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 MARCH 31, 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	**56-2181648**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1 Evertrust Plaza, 13th Floor Jersey City, New Jersey (Address of principal executive offices)	**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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 May 1, 2022, there were 32,579,491 shares of the registrant's Common Stock outstanding.

SCYNEXIS, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2022

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

SCYNEXIS, INC.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

	March 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 95,210	$ 104,484
Prepaid expenses and other current assets	3,919	3,569
Accounts receivable, net	1,628	861
Inventory	1,149	463
Total current assets	101,906	109,377
Other assets	5,543	6,122
Deferred offering costs	124	150
Restricted cash	218	218
Property and equipment, net	61	113
Intangible assets, net	961	1,056
Operating lease right-of-use asset (See Note 7)	2,749	2,801
Total assets	**$ 111,562**	**$ 119,837**
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 8,130	$ 7,848
Accrued expenses	4,523	5,698
Other liabilities, current portion (See Note 6)	174	—
Warrant liabilities	40	—
Operating lease liability, current portion (See Note 7)	77	70
Total current liabilities	12,944	13,616
Other liabilities (See Note 6)	4,102	3,345
Warrant liabilities	7,921	18,062
Convertible debt and derivative liability (See Note 6)	10,817	11,607
Loan payable	33,713	28,745
Operating lease liability (See Note 6)	3,138	3,204
Total liabilities	72,635	78,579
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value, authorized 5,000,000 shares as of March 31, 2022 and December 31, 2021; 0 shares issued and outstanding as of March 31, 2022 and December 31, 2021	—	—
Common stock, $0.001 par value, 100,000,000 shares authorized as of March 31, 2022 and December 31, 2021; 29,221,158 and 28,705,334 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	32	32
Additional paid-in capital	403,825	400,705
Accumulated deficit	(364,930)	(359,479)
Total stockholders' equity	38,927	41,258
Total liabilities and stockholders' equity	**$ 111,562**	**$ 119,837**

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 March 31,	
	2022	**2021**
Revenue:		
Product revenue, net	$ 687	$ —
License agreement revenue	—	12,050
Total revenue	687	12,050
Operating expenses:		
Cost of product revenues	99	—
Research and development	5,735	6,948
Selling, general and administrative	14,591	6,696
Total operating expenses	20,425	13,644
Loss from operations	(19,738)	(1,594)
Other expense (income):		
Loss on extinguishment of debt	—	2,725
Amortization of debt issuance costs and discount	390	256
Interest income	(13)	(7)
Interest expense	1,059	214
Other income	(13)	—
Warrant liabilities fair value adjustment	(10,030)	(1,296)
Derivative liabilities fair value adjustment	(980)	90
Total other (income) expense	(9,587)	1,982
Loss before taxes	(10,151)	(3,576)
Income tax (benefit) expense	(4,700)	1,100
Net loss	$ (5,451)	$ (4,676)
Net loss per share attributable to common stockholders – basic		
Net loss per share – basic	$ (0.17)	$ (0.18)
Net loss per share attributable to common stockholders – diluted		
Net loss per share – diluted	$ (0.18)	$ (0.23)
Weighted average common shares outstanding – basic and diluted		
Basic	32,051,228	25,802,700
Diluted	33,189,428	26,523,920

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

SCYNEXIS, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Three Months Ended March 31,	
	2022	**2021**
Cash flows from operating activities:		
Net loss	$ (5,451)	$ (4,676)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	155	27
Stock-based compensation expense	922	398
Amortization of debt issuance costs and discount	390	256
Change in fair value of warrant liabilities	(10,030)	(1,296)
Change in fair value of derivative liabilities	(980)	90
Noncash operating lease expense for right-of-use asset	52	49
Loss on extinguishment of debt	—	2,725
Changes in operating assets and liabilities:		
Prepaid expenses, accounts receivable, inventory, and other	(1,429)	1,736
Accounts payable, accrued expenses, other liabilities, and other	383	(68)
Net cash used in operating activities	(15,988)	(759)
Cash flows from investing activities:		
Purchase of intangible assets	(9)	(200)
Net cash used in by investing activities	(9)	(200)
Cash flows from financing activities:		
Proceeds from common stock issued	2,164	—
Payments of offering costs and underwriting discounts and commissions	(451)	(62)
Proceeds from loan payable	5,000	—
Proceeds from employee stock purchase plan issuances	10	6
Repurchase of shares to satisfy tax withholdings	—	(15)
Net cash provided by (used in) financing activities	6,723	(71)
Net decrease in cash, cash equivalents, and restricted cash	(9,274)	(1,030)
Cash, cash equivalents, and restricted cash at beginning of period	104,702	93,314
Cash, cash equivalents, and restricted cash at end of period	$ 95,428	$ 92,284
Supplemental cash flow information:		
Cash paid for interest	$ 1,099	$ 420
Cash received for interest	$ 12	$ 5
Noncash financing and investing activities:		
Common stock issued for settlement of senior convertible notes	$ —	$ 7,452
Purchased intangible assets included in accounts payable and accrued expenses	$ —	$ 178
Deferred offering and issuance costs included in accounts payable and accrued expenses	$ 26	$ —
Deferred offering costs reclassified to additional-paid-in capital	$ 27	$ —
Reclass of warrant liability to additional paid in capital	$ 71	$ —
Reclass of deferred asset associated with issuance of loan payable to debt discount	$ 206	$ —

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 potentially help millions of patients worldwide in need of new options 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 multiple fungal indications in both the community and hospital settings. 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, and the Company has commenced the commercialization of BREXAFEMME in the U.S.

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 $364.9 million at March 31, 2022 and limited capital resources to fund ongoing operations. These capital resources primarily comprised cash and cash equivalents of $95.2 million at March 31, 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, among other things: (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 commercialize 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 interim condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The unaudited interim 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 three months ended March 31, 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 Interim Condensed Consolidated Financial Information

The accompanying unaudited interim 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 months ended March 31, 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.

Basic and Diluted Net Loss per Share of Common Stock

The Company calculates net loss per common share in accordance withASC 260, *Earnings Per Share*. Basic net loss per common share for the three months ended March 31, 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 months ended March 31, 2022 includes the outstanding pre-funded warrants to purchase 3,200,000 shares of common stock issued in the December 2020 Public Offering. Diluted net loss per common share for the three months ended March 31, 2022 and 2021 was determined as follows (in thousands, except share and per share amounts):

	Three Months Ended March 31,	
	2022	2021
Net loss	$ (5,451)	$ (4,676)
Dilutive effect of warrant liability	—	(1,323)
Dilutive effect of convertible debt	(584)	—
Net loss allocated to common shares	$ (6,035)	$ (5,999)
Weighted average common shares outstanding – basic	32,051,228	25,802,700
Dilutive effect of warrant liability	—	721,220
Dilutive effect of convertible debt	1,138,200	—
Weighted average common shares outstanding – diluted	33,189,428	26,523,920
Net loss per share – diluted	$ (0.18)	$ (0.23)

The following potentially dilutive shares of common stock have not been included in the computation of diluted net loss per share for the three months ended March 31, 2022 and 2021, as the result would be anti-dilutive:

	Three Months Ended March 31,	
	2022	2021
Outstanding stock options	2,050,094	1,371,606
Outstanding restricted stock units	981,841	96,974
Warrants to purchase common stock associated with June 2016 public offering	—	421,867
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 2019 Public Offering	—	4,472,205
Warrants to purchase common stock associated with December 2020 Public Offering - Series 2	6,800,000	6,800,000
Warrants to purchase common stock associated with Loan Agreement	198,819	—
Warrants to purchase common stock associated with Solar loan agreement	—	12,243
Common stock associated with March 2019 Notes	—	1,138,200
Warrants to purchase common stock associated with Danforth	50,000	—
Total	10,879,564	15,111,905

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 interim 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 interim condensed consolidated financial statements.

