLAN**

SCYNEXIS, Inc. (the “Company”) hereby awards to Participant the number of Restricted Stock Units specified and on the terms set forth below (the “Award”). The Award is subject to all of the terms and conditions as set forth in this Restricted Stock Unit Grant Notice (the “Grant Notice”), in the Restricted Stock Unit Award Agreement (the “Award Agreement”) and in the Company’s 2015 Inducement Award Plan (the “Plan”), all of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Award Agreement shall have the meanings set forth in the Plan or the Award Agreement, as applicable. In the event of any conflict between the terms of this Grant Notice, the Award Agreement or the Plan, the terms of the Plan shall control.

**Participant:** [Name]

**Date of Grant:** [Date]

**Vesting Commencement Date** [Date]

**Number of Restricted Stock Units:** [ ]

**Settlement Date:** One share of Common Stock of the Company will be issued for each Restricted Stock Unit (subject to any Capitalization Adjustment) that vests at the time set forth in Section 6 of the Award Agreement.

**Vesting Schedule:** \_\_\_\_\_

**Additional Terms/Acknowledgements:** Participant acknowledges receipt of, and understands and agrees to, this Restricted Stock Unit Grant Notice, the Restricted Stock Unit Agreement, and the Plan. Participant acknowledges and agrees that this Restricted Stock Unit Grant Notice and the Restricted Stock Unit Agreement may not be modified, amended, or revised except as provided in the Plan. Participant further acknowledges that as of the Date of Grant, this Restricted Stock Unit Grant Notice, the Restricted Stock Unit Agreement, and the Plan set forth the entire understanding between Participant and the Company regarding this award and supersede all prior oral and written agreements, promises and/or representations on that subject with the exception of (i) restricted stock units previously granted and delivered to Participant, (ii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law and (iii) any written employment or severance arrangement that would provide for vesting acceleration of this award upon the terms and conditions set forth therein.

By accepting the Award, Participant acknowledges having received and read the Restricted Stock Unit Grant Notice, the Restricted Stock Unit Award Agreement, and the Plan (the “Grant Documents”) and agrees to all of the terms and conditions set forth in these documents. Furthermore, by accepting this Award, Participant consents to receive such documents by electronic delivery and to participate in the Plan through an online or electronic system established and maintained by the Company or another third party designated by the Company.

Your electronic signature indicates your agreement to be bound by the terms of this Agreement.

The Participant hereby accepts the Award subject to all of the terms and conditions of this Notice, the Award Agreement, and the Plan. Participant consents to receive such documents by electronic delivery and to participate in

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the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

SCYNEXIS, INC. PARTICIPANT

By: \_\_\_\_\_  
Signature

Its: \_\_\_\_\_  
Date

\_\_\_\_\_  
Address

\_\_\_\_\_  
**Attachments:** Award Agreement and 2015 Inducement Award Plan

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**SCYNEXIS, INC.**  
**2015 INDUCEMENT AWARD PLAN**

**RESTRICTED STOCK UNIT AWARD AGREEMENT**

Pursuant to the Restricted Stock Unit Grant Notice (the “**Grant Notice**”) and this Restricted Stock Unit Award Agreement (the “**Award Agreement**”) and in consideration of your services, SCYNEXIS, Inc. (the “**Company**”) has awarded you a Restricted Stock Unit Award (the “**Award**”) under its 2015 Inducement Award Plan (the “**Plan**”) for the number of Restricted Stock Units indicated in the Grant Notice (the “**Stock Units**”). Capitalized terms not explicitly defined in this Award Agreement or in the Grant Notice but defined in the Plan will have the same definitions as in the Plan.

The details of your Award, in addition to those set forth in the Grant Notice and the Plan are as follows:

**1. Grant of the Award.** This Award represents your right to be issued on a future date one share of the Company’s Common Stock for each Stock Unit indicated in the Grant Notice that vests. As of the Date of Grant specified in the Grant Notice, the Company will credit to a bookkeeping account maintained by the Company for your benefit (the “Account”) the number of Stock Units subject to the Award. This Award was granted in consideration of your services to the Company.

**2. Vesting.** Subject to the provisions contained herein, your Award will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice. Vesting will cease upon the termination of your Continuous Service for any reason. Upon such termination of your Continuous Service, any Stock Units credited to the Account that were not yet vested on the date of such termination will be forfeited at no cost to the Company and you will have no further right, title or interest in such Stock Units or the shares of Common Stock to be issued in respect of such portion of the Award.

**3. Number of Stock Units and Shares of Common Stock.**

**(a)** The Stock Units subject to your Award will be adjusted for Capitalization Adjustments, as provided in the Plan.

**(b)** Any additional Stock Units and any shares, cash or other property that become subject to the Award pursuant to this Section 3, if any, will be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Stock Units and shares covered by your Award.