3. Prepaid Expenses and Other Current Assets

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

	March 31, 2022	December 31, 2021
Prepaid research and development services	$ 753	$ 247
Prepaid insurance	206	505
Other prepaid expenses	2,956	2,813
Other current assets	4	4
Total prepaid expenses and other current assets	$ 3,919	$ 3,569

4. Inventory

Inventory consisted of the following (in thousands):

	March 31, 2022	December 31, 2021
Raw materials	$ 5,486	$ 5,162
Work in process	3	3
Finished goods	115	127
Total inventory	$ 5,604	$ 5,292

As of March 31, 2022 and December 31, 2021, the Company's inventory consisted of $4.5 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 interim condensed consolidated balance sheet.

5. Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	March 31, 2022	December 31, 2021
Accrued research and development expenses	$ 1,210	$ 1,498
Accrued employee bonus compensation	505	2,012
Other accrued expenses	1,893	1,352
Accrued co-pay rebates	915	836
Total accrued expenses	$ 4,523	$ 5,698

6. 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 infour 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 using a credit spread valuation model and Level 3 inputs which included an implied secured spread, risk free rate, and secured yield of 9.63%, 2.44%, and 12.07%, respectively. At March 31, 2022 and December 31, 2021, the fair value of the loan payable is $33.1 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 may make payments of interest only through November 1, 2023, which may be extended to May 1, 2024 upon the achievement of the First Performance Milestone prior to November 1, 2023, and 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 June 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 March 31, 2022 are as follows (in thousands):

2021	$	—
2022		—
2023		—
2024		23,874
2025		11,126
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		(2,670)
Less current portion		—
Loan payable, long term	$	33,713

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 March 31, 2022 and December 31, 2021, the Company’s March 2019 Notes consists of the convertible debt balance of $10.4 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 $0.4 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 March 31, 2022 and 2021, the Company recognized gains of $1.0 million and $42,000, respectively, on the fair value adjustment for the derivative liability. For the three months ended March 31, 2022 and 2021, the Company recognized $0.2 million and $0.3 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 March 31, 2022 and December 31, 2021, the fair value of the convertible debt and derivative liability for the March 2019 Notes is $10.9 million and $12.3 million, respectively.

The March 2019 Notes were issued and sold for cash at a purchase price equal to 100% of their principal amount, in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), due to the March 2019 Notes being issued to one financially sophisticated investor. 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.

The holder of the March 2019 Notes may convert their March 2019 Notes at their option at any time prior to the close of business on the business day immediately preceding March 15, 2025 into shares of the Company’s common stock. The initial conversion rate is 73.9096 shares of common stock per $1,000 principal amount of March 2019 Notes, which is equivalent to an initial conversion price of approximately $13.53 and is subject to adjustment in certain events described in the March 2019 Note Purchase Agreement. The Holder upon conversion may also be entitled to receive, under certain circumstances, an interest make-whole payment payable in shares of common stock. In addition, following certain corporate events that occur prior to the maturity date, the Company will, in certain circumstances, increase the conversion rate if the holder elects to convert its March 2019 Notes in connection with such a corporate event. Subject to adjustment in the conversion rate, the number of shares that the Company may deliver in connection with a conversion of the March 2019 Notes, including those delivered in connection with an interest make-whole payment, will not exceed a cap of 81 shares of common stock per $1,000 principal amount of the March 2019 Notes.

On or after March 15, 2022, the Company has the right, at its election, to redeem all or any portion of the March 2019 Notes not previously converted if the last reported sale price per share of common stock exceeds 130% of the conversion price on each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending on, and including, the trading day immediately before the date the Company sends the related redemption notice. The redemption price will be 100% of the principal amount of the March 2019 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. If a "fundamental change" (as defined in the March 2019 Note Purchase Agreement) occurs, then, subject to certain exceptions, the Company must offer to repurchase the March 2019 Notes for cash at a repurchase price of 100% of the principal amount of the March 2019 Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the repurchase date.

Other Liabilities

In February 2021, the Company partnered with Amplity Inc. ("Amplity") for the commercial launch of ibrexafungerp for the treatment of VVC. Under the terms of the 5-year agreement, the Company will utilize Amplity's commercial execution expertise and resources for sales force, remote engagement, training, market access and select operations services. The Company will maintain full ownership of ibrexafungerp and control of all strategic aspects of the launch. Amplity is deferring a portion of its direct service fees ("Deferred Fees") in the first two years (2021 and 2022), up to a cap, which the Company will repay over three years starting in 2023. As of March 31, 2022 and December 31, 2021, Deferred Fees of $4.1 million and $3.3 million, respectively, are recognized as long term other liabilities in the unaudited interim condensed consolidated balance sheet and represent a debt obligation.

The Deferred Fees will accrue until the earlier of (i) the cap is reached or (ii) December 31, 2022. The Deferred Fees will accrue interest at annual rate of 2.75% 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 March 31, 2022, the Company is obligated to repay $0.7 million in 2023, $2.1 million in 2024, and $1.5 million in 2025.

Amplity has the potential to earn a performance-based success fee ("Success Premium") in the 2023-2025 time frame by exceeding certain revenue targets. The Company identified the Success Premium as a derivative under ASC 815 that qualified for a scope exception given the revenue targets are considered the predominant underlying of the Success Premium. For the three months ended March 31, 2022 and 2021, there was no expense recognized associated with the Success Premium, respectively.

7. 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.

The consideration in the Lease allocated to the single lease component includes the fixed payments for the right to use the office space as well as common area maintenance. The Lease also contains costs associated with certain expense escalation, property taxes, insurance, parking, and utilities which are all considered variable payments and are excluded from the operating lease liability. The incremental borrowing rate utilized approximated the prevailing market interest rate the Company would incur to borrow a similar amount equal to the total Lease payments on a collateralized basis over the term of the Lease. 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 March 31,	
	2022	2021
Operating lease cost	$ 166	$ 166
Variable lease cost	(3)	(2)
Total operating lease expense	$ 163	$ 164
Cash paid for amounts included in the measurement of operating lease liability	$ 174	$ 170

	March 31, 2022	December 31, 2021
Remaining Lease term (years)	7.34	7.59
Discount rate	15 %	15 %

Future minimum lease payments for the Lease as of March 31, 2022 are as follows (in thousands):

	March 31, 2022
2022	$ 354
2023	715
2024	730
2025	744
2026	759
Thereafter	2,030
Total	$ 5,332

The presentations of the operating lease liability as of March 31, 2022 are as follows (in thousands):

	March 31, 2022
Present value of future minimum lease payments	$ 3,215
Operating lease liability, current portion	$ 77
Operating lease liability, long-term portion	3,138
Total operating lease liability	$ 3,215
Difference between future minimum lease payments and discounted cash flows	$ 2,117

License Arrangement with Potential Future Expenditures

As of March 31, 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.

Clinical Development Arrangements

The Company has entered into, and expects to continue to enter into, contracts in the normal course of business with various third parties who support its clinical trials, preclinical research studies, and other services related to its development activities. The scope of the services under these agreements can generally be modified at any time, and the agreement can be terminated by either party after a period of notice and receipt of written notice.

8. 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 100,000,000 shares as of March 31, 2022, and December 31, 2021; 29,221,158 and 28,705,334 shares were issued and outstanding at March 31, 2022, and December 31, 2021, respectively.

The following table summarizes common stock share activity for the three months ended March 31, 2022 and 2021 (dollars in thousands):

	Three Months Ended March 31, 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	—	—	—	(5,451)	(5,451)
Stock-based compensation expense	—	—	922	—	922
Common stock issued, net of expenses	487,610	—	2,135	—	2,135
Common stock issued through employee stock purchase plan	3,120	—	10	—	10
Common stock issued for vested restricted stock units	25,094	—	(18)	—	(18)
Vested Loan Agreement warrants	—	—	71		71
Balance, March 31, 2022	29,221,158	$ 32	$ 403,825	$ (364,930)	$ 38,927

	Three Months Ended March 31, 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	—	—	—	(4,676)	(4,676)
Stock-based compensation expense	—	—	398	—	398
Common stock issued for conversion of April 2020 Notes	959,080	1	7,452	—	7,453
Common stock issued through employee stock purchase plan	2,184	—	6	—	6
Common stock issued for vested restricted stock units	675	—	(15)	—	(15)
Balance, March 31, 2021	20,625,637	$ 21	$ 357,192	$ (331,289)	$ 25,924

Shares Reserved for Future Issuance

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

	March 31, 2022	December 31, 2021
Outstanding stock options	2,050,094	1,542,126
Outstanding restricted stock units	981,841	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 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 9)	150,114	295,220
For possible future issuance under Employee Stock Purchase Plan	3,714	3,893
For possible future issuance under 2015 Plan (Note 9)	147,250	235,000
Total common shares reserved for future issuance	15,518,842	14,367,493

Common Stock Purchase Agreement and Sales Agreement

On April 10, 2020, the Company entered into the Common Stock Purchase Agreement with Aspire Capital pursuant to which the Company has 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 over the next 30 months, subject to certain limitations and conditions set forth in the Common Stock Purchase Agreement. The aggregate number of shares that we can sell to Aspire Capital under the Common Stock Purchase Agreement may in no case exceed 1,956,547 shares of the Company's common stock (which is equal to approximately19.99% of the common stock outstanding on the date of the Common Stock Purchase Agreement), including the 70,910 commitment shares (the Exchange Cap), unless either (a) shareholder approval is obtained to issue more, in which case the Exchange Cap will not apply, or (b) the average purchase price of all shares sold under the Common Stock Purchase Agreement exceeds $8.461; provided that at no time shall Aspire Capital (together with its affiliates) beneficially own more than 19.99% of the Company's common stock. During the three months ended March 31, 2022, the Company sold 350,000 of its common stock under the Common Stock Purchase Agreement for gross proceeds of $1.5 million and did not sell any common stock during the three months ended March 31, 2021. During the months ended March 31, 2022, the Company sold 137,610 shares of its common stock and received net proceeds of $0.7 million, and did not sell any common stock during the three months ended March 31, 2021 under the Controlled Equity Offering℠ Sales Agreement with Cantor Fitzgerald & Co. and Ladenburg Thalmann & Co. Inc.

Warrants Associated with the March 2018 and December 2020 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 interim condensed consolidated statements of operations. During the three months ended March 31, 2022 and 2021, the Company recognized gains of $10.0 million and $1.3 million on the warrant liabilities fair value adjustment. As of March 31, 2022 and December 31, 2021, the fair value of the warrant liabilities was $8.0 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 stockand 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 reclassed 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.

9. 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 added1,148,213 and 786,547 shares to the total number shares of common stock available for future issuance under the 2014 Plan, respectively. As of March 31, 2022, there were150,114 shares of common stock available for future issuance under the 2014 Plan.

As of March 31, 2022, there were147,250 shares of common stock available for future issuance under the Company's 2015 Inducement Award Plan ("2015 Plan"). During the three months ended March 31, 2022 and 2021, there were options to purchase69,000 and zero shares of the Company's common stock granted under the 2015 Plan, respectively. On April 30, 2021, the Company's board of directors amended the 2015 Plan, and the share reserve for the 2015 Plan was increased from 90,000 to 500,000 shares of common stock.

The activity for the Company's 2009 Stock Option Plan, 2014 Plan, and 2015 Plan, for the three months ended March 31, 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	550,500	$ 4.59		
Forfeited/Cancelled	(42,532)	$ 7.44		
Outstanding — March 31, 2022	2,050,094	$ 12.28	7.97	$ —
Exercisable — March 31, 2022	793,216	$ 21.77	6.01	$ —
Vested or expected to vest — March 31, 2022	2,050,094	$ 12.28	7.97	$ —

Restricted stock unit ("RSU") activity under the 2014 Plan and 2015 Plan for the three months ended March 31, 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	883,465	$ 5.59
Vested	(25,094)	$ 7.92
Forfeited	(10,364)	$ 7.60
Non-vested at March 31, 2022	981,841	$ 5.83

The fair value of RSUs is based on the market price of the Company's common stock on the date of grant. RSUs generally vest25% 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 $0.9 million and $0.4 million for the three months ended March 31, 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 months ended March 31, 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 March 31,	
	2022	2021
Research and development	$ 285	$ 126
Selling, general and administrative	637	272
Total	$ 922	$ 398

10. 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 March 31, 2022 and December 31, 2021 for financial instruments measured at fair value on a recurring basis (in thousands):

		Fair Value Hierarchy Classification		
	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2022				
Cash	$ 621	$ 621	—	—
Restricted cash	218	218	—	—
Money market funds	94,589	94,589	—	—
Total assets	$ 95,428	$ 95,428	—	—
Warrant liabilities	$ 7,961	—	—	$ 7,961
Derivative liability	378	—	—	378
Total liabilities	$ 8,339	—	—	$ 8,339
December 31, 2021				
Cash	$ 310	$ 310	—	—
Restricted cash	218	218	—	—
Money market funds	104,187	104,187	—	—
Total assets	$ 104,715	$ 104,715	—	—
Warrant liabilities	$ 18,062	—	—	$ 18,062
Derivative liabilities	1,358	—	—	1,358
Total liabilities	$ 19,420	—	—	$ 19,420

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 March 31, 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 84.1% and 84.1%, 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 March 31, 2022, these inputs were 61.4%, 1,463 basis points, and 17.1%, 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 discount for lack of marketability, 2.9% as of March 31, 2022, is applied to the value of the March 2019 Notes. 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):

	Warrant Liabilities
Balance – December 31, 2021	$ 18,062
Loan Agreement warrants	(71)
Gain adjustment to fair value	(10,030)
Balance – March 31, 2022	$ 7,961

	Derivative Liabilities
Balance – December 31, 2021	$ 1,358
Gain adjustment to fair value	(980)
Balance – March 31, 2022	$ 378

11. Revenue

Product Revenue, Net

Net product revenue was $0.7 million for the three months ended March 31, 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 46%, 29%, and 21% of the Company's gross revenue for the three months ended March 31, 2022.

The following table summarizes activity in each of the Company's product revenue provision and allowance categories as of March 31, 2022 (in thousands):

	Discounts and Chargebacks (1)	Product Returns (2)	Rebates and Incentives (3)	Total
Balance as of December 31, 2021	$ 249	$ 21	$ 1,110	$ 1,380
Provision related to current period revenue	272	10	1,092	1,374
Changes in estimate related to prior period revenue	—	—	—	—
Credit/payments	(122)	—	(1,040)	(1,162)
Balance as of March 31, 2022	$ 399	$ 31	$ 1,162	$ 1,592

(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 interim 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 interim 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 interim 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. Under the terms of the Agreement, Hansoh shall be responsible for the development, regulatory approval and commercialization of ibrexafungerp in the Territory.

Pursuant to the terms of the Agreement, the Company received as consideration for the licenses a nonrefundable upfront cash payment of $10.0 million and is entitled to an additional payment that was payable upon the transfer of certain data related to the manufacturing license. In addition, the Company will also be eligible to receive up to $110.0 million in potential development and commercial milestones. In addition, during the term of the licensing agreement, the Company is entitled to low double-digit royalties on net product sales. The obligation to pay royalties with respect to sales in a specified region will continue until the later of the date of expiration of all intellectual property and regulatory exclusivity for the product in the region and ten years from the first commercial sale, unless earlier terminated by Hansoh with advanced notice for convenience or under other specified circumstances. The Company is also eligible to receive a milestone related to the successful completion of a manufacturing batch by Hansoh.