**(c)** No fractional shares or rights for fractional shares of Common Stock will be created pursuant to this Section 3. Except as provided in Section 7 or otherwise provided by the Company, any fraction of a share will be rounded down to the nearest whole share.

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**4. Securities Law Compliance.** You will not be issued any Common Stock in respect of your Stock Units or other shares with respect to your Stock Units unless either (i) the shares are registered under the Securities Act, or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award also must comply with all other applicable laws and regulations governing the Award, and you will not receive such shares if the Company determines that such receipt would not be in material compliance with such laws and regulations.

**5. Transferability.** Prior to the time that shares of Common Stock have been delivered to you, you may not transfer, pledge, sell or otherwise dispose of any portion of the Stock Units or the shares in respect of your Stock Units. For example, you may not use shares that may be issued in respect of your Stock Units as security for a loan, nor may you transfer, pledge, sell or otherwise dispose of such shares. This restriction on transfer will lapse upon delivery to you of shares in respect of your vested Stock Units.

**(a) Death.** Your Stock Units are not transferable other than by will and by the laws of descent and distribution. Upon receiving written permission from the Board or its duly authorized designee, you may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company and any broker designated by the Company to effect transactions under the Plan, designate a third party who, in the event of your death, will thereafter be entitled to receive any distribution of Common Stock or other consideration to which you were entitled at the time of your death pursuant to this Award Agreement. In the absence of such a designation, your executor or administrator of your estate will be entitled to receive, on behalf of your estate, such Common Stock or other consideration.

**(b) Domestic Relations Orders.** Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your right to receive the distribution of Common Stock or other consideration under your Stock Units, pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by applicable law that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss with the Company the proposed terms of any such transfer prior to finalizing the domestic relations order or marital settlement agreement to help ensure the required information is contained within the domestic relations order, marital settlement agreement or other divorce or separation instrument. The Company is not obligated to allow you to transfer your Award in connection with your domestic relations order, marital settlement agreement or other divorce or separation instrument.

**6. Date of Issuance.**

**(a)** To the extent that your Award is exempt from the application of Section 409A of the Code, the issuance of shares in respect of the Stock Units is intended to comply with Treasury Regulation Section 1.409A-1(b)(4) and will be construed and administered in such a manner.

**(b)** Subject to the satisfaction of the withholding obligations set forth in Section 10 of this Award Agreement, in the event one or more Stock Units vests, the Company will issue to you, on the vesting date, one share of Common Stock for each Stock Unit that vests and such issuance date is

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referred to as the “**Original Issuance Date**.” If the Original Issuance Date falls on a date that is not a business day, delivery will instead occur on the next following business day.

(c) However, if (i) the Original Issuance Date does not occur (1) during an “open window period” applicable to you, as determined by the Company in accordance with the Company’s then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company’s policies (a “**10b5-1 Plan**”)), and (ii) the Company elects, prior to the Original Issuance Date, not to satisfy the Withholding Taxes described in Section 10 by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award, then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Company’s Common Stock in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with Treasury Regulation Section 1.409A-1(b)(4), no later than the date that is the later of (i) the 15th day of the third month following the end of the calendar year in which such shares of Common Stock under this Award are no longer subject to a “substantial risk of forfeiture” within the meaning of Treasury Regulation Section 1.409A-1(d) or (ii) the 15th day of the third month following the end of the Company’s fiscal year in which such shares of Common Stock under this Award are no longer subject to a “substantial risk of forfeiture” within the meaning of Treasury Regulation Section 1.409A-1(d).

**7.Dividends.** You will receive no benefit or adjustment to your Award or Stock Units with respect to any cash dividend, stock dividend or other distribution that does not constitute a Capitalization Adjustment as provided in the Plan; provided, however, that this sentence will not apply with respect to any shares of Common Stock that are delivered to you in connection with your Award after such shares have been delivered to you.

**8.Restrictive Legends.** The Common Stock issued with respect to your Stock Units will be endorsed with appropriate legends, if any, as determined by the Company.

**9.Award not a Service Contract.**

(a) Except as otherwise provided in a separate, written employment or other agreement between the Company and/or its Affiliates and you, your Continuous Service is not for any specified term and may be terminated by you or by the Company or an Affiliate at any time, for any reason, with or without cause and with or without notice. Nothing in this Award Agreement (including, but not limited to, the vesting of your Stock Units or the issuance of the shares in respect of your Stock Units), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Award Agreement or the Plan will: (i) confer upon you any right to continue in the employ or service of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Award Agreement or the Plan unless such

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right or benefit has specifically accrued under the terms of this Award Agreement or Plan; or (iv) deprive the Company of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

**(b)**By accepting this Award, you acknowledge and agree that the right to continue vesting in the Award pursuant to the vesting schedule provided in the Grant Notice is earned only by continuing as an employee, director or consultant at the will of the Company or an Affiliate, as applicable (not through the act of being hired, being granted this Award or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a “reorganization”). You further acknowledge and agree that such a reorganization could result in the termination of your Continuous Service, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Award Agreement, including but not limited to, the termination of the right to continue vesting in the Award. You further acknowledge and agree that this Award Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Award Agreement, for any period, or at all, and shall not interfere in any way with your right or the Company’s right to terminate your Continuous Service at any time, with or without cause and with or without notice.

#### **10. Withholding Obligations.**

**(a)**On each vesting date, and on or before the time you receive a distribution of the shares in respect of your Stock Units, and at any other time as reasonably requested by the Company in accordance with applicable tax laws, you hereby authorize any required withholdings from the shares of Common Stock issuable to you and/or otherwise agree to make adequate provision, including in cash, for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate that arise in connection with your Award (the “**Withholding Taxes**”). Specifically, the Company or an Affiliate may, in its sole discretion, satisfy all or any portion of the Withholding Taxes relating to your Award by any of the following means or by a combination of such means: (i) withholding from any compensation otherwise payable to you by the Company or an Affiliate; (ii) causing you to tender a cash payment; (iii) permitting or requiring you to enter into a “same day sale” commitment with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a “**FINRA Dealer**”) whereby you irrevocably elect to sell a portion of the shares to be delivered in connection with your Stock Units to satisfy the Withholding Taxes and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Taxes directly to the Company and/or its Affiliates; or (iv) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with your Stock Units with a Fair Market Value (measured as of the date shares of Common Stock are issued to you) equal to the amount of such Withholding Taxes; *provided, however*, that the number of such shares of Common Stock so withheld will not exceed the amount necessary to satisfy the Company’s required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and, if applicable, foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income; and provided further, that to the extent necessary to qualify for an exemption from

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application of Section 16(b) of the Exchange Act, such share withholding procedure shall be subject to the express prior approval of the Board or a duly authorized committee thereof.

**(b)**Unless the Withholding Taxes of the Company and/or any Affiliate are satisfied, the Company will have no obligation to deliver to you any Common Stock or other consideration pursuant to this Award.

**(c)**In the event the Company's obligation to withhold arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Company's withholding obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

**11.Unsecured Obligation.** Your Award is unfunded, and as a holder of vested Stock Units, you will be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares or other property pursuant to this Award Agreement. You will not have voting or any other rights as a shareholder of the Company with respect to the shares to be issued pursuant to this Award Agreement until such shares are issued to you. Upon such issuance, you will obtain full voting and other rights as a shareholder of the Company. Nothing contained in this Award Agreement, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

**12.Other Documents.** You hereby acknowledge receipt of and the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company's policy permitting certain individuals to sell shares only during certain "window" periods and the Company's insider trading policy, in effect from time to time.

**13.Notices.** Any notices provided for in this Award Agreement or the Plan will be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this Award, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

**14.Personal Data.** You understand that your employer, if applicable, the Company, and/or its Affiliates hold certain personal information about you, including but not limited to your name, home address, telephone number, date of birth, social security or equivalent tax identification number, salary, nationality, job title, and details of your Award (the "**Personal Data**"). Certain Personal Data may also constitute "**Sensitive Personal Data**" or similar classification under applicable local law and be subject to additional restrictions on collection, processing, and use of the same under such laws. Such data include but are not limited to Personal Data and any changes thereto, and other appropriate personal and financial data about you. You hereby provide express

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consent to the Company or its Affiliates to collect, hold, and process any such Personal Data and Sensitive Personal Data. You also hereby provide express consent to the Company and/or its Affiliates to transfer any such Personal Data and Sensitive Personal Data outside the country in which you are employed or retained, including transfers to the United States, if applicable. The legal persons for whom such Personal Data are intended are the Company and any broker company providing services to the Company in connection with the administration of the Plan. You have been informed of your right to access and correct your Personal Data and/or Sensitive Personal Data by applying to the Company.

**15. Additional Acknowledgements.** You hereby consent and acknowledge that:

**(a)** Participation in the Plan is voluntary and therefore you must accept the terms and conditions of the Plan and this Award Agreement and Grant Notice as a condition to participating in the Plan and receipt of this Award. This Award and any other awards under the Plan are voluntary and occasional and do not create any contractual or other right to receive future awards or other benefits in lieu of future awards, even if similar awards have been granted repeatedly in the past. All determinations with respect to any such future awards, including, but not limited to, the time or times when such awards are made, the size of such awards and performance and other conditions applied to the awards, will be at the sole discretion of the Company.