The Company evaluated the Agreement and concluded that it was subject to ASC 606 as the Company viewed the Agreement as a contract with a customer as the activities were central to its business operations. As such, the Company assessed the terms of the Agreement and identified one performance obligation for the licenses to research, develop, manufacture and commercialize ibrexafungerp in the Territory, including the underlying know-how related to such licenses. The Company also evaluated options for additional goods and services included in the Agreement related to (1) optional technical assistance related to development, regulatory or manufacturing activities and (2) an optional supply agreement for ibrexafungerp. Such options for additional goods or services were not considered to contain material rights as pricing approximated standalone selling prices and therefore the Company concluded that such options did not represent performance obligations and will be accounted for as separate transactions if and when they occur in the future.

The Company determined that the transaction price of $12.1 million 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. The remaining amounts related to the successful completion of a manufacturing batch by Hansoh and potential development milestones represent variable consideration as it was concluded that it was not probable that a significant reversal in cumulative revenue recognized will not occur and therefore not included in the transaction price as of March 31, 2021. Potential commercial milestones and royalties on net product sales will be recognized in the same period that the underlying net product sales occur as they were determined to relate to the license. The transaction price was recorded in license agreement revenue during the three months ended March 31, 2021 at a point in time upon control of the license transferring to Hansoh. The Company will reevaluate the transaction price at the end of each reporting period as uncertain events or resolved, or as other changes in circumstances occur. For the three months ended March 31, 2022, there was no license agreement revenue recognized given the variable consideration was fully constrained as of March 31, 2022.

Additionally, pursuant to the Agreement, both the Company and Hansoh agreed to make reasonable efforts to account for applicable taxes, fees, duties, levies, or similar amounts imposed on net income, franchise taxes and profits arising directly or indirectly from the activities of the Agreement. To the extent Hansoh is required by applicable laws to withhold or deduct any tax on any payment to the Company, Hansoh agreed to make certain increases on payments to the Company to ensure that the Company receives a sum equal to what the Company would have received had there been no deduction or withholding. As a result, the Company has recorded revenue and tax withholding expense primarily associated with the up-front payment received by the Company on a gross basis. For the three months ended March 31, 2021, the Company recognized $1.1 million in license agreement revenue and $1.1 million in income tax expense to account for the tax withholding expense primarily on the $10.0 million up-front that the Company is responsible to remit under applicable tax law.

In July 2016, the Company entered into an asset purchase agreement with UK-based Cypralis Limited (or "Cypralis"), a life sciences company, for the sale of its cyclophilin inhibitor assets. Cypralis also acquired all patents, patent applications and know-how related to the acquired portfolio. In connection with the asset purchase agreement, the Company is eligible to receive milestone payments upon the successful progression of Cypralis clinical candidates into later stage clinical studies and royalties payable upon product commercialization. The Company retains the right to repurchase the portfolio assets from Cypralis if abandoned or deprioritized. For the three months ended March 31, 2022 and 2021, there was no revenue recognized associated with this agreement given the variable consideration associated with the sale of intellectual property to Cypralis was fully constrained as of March 31, 2022 and 2021, respectively. Additionally, in October 2014 the Company entered into a license agreement with Waterstone Pharmaceutical HK Limited (or "Waterstone") and granted Waterstone an exclusive, worldwide license to develop and commercialize certain non-strategic compounds. The Company is entitled to receive potential milestones and royalties from Waterstone; however, there was no revenue recognized by the

Company associated with this agreement given the variable consideration was fully constrained as of March 31, 2022 and March 31, 2021.

12. Subsequent Events

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 "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. There is not expected to be any trading market for the pre-funded warrants or warrants issued in the Offering. Each warrant is exercisable immediately upon issuance, subject to certain limitations on beneficial ownership. The price to the public in the Offering is $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. Pursuant to the Underwriting Agreement, the Underwriters agreed to purchase shares of common stock and accompanying warrants from the Company at a price of $2.82 per share of common stock, and to purchase pre-funded warrants and accompanying warrants from the Company at a price of $2.81906 per pre-funded warrant, which resulted in approximately $41.9 million of net proceeds to the Company after deducting the underwriting discount and estimated offering expenses. The shares of common stock will be listed on The Nasdaq Global Market. All of the shares, pre-funded warrants and warrants in the Offering were sold by the Company.

In addition, the Company granted to the Underwriters an option to purchase up 2,250,000 additional shares of common stock and/or warrants to purchase up to an aggregate of an additional 2,250,000 shares of common stock, in each case at their respective public offering prices, less underwriting discounts and commissions.

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

Operating results for the three months ended March 31, 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 potentially help millions of patients worldwide in need of new options 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 multiple fungal indications in both the community and hospital settings. 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, and we have commenced the commercialization of BREXAFEMME in the U.S. We also are continuing late-stage clinical development of ibrexafungerp for multiple indications, including the treatment of life-threatening invasive fungal infections caused primarily by *Candida* spp. (including *C. auris*) and *Aspergillus* spp. in hospitalized 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 *Blastomyce* 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.

BREXAFEMME Update

In June 2021, the FDA approved BREXAFEMME for use in patients with VVC. This approva 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.

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 belong to a single drug class, the azoles. According to IQVIA data, there were approximately 970, 3,600, and 4,000 total prescriptions for BREXAFEMME written in the third quarter of 2021, the fourth quarter of 2021, and the first quarter of 2022, respectively, representing 0.04%, 0.08%, and 0.10% of market share in these respective periods. Total prescriptions have continued to grow

in 2022, with 1,070, 1,328, and 1,579 total prescriptions in January 2022, February 2022, and March 2022, respectively. BREXAFEMME was prescribed by 677, 820, and 925 health care providers in January 2022, February 2022, and March 2022, respectively, with 357 (52.7%), 447 (54.5%), and 512 (54.8%) of these prescribers, respectively, being repeat prescribers of the treatment. We have achieved significant additional listings on national and regional formularies during the first quarter of 2022, expanding total insurance coverage of BREXAFEMME to more than 93 million commercially-insured lives, or approximately 55 percent of insured patients, up from 48 million as of September 30, 2021 and 81 million as of December 31, 2021. A second indication is anticipated in 2022 for recurrent VVC, with the potential for peak U.S. sales combined for the treatment of VVC and recurrent VVC estimated over $400 million.

We have partnered with Amplity Inc. (Amplity), a leading global contract commercialization organization, to support the ongoing U.S. commercialization of BREXAFEMME. We are utilizing Amplity's commercial execution expertise and resources for sales force, remote engagement, training, market access and select operations services. BREXAFEMME is now available at pharmacies and our full sales team is in the field actively engaging healthcare providers (HCPs). An Early Experience Program was successfully implemented with key HCPs in July 2021, confirming the need for a new treatment option and their willingness to prescribe BREXAFEMME. Progress with payers has yielded scheduled Pharmacy and Therapeutic (P&T) reviews and contract discussions and negotiations.

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, for which there is no approved therapy in the U.S, was completed in April 2022. We anticipate filing a potential supplemental NDA submission for the prevention of recurrent VVC in the second quarter of 2022, resulting in a potential approval in late 2022.

In the fourth quarter of 2021, we initiated a 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 anticipate enrolling the first patient by the end of the second quarter of 2022.

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, one for which ibrexafungerp could provide a much-needed oral alternative. We anticipate potential approval for ibrexafungerp in the treatment of IC in 2024, with the potential for peak U.S. sales estimated between $300 to $400 million.