**(b)** The future value of your Award is unknown and cannot be predicted with certainty. You do not have, and will not assert, any claim or entitlement to compensation, indemnity or damages arising from the termination of this Award or diminution in value of this Award and you irrevocably release the Company, its Affiliates and, if applicable, your employer, if different from the Company, from any such claim that may arise.

**(c)** The rights and obligations of the Company under your Award will be transferable to any one or more persons or entities, and all covenants and agreements hereunder will inure to the benefit of, and be enforceable by the Company's successors and assigns.

**(d)** Upon request, you agree to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

**(e)** You have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award, and fully understand all provisions of your Award.

**(f)** This Award Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

**(g)** All obligations of the Company under the Plan and this Award Agreement will be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

**16. Governing Plan Document.** Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all

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interpretations, amendments, rules, and regulations which may from time to time be promulgated and adopted pursuant to the Plan. In addition, your Award will be subject to recoupment in accordance with any clawback policy that the Company has adopted or any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd–Frank Wall Street Reform and Consumer Protection Act or other applicable law. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for “good reason” or “constructive termination” (or similar term) under any plan of or agreement with the Company. Except as expressly provided in this Award Agreement or the Grant Notice, in the event of any conflict between the provisions of your Award and those of the Plan, the provisions of the Plan will control.

**17. Severability.** If all or any part of this Award Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Award Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Award Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

**18. Effect on Other Employee Benefit Plans.** The value of the Award subject to this Award Agreement will not be included as compensation, earnings, salaries, or other similar terms used when calculating the Employee's benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

**19. Amendment.** Any amendment to this Award Agreement must be in writing, signed by a duly authorized representative of the Company. The Board reserves the right to amend this Award Agreement in any way it may deem necessary or advisable to carry out the purpose of the grant as a result of any change in applicable laws or regulations or any future law, regulation, interpretation, ruling, or judicial decision.

**20. Compliance with Section 409A of the Code.** This Award is intended to be exempt from the application of Section 409A of the Code, including but not limited to by reason of complying with the “short-term deferral” rule set forth in Treasury Regulation Section 1.409A-1(b)(4) and any ambiguities herein shall be interpreted accordingly. However, if this Award fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and therefore deemed to be deferred compensation subject to, Section 409A of the Code, this Award shall comply with Section 409A of the Code to the extent necessary to avoid adverse personal tax consequences and any ambiguities herein shall be interpreted accordingly. To the extent this Award is subject to Section 409A of the Code and if you are a “Specified Employee” (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of your separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)), then the issuance of any shares that would otherwise be made upon the date of the separation from service or within the first six months thereafter will not be made on the originally scheduled dates and will instead be issued in a lump sum on the date that is six months and one day after the date of the separation from service, with the balance of the shares issued thereafter in accordance with the original

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vesting and issuance schedule set forth above, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of taxation on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is a “separate payment” for purposes of Treasury Regulation Section 1.409A-2(b)(2).

**21.No Obligation to Minimize Taxes.** The Company has no duty or obligation to minimize the tax consequences to you of this Award and will not be liable to you for any adverse tax consequences to you arising in connection with this Award. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the tax consequences of this Award and by signing the Grant Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so.

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This Restricted Stock Unit Award Agreement will be deemed to be accepted by you upon your acceptance of the Restricted Stock Unit Grant Notice to which it is attached.

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## CERTIFICATIONS

I, Marco Taglietti, certify that:

1. I have reviewed this Form 10-Q of SCYNEXIS, Inc.;
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
  4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
  5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
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Date: November 8, 2022

/s/ Marco Taglietti, M.D.

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Marco Taglietti, M.D.  
Chief Executive Officer  
Principal Executive Officer

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## CERTIFICATIONS

I, Ivor Macleod, certify that:

1. I have reviewed this Form 10-Q of SCYNEXIS, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2022

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/s/ Ivor Macleod

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Ivor Macleod  
Chief Financial Officer  
Principal Financial Officer

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**CERTIFICATION**

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Marco Taglietti, Chief Executive Officer of SCYNEXIS, Inc. (the "Company"), and Ivor Macleod, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

- 1.The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2022, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, and
- 2.The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In Witness Whereof, the undersigned have set their hands hereto as of November 8, 2022.

/s/ Marco Taglietti, M.D.

Marco Taglietti, M.D.  
Chief Executive Officer

/s/ Ivor Macleod

Ivor Macleod  
Chief Financial Officer

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of SCYNEXIS, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

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