We have continued to enroll and analyze the data of patients that have completed the treatment course in our FURI and CARES studies. In March 2022, a DRC of independent experts assessed the efficacy of oral ibrexafungerp in a fourth cohort of 39 patients from the FURI study and eight patients from the CARES study. The fourth interim analysis of the FURI study showed that antifungal activity was consistently positive across all interim analyses with oral ibrexafungerp showing a complete or partial response in 20 out of 39 patients, and eight patients with no response. On an aggregate basis, oral ibrexafungerp showed clinical benefits in 82.3% of patients (93 of 113), with 66 patients achieving a complete or partial response and 27 patients achieving a stable disease response. Of the 113 treated patients, only 13 did not respond to ibrexafungerp treatment, one patient died of an underlying condition unrelated to the treatment or fungal infection, and six patients were considered indeterminate. Analysis of the CARES study found that, on an aggregate basis, 88.9% (16 of 18) patients with invasive candidiasis and candidemia due to *Candida auris* experienced a clinical benefit, with 14 patents achieving a complete or partial response and two patients achieving a stable disease response. Of the 18 treated patients, one patient died of an underlying condition unrelated to the treatment or fungal infection and one patient was considered indeterminate. Oral ibrexafungerp exhibited a positive safety profile and was well-tolerated, with gastrointestinal issues cited as the most common treatment-related adverse events. There were no safety signals warranting changes to the studies.

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. SCYNERGIA, which is evaluating oral ibrexafungerp in combination with voriconazole for the treatment of invasive pulmonary aspergillosis, has not enrolled as rapidly as initially projected. The prioritization of hospital resources toward addressing the COVID-19 pandemic has impacted the ability of many institutions to focus on screening and enrolling patients into some clinical trials, including SCYNERGIA. With recent decreases in COVID-19 hospitalizations in some regions, we expect enrollment to accelerate over the next two quarters and anticipate top-line results in the second half of 2022.

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. Dosing began in March 2021, and the last cohort was completed in October 2021. 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 have begun to scale up manufacturing to enable additional liposomal IV formulation trials.

Corporate Update

In April 2022, we entered into an Equity Underwriting Agreement (the Underwriting Agreement) with Guggenheim Securities, LLC, as representative of the several underwriters, relating to the offering, issuance and sale of (a) 3,333,333 shares of our common stock, (b) pre-funded warrants, in lieu of common stock, to purchase 11,666,667 shares of our common stock, 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 our common stock. We received approximately $41.9 million in net proceeds from this offering in April 2022.

In May 2021, we 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), for an aggregate principal amount of $60.0 million (the Term Loan). We received $20.0 million upon closing of the Loan Agreement and $10.0 million upon the FDA approval of BREXAFEMME for oral use in patients with VVC. In February 2022, the third tranche of our Loan Agreement became available to us upon the achievement of positive results from the Phase 3 CANDLE study of ibrexafungerp for the prevention of recurrent VVC, and we received $5.0 million in March 2022.

In February 2022, we entered into an agreement with a third party to sell a portion of our unused New Jersey NOLs and research and development credits for approximately $4.7 million.

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, which totaled $95.2 million as of March 31, 2022, and availability to issue up to $46.2 million and $15.3 million of our common stock under our at-the-market facility with Cantor Fitzgerald & Co. (Cantor) and Ladenburg Thalmann & Co. Inc. (Ladenburg), and common stock purchase agreement with Aspire Capital (subject to certain limitations for the common stock purchase agreement as disclosed in Note 8), respectively. 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.

We have incurred annual net losses since our inception, including the year ended December 31, 2021, and the three months ended March 31, 2022. As of March 31, 2022, our accumulated deficit was $364.9 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 that our selling, general and administrative expenses will increase to support the ongoing commercial launch of BREXAFEMME for the VVC indication and our ongoing operations. 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 (e.g., grants, and New Jersey Technology Business Tax Certificate Transfer (NOL) Program), 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 and the common stock purchase agreement with Aspire Capital.

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 months ended March 31, 2022 and 2021, consists of amortization of debt issuance costs and discount, interest income, interest expense, other income, the warrant liabilities fair value adjustment, the derivative liabilities fair value adjustment, and the loss recognized for the extinguishment of debt.

Income Tax (Benefit) Expense

All of our income tax (benefit) expense recognized in the three months ended March 31, 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 March 31, 2022 and 2021

The following table summarizes our results of operations for the three months ended March 31, 2022 and 2021, together with the changes in those items in dollars and percentage (dollars in thousands):

	Three Months Ended March 31,			
	2022	2021	Period-to-Period Change	
Revenue:				
Product revenue, net	$ 687	$ —	$ 687	— %
License agreement revenue	—	12,050	(12,050)	(100.0) %
Total revenue	687	12,050	(11,363)	(94.30) %
Operating expenses:				
Cost of product revenues	99	—	99	— %
Research and development	5,735	6,948	(1,213)	(17.5) %
Selling, general and administrative	14,591	6,696	7,895	117.9 %
Total operating expenses	20,425	13,644	6,781	49.7 %
Loss from operations	(19,738)	(1,594)	(18,144)	1,138.3 %
Other expense (income):				
Loss on extinguishment of debt	—	2,725	(2,725)	(100.0) %
Amortization of debt issuance costs and discount	390	256	134	52.3 %
Interest income	(13)	(7)	(6)	85.7 %
Interest expense	1,059	214	845	394.9 %
Other income	(13)	—	(13)	— %
Warrant liabilities fair value adjustment	(10,030)	(1,296)	(8,734)	673.9 %
Derivative liabilities fair value adjustment	(980)	90	(1,070)	(1,188.9) %
Total other (income) expense	(9,587)	1,982	(11,569)	(583.7) %
Loss before taxes	(10,151)	(3,576)	(6,575)	183.9 %
Income tax (benefit) expense	(4,700)	1,100	(5,800)	(527.3) %
Net loss	$ (5,451)	$ (4,676)	$ (775)	16.6 %

Revenue. Revenue in the three months ended March 31, 2022 consists solely of product sales of BREXAFEMME, for which we began commercialization in the second half of 2021. Revenue in the three months ended March 31, 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 three months ended March 31, 2022 consists primarily of distribution and freight costs associated with BREXAFEMME.

Research and Development. For the three months ended March 31, 2022, research and development expenses decreased to $5.7 million compared to $6.9 million for the three months ended March 31, 2021. The decrease of $1.2 million, or 17%, for the three months ended March 31, 2022, was primarily driven by a decrease of $1.1 million in chemistry, manufacturing, and controls (CMC) expense, a decrease of $0.1 million in regulatory expense, and a net decrease in other research and

development expense of $0.3 million, offset by an increase of $0.2 million in preclinical expense and an increase of $0.1 million in clinical expense.

The $1.1 million decrease in CMC for the three months ended March 31, 2022, was primarily driven by $0.5 million in expense recognized during the three months ended March 31, 2021 for third-party drug product manufacturing. The $0.1 million decrease in regulatory expense was primarily due to the costs incurred during the prior period for the preparation and filing of the NDA submission for BREXAFEMME. The $0.1 million increase in clinical development expense for the three months ended March 31, 2022, was primarily driven by a decrease of $0.7 million and $0.3 million in expense associated with our CANDLE Phase 3 study which was substantially completed in the current period and certain Phase 1 studies to support the NDA for BREXAFEMME in the prior period, respectively. The decreases in expenses associated with the CANDLE Phase 3 study and the Phase 1 studies to support the NDA for BREXAFEMME were offset in part by an increase of $1.3 million in clinical expense associated with startup and ongoing costs for the MARIO study in the current period.

Selling, General & Administrative. For the three months ended March 31, 2022, selling, general and administrative expenses increased to $14.6 million from $6.7 million for the three months ended March 31, 2021. The increase of $7.9 million, or 118%, for the three months ended March 31, 2022, was primarily driven by a $5.8 million increase in commercial related expense, an increase of $0.9 million in salary related costs, an increase of $0.6 million in medical affairs expense, all primarily due to the costs recognized to support the ongoing commercialization of BREXAFEMME, and an increase of $0.4 million in professional fees.

Amortization of Debt Issuance Costs and Discount. For the three months ended March 31, 2022 and 2021, we recognized $0.4 million $0.3 million in amortization of debt issuance costs and discount. The 2021 and 2020 debt issuance costs and discount for both the April 2020 and March 2019 convertible notes primarily consisted of an allocated portion of advisory fees and other issuance costs. The 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 three months ended March 31, 2022 and 2021, we recognized $13,000 and $7,000, respectively, in interest income primarily on our money market fund.

Interest Expense. For the three months ended March 31, 2022 and 2021, we recognized $1.1 million and $0.2 million in interest expense. The $0.9 million increase in interest expense for the three months ended March 31, 2022, was primarily driven by the outstanding loan payable associated with the Loan Agreement entered into in May 2021.

Other Income. For the three months ended March 31, 2022, we recognized $13,000 in other income primarily associated with realized gains on foreign currency transactions, for there was no corresponding amount in the three months ended March 31, 2021.

Warrant Liabilities Fair Value Adjustment. For the three months ended March 31, 2022 and 2021, we recognized gains of $10.0 million and $1.3 million, respectively, in the fair value adjustment related to the warrant liabilities primarily due to the decrease in our stock price during the quarters.

Derivative Liabilities Fair Value Adjustment. For the three months ended March 31, 2022 and 2021, we recognized a gain of $1.0 million and a loss of $0.1 million, respectively, in the fair value adjustment related to the derivative liabilities primarily due to the decrease in our stock price during the current quarter and an increase in the stock price in the prior quarter.

Income Tax (Benefit) Expense. For the three months ended March 31, 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 three months ended March 31, 2021, we recognized $1.1 million of tax withholding expense primarily associated with the upfront payment received from Hansoh.

Liquidity and Capital Resources

Sources of Liquidity

Through March 31, 2022, we have primarily funded our operations from net proceeds from equity and debt issuances and through revenue from development services. As of March 31, 2022, we had cash and cash equivalents of $95.2 million, compared to cash and cash equivalents of $104.5 million as of December 31, 2021. The decrease in our cash and cash equivalents was primarily due to our increase in selling, general and administrative expenses to support the ongoing commercial launch of BREXAFEMME and the continued development costs associated with ibrexafungerp. Subsequent to the end of the quarter, in April 2022 we raised approximately $41.9 million in net proceeds from our public offering of our common stock and warrants. We have incurred annual net losses since our inception, and we incurred a net loss during the three months ended March 31, 2022. As of March 31, 2022, our accumulated deficit was $364.9 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 we expect our selling, general and administrative expenses to increase to support the ongoing commercial launch of BREXAFEMME for the treatment of vaginal yeast infections and our ongoing operations. As a result, 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 (e.g., grants, and New Jersey Technology Business Tax Certificate Transfer (NOL) Program), 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 and the common stock purchase agreement entered into on April 10, 2020 with Aspire Capital. During the three months ended March 31, 2022, we sold 137,610 and 350,000 shares of our common stock and received net proceeds of $0.7 million and $1.5 million under our at-the-market facility and common stock purchase agreement, respectively.

Cash Flows

The following table sets forth the significant sources and uses of cash for the three months ended March 31, 2022 and 2021 (in thousands):

	Three Months Ended March 31,	
	2022	2021
Cash, cash equivalents, and restricted cash, January 1	$ 104,702	$ 93,314
Net cash used in operating activities	(15,988)	(759)
Net cash used in investing activities	(9)	(200)
Net cash provided by (used in) financing activities	6,723	(71)
Net decrease in cash, cash equivalents, and restricted cash	(9,274)	(1,030)
Cash, cash equivalents, and restricted cash, March 31	$ 95,428	$ 92,284

Operating Activities

The $15.2 million increase in net cash used in operating activities for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, was primarily due to the increase in selling, general and administrative expenses to support the ongoing commercial launch of BREXAFEMME and the continued development costs associated with ibrexafungerp. In the prior comparable quarter, 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 increase to support the ongoing commercial launch of BREXAFEMME and our ongoing operations.

Net cash used in operating activities of $16.0 million for the three months ended March 31, 2022, primarily consisted of the $5.5 million net loss adjusted for non-cash charges that included the gain on change in fair value of the warrant liabilities of $10.0 million, the gain on change in fair value of the derivative liabilities of $1.0 million, stock-based compensation expense of $0.9 million, amortization of debt issuance costs and discount of $0.4 million, plus a net unfavorable change in operating assets and liabilities of $1.0 million. The net unfavorable change in operating assets and liabilities was due to an increase in accounts payable, accrued expenses, other liabilities and other of $0.4 million, offset by an increase in prepaid expenses, accounts receivable, inventory, and other of $1.4 million. The $0.4 million increase in accounts payable, accrued expenses, other liabilities, and other was primarily due to the increase in accounts payable of $0.7 million and an increase of $0.9 million in other liabilities associated with the deferred fees due to Amplity, offset in part by a decrease in accrued expenses of $1.2 million primarily due to the $1.5 million decrease in accrued bonus that was paid during the current quarter. The increase in prepaid expenses, accounts receivable, inventory, and other of $1.4 million was primarily due to the increase in accounts receivable of $0.8 million, a $0.5 million increase in prepaid research and development services, and an increase of $0.3 million in inventory.

Net cash used in operating activities of $0.8 million for the three months ended March 31, 2021, primarily consisted of the $4.7 million net loss adjusted for non-cash charges that included the gain on change in fair value of the warrant liabilities of $1.3 million, the loss on change in fair value of the derivative liabilities of $0.1 million, stock-based compensation expense of $0.4 million, amortization of debt issuance costs and discount of $0.3 million, and the loss on extinguishment of debt of $2.7 million, plus a net favorable change in operating assets and liabilities of $1.7 million. The net favorable change in operating assets and liabilities was primarily due to a decrease in accounts payable, accrued expenses, and other of $0.1 million and offset in part by a decrease in prepaid expenses, deferred costs, and other of $1.7 million. The $0.1 million decrease in accounts payable, accrued expenses, and other was primarily due to the increase in accounts payable of $1.9 million as of March 31, 2021, offset in part by the decrease of $1.8 million in accrued employee bonus compensation as a result of the payment of the

2020 related employee bonus compensation in 2021 and a $0.2 million decrease in accrued research and development expenses. The decrease in prepaid expense, deferred cost, and other of $1.7 million was primarily due to the collection of a $2.9 million receivable in February 2021 offset by a $1.0 million other receivable recognized for the three months ended March 31, 2021.

Investing Activities

Net cash used in investing activities of $9,000 for the three months ended March 31, 2022, consisted solely of purchases of intangible assets.

Net cash used in investing activities of $0.2 million for the three months ended March 31, 2021, consisted solely of purchases of intangible assets.

Financing Activities

Net cash provided by financing activities of $6.7 million for the three months ended March 31, 2022, consisted primarily of the gross proceeds of $5.0 million received from the Loan Agreement and $2.2 million in gross proceeds from common stock issued under our at-the-market and common stock purchase agreements.

Net cash used in financing activities of $0.1 million for the three months ended March 31, 2021, consisted primarily of $0.1 million in payments of offering costs and underwriting discounts and commissions associated with our December 2020 public offering.

Future Funding Requirements

We have begun to generate revenue from product sales for BREXAFEMME. However, we expect to incur significant expenses in connection with our ongoing efforts to commercialize BREXAFEMME and further other 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, the net proceeds received from our April 2022 public offering, and the anticipated sales of BREXAFEMME will enable us to fund our operating requirements into the first quarter of 2024. These funds are also sufficient to enable us to support the ongoing commercial launch of BREXAFEMME for the treatment of vaginal yeast infections. 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;
- 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 (e.g.,

grants, and New Jersey Technology Business Tax Certificate Transfer (NOL) Program), 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 as well as through our common stock purchase agreement with Aspire Capital, 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 interim 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 March 31, 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 March 31, 2022, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

During the quarter ended March 31, 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 2. Unregistered Sales of Equity Securities and Use of Proceeds

Pursuant to a consulting agreement with Danforth Advisors ("Danforth"), we issued in November 2021 to Danforth a warrant to purchase 50,000 shares of our common stock at an exercise price of $5.50 per share. The warrant will expire five years from the date of the grant and will vest ratably over 24 months from the date of grant.

On May 13, 2021, we 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 us in four tranches, subject to certain terms and conditions. In March 2022, the third tranche of the Term Loan, consisting of $5.0 million (the "Third Tranche"), was fully funded as a result of (a) the First Performance Milestone being met and (b) the achievement of the primary endpoint from the Phase 3 study of ibrexafungerp in patients with recurrent vulvovaginal candidiasis. In connection with the payment of the Third Tranche and pursuant to the Loan Agreement, in March 2022, we issued to Hercules a warrant to purchase 18,934 shares of our common stock, and to SVB a warrant to purchase 9,467 shares of our common stock, each with an exercise price of $7.04 per share and with an expiration date of March 9, 2029. The warrants were issued to Hercules and SVB in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended, in that they were issued to two accredited investors.

Item 6. Exhibits.

Exhibit Number	Description of Document
3.1	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).
3.2	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).
3.3	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).
3.4	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).
4.1	Reference is made to Exhibits 3.1 through 3.3.
10.1	Employment Agreement, effective May 10, 2021, between SCYNEXIS, Inc. and Christine Coyne.
10.2	Form of Restricted Stock Unit Grant Notice and Award Agreement (Filed with the SEC as Exhibit 10.1 to our Form 8-K, filed with the SEC on February 8, 2022, SEC File NO. 001-36365, and incorporated by reference here).
10.3	Non-Employee Director Compensation Policy (Filed with the SEC as Exhibit 10.36 to our Form 10-K/A, filed with the SEC on May 2, 2022, SEC File No. 001-36365, and incorporated by reference here).
31.1	Certification of Chief Executive Officer pursuant to Rule 13-a-14(a) or Rule 15(d)-14(a) of the Exchange Act.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 13a-14(b) or 15d-14(b) of the Exchange Act.
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: May 11, 2022

By: /s/ Lawrence R. Hoffman
Lawrence Hoffman
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: May 11, 2022

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ***("Agreement"),*** effective as of May 10, 2021 (the ***"Effective Date"),*** is by and between SCYNEXIS, Inc., a Delaware corporation ***("Employer"*** **or** ***"Company")*** and Christine Coyne ***("Employee").***

RECITALS:

WHEREAS, Employer considers the availability of Employee's services to be important to the management and conduct of Employer's business and desires to secure the continued availability of Employee's services and hire Employee on terms herein contained; and

WHEREAS, Employee is willing to make her services available to Employer on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. **Employment**. For the Term (as defined in Section 2), Employee shall be employed as **Chief Commercial Officer** (the "Position") of Employer. Employee hereby accepts and agrees to such employment and will report to the Chief Executive Officer. Employee shall perform such duties and shall have such powers, authority and responsibilities as are customary for one holding the Position in a business similar to Employer and shall additionally rendersuch other services and duties as may be reasonably assigned to Employee from time to time by the Chief Executive Officer or the Board of Directors of the Company. The principal office of Employer, where Employee will be located, is currently in Jersey City, New Jersey.

2. **Term of Employment.** The Term of this Agreement shall commence on May 10, 2021 and continue until terminated as provided in Section 5 or Section 6 (such period, the *"Term")*. Employee understands, acknowledges and agrees that, except as herein provided, this Agreement does not create an obligation for the Employer or any other person to continue Employee's employment and either the Employer or the Employee may terminate Employee's employment at any time, with or without Just Cause (as defined herein) subject to any notice provisions set forth in this Agreement.

3. Compensation.

(a) For all services rendered by Employee to Employer under this Agreement, Employer shall pay to Employee, during the Term, a base annual salary of not less than
$395,000 payable in arrears in accordance with the customary payroll practices of Employer. During the Term, Employee's annual base salary shall be reviewed and subject to increase

based upon the individual performance of Employee and the overall performance of the Company, in accordance with Employer's standard policies and procedures.

(b) Employee shall be eligible to earn a discretionary annual performance bonus during the term of up to forty percent (40%) of Employee's annual base salary, less payroll deductions and withholdings (the "*Annual Bonus*"). Employee shall be eligible for a prorated Annual Bonus for 2021, the year of hire. The amount of the bonus paid shall be based upon the Board of Directors' assessment of the Employee's performance and the Company's achievement of performance objectives as determined by the Board of Directors (or a compensation committee thereof), including the attainment of targeted goals by the Employee and/or the Company in such calendar year, which will be set by the Board in its discretion. The Annual Bonus is not guaranteed. Following the close of each calendar year (and the completion of the audit of the Company's annual financial statements and filing of the Company's 10-K for such calendar year if the Board so elects), the Board will determine in its discretion the amount of the Annual Bonus the Employee is entitled to receive, if any, based on the Board's assessment of the Employee's performance and the Company's performance in such calendar year. The Annual Bonus shall be deemed earned and due on the date that it is determined by the Board. Any Annual Bonus the Employee is entitled to receive shall be paid to the Employee in accordance with the Company's standard practice no later than thirty (30) days following the completion of the audit of the Company's financial statements and filing of the Company's 10-K for the applicable calendar year.

(c) Equity Awards: As an inducement material to Employee's entering into employment with the Company, the Company will grant to the Employee the following:

(i) 125,000 of the Equity Award will be in the form of options to purchase the Company's common stock under Employer's 2015 Inducement Award Plan. The award will be granted as of the date the Term commences, with the exercise price per share equal to the per share closing sales price of the Company's common stock on the date of grant as reported on the principal stock exchange or market on which the common stock is listed. The vesting schedule will be 31,250 shares (25%) on the first anniversary of the start date, with the balance vesting on an equal monthly basis (1/36th of the balance each month) over the following 36 months.

(ii) 15,000 of the Equity Award will be in the form of Restricted Stock Units ("RSUs") under Employer's 2015 Inducement Award Plan. So long as you remain employed by the Company, the RSUs will vest over a four-year period, and be delivered to you on a yearly basis. One-fourth of the total RSU grant will vest on each of the first, second, third and fourth anniversaries of your start date. You are required to pay applicable withholding and employment taxes when your RSUs vest. The Company will reduce the number of shares to be issued to you on the issuance date by an aggregate number of shares having a value equal to the minimum

statutory tax withholding requirements. RSUs will be subject to an Award Agreement containing terms and conditions determined by the Compensation Committee of the Company.

(iii) Further equity awards may be granted by the Board (or a committee thereof), in its discretion, based on the Employee's and the Company's performance.

(d) Employee shall be eligible to participate in any stock, stock option, retirement, profit-sharing, or other compensation plans which are offered by the Company to its executives.

(e) All amounts payable hereunder shall be subject to such deductions and withholdings as shall be required by law, if any.

(f) Employee shall be entitled to holidays, sick leave and other time off and to participate in those life, health or other insurance plans and other employee pension and welfare benefit programs, plans, practices and benefits generally made available from time to time to all employees of Employer; provided that nothing herein shall obligate Employer to continue any of such benefits for Employee if discontinued for other employees. Without limiting the foregoing, Employee shall be entitled to paid vacation during each fiscal year of the Term of 20 days, prorated for any partial fiscal year.

(g) Employee shall be paid a one-time bonus of $80,000 in two installments, the first $40,000 payable within forty-five days after the commencement of the term of employment and the second $40,000 payable after one year of employment (the two installments, collectively, the "Sign-On Bonus"). Employee agrees that if Employee's employment is terminated by Employer under Section 6(b) for Just Cause or by Employee under Section 6(c) without Good Reason prior to the two-year anniversary of the first day of employment, then Employee shall repay to the Company the Sign-On Bonus. Employer is authorized to deduct any portion of the amount to be repaid under this paragraph from any payments that would otherwise be due to Employee under the terms of this Agreement.

4. Reimbursement of Expenses.

Employer shall pay or reimburse Employee for all reasonable travel and other reasonable business expenses incurred by Employee in performing Employee's obligations under this Agreement and also for any dues and costs of appropriate professional organizations and continuing professional education, subject to such reasonable documentation and substantiation as Employer shall require. Such reimbursements shall be paid promptly, but in no event later than thirty (30) days after submission of the appropriate request for reimbursement by Employee.

5. **Disability.** To the extent permitted by law, the following provisions shall apply. Upon the *"disability"* of Employee, this Agreement may be terminated by action of the Board upon 30 days prior written notice (the *"Disability Notice"),* such termination to become effective only if such

disability continues after the thirty (30) day period. If, prior to the effective time of the Disability Notice, Employee shall recover from such disability and return to the full-time active discharge of her duties, then the Disability Notice shall be of no further force and effect and Employee's employment shall continue as if the same had been uninterrupted. If Employee shall not so recover from her disability and return to her duties, then her services shall terminate at the effective time of the Disability Notice. Such termination shall not prejudice any benefits payable to Employee that are fully vested as of the date of such termination and Employee shall be entitled to receive a lump sum payment equal to any base salary, bonus and other compensation earned and due but not yet paid through the effective date of termination, which payment will be paid to Employee as soon as administratively practicable, but in no event more than thirty (30) days following the effective time of the Disability Notice. Prior to the effective time of the Disability Notice, Employee shall continue to earn all compensation to which Employee would have been entitled as if he had not been disabled, such compensation to be paid at the time, in the amounts, and in the manner provided in Section 3(a). A *"disability"* of Employee shall be deemed to exist at all times that

Employee is considered by the insurance company which has issued any policy of long-term disability insurance owned by Employer or for which premiums are paid by Employer (the *"Employer Policy")* to be totally disabled under the terms of such policy. If Employer no longer maintains or pays premiums for any long-term disability policy covering Plaintiff, then a "disability" of Employee shall be said to exist at all times that Employee is receiving disability payments from the Social Security Administration.

6. Termination.

(a) If Employee shall die during the Term, this Agreement and the employment relationship hereunder will automatically terminate on the date of death, which date shall be the last day of the Term; provided that such termination shall not prejudice any benefits payable to Employee or Employee's beneficiaries that are fully vested as of the date of death. An estate of Employee shall have the right to exercise any options in accordance with the underlying terms and provisions of the grants.

(b) Employer may terminate Employee's employment under this Agreement at any time with or without Just Cause subject to appropriate notice as herein provided. Any termination without Just Cause shall be effective only upon thirty (30) days prior written notice to Employee. Any termination with Just Cause shall be effective upon appropriate notice or at such other time set by the Company. *"Just Cause"* shall mean: (i) Employee's willful and material breach of this Agreement and Employee's continued failure to cure such breach to the reasonable satisfaction of the Company within thirty (30) days following written notice of such breach to Employee from the Company; (ii) Employee's conviction of, or entry of a plea of guilty or *nolo contendere* to a felony or a misdemeanor involving moral turpitude; (iii) Employee's willful commission of an act of fraud, breach of trust, or dishonesty including, without limitation, embezzlement, that results in material damage or harm to the business, financial condition or assets of Employer; (iv) Employee's intentional damage or destruction of substantial property of Employer; or (v)

Employee's material breach of the terms of the Confidentiality Agreement (as defined below). Just Cause shall be determined by the Company in its reasonable discretion and the particulars of any determination shall be provided to Employee in writing. At any time within ninety (90) days of receipt by Employee in writing of such determination, Employee may object to such determination in writing and submit the determination to arbitration in accordance with Section 14(i). If such determination is overturned in arbitration, Employee will be treated as having been terminated without Just Cause and shall be entitled to the benefits of Section 7(c). Any determination by the Company that the Employee's employment with the Company was terminated with or without Just Cause under this Agreement will have no effect upon any determination of the rights or obligations of the Company or Employee for any other purpose.

(c) Employee may voluntarily terminate her employment with Employer either (i) without Good Reason (as defined in Section 7(e)(ii) on thirty (30) days prior written notice to Employer or (ii) with Good Reason (subject to the notice provisions set forth in the definition thereof).

7. Payments Upon Termination; Effects on Equity.

(a) Upon any termination pursuant to Section 6, Employee shall be entitled to receive a lump sum payment equal to any base salary, bonus and other compensation earned and due but not yet paid through the effective date of termination (collectively *"Accrued Compensation"),* which payment will be paid to Employee as soon as administratively practicable, but in no event more than thirty (30) days following the effective date of Employee's termination.

(b) Just Cause Termination - If Employer, or any successor following a Change in Control or otherwise, terminates Employee's employment for Just Cause, Employee shall forfeit all of Employee's stock options at the date of termination (vested and unvested), and Employee shall not have the right to exercise any of such options. If Employee terminates her employment or if Employer (or its successor following a Change in Control) terminates Employee's employment without Just Cause, Employee shall have ninety (90) days from the date of termination to exercise any vested options.

(c) Termination by Employer other than for Just Cause; for Good Reason by Employee - In addition to the amounts payable under Section 7(a) above, at any time other than the twelve (12) month period after the consummation of a Change in Control, if Employee's employment hereunder is terminated by (i) Employer other than for Just Cause, or (ii) Employee for Good Reason, and provided in either event that Employee executes a general Release and Settlement Agreement in the Company's then current form which shall be reasonable in all particulars (the *"Release")* within the time period set forth therein (but in no event later than forty-five (45) days after the termination date) and allows such Release to become effective in accordance with its terms (such date, the "*Release Effective Date*"), then Employee shall be entitled to the following:

(i) severance, payable in accordance with the Employer's standard payroll

practices, equal to Employee's then current base salary (exclusive of any bonus pursuant to Section 3 herein or other variable compensation) for a period of six (6) months commencing with the first payroll period following the termination (the *"Severance Period")* provided that on the first regular payroll pay day following the Release Effective Date, the Employer will pay Employee the severance payments that Employee would otherwise have received under this Agreement on or prior to such date but for the delay in payment related to the effectiveness of the Release, with the balance of such severance payments being paid as originally scheduled;

(ii) the vesting of the Employee's unvested time-based stock options and any time-based restricted stock awards shall be accelerated such that, effective as of the date of the Employee's termination of employment, the Employee shall receive immediate accelerated vesting of such equity awards with respect to that same number of shares which would have vested if the Employee had continued in employment during the Severance Period, in accordance with the original vesting schedule of such equity awards;

(iii) if the Employee elects continued health care coverage under COBRA and timely pays her portion of the applicable premiums, the Employer will continue to pay for the same percentage of Employee's, and Employee's qualified beneficiaries', COBRA premiums for continued medical, dental and vision group health coverage as the percentage of medical, dental and vision insurance premiums it paid for the Employee, and Employee's beneficiaries, during the Employee's employment (the *"COBRA Premium Payments")*. Such COBRA Premium Payments shall commence on the first day of the Severance Period and continue until the earlier of (i) the last day of the Severance Period; (ii) the date on which the Employee or qualified beneficiary, as applicable, becomes enrolled in the group health insurance plan of another employer, or (iii) the date on which the Employee or qualified beneficiary, as applicable, becomes entitled to Medicare after the COBRA election (such period from the termination date through the earliest of (i) through (iii), the "*COBRA Payment Period*"). The Employee is required to notify the Employer immediately if the Employee and/or qualified beneficiary becomes covered by a group health plan of a subsequent employer or entitled to Medicare, at which time, the Company's obligation to pay COBRA premiums on the Employee's behalf shall cease. Upon the conclusion of the COBRA Payment Period, the Employee will be responsible for the entire payment of premiums required under COBRA for the duration of the COBRA coverage period. For purposes of this Section 7(c)(iii), references to COBRA shall be deemed to refer also to analogous provisions of state law and any applicable COBRA Premium Payments that are paid by the Employer shall not include any amounts payable by the Employee under an Internal Revenue Code Section 125 health care reimbursement plan, which amounts, if any, are the sole responsibility of the Employee. Notwithstanding the foregoing, if at any time the Company determines, in its sole discretion, that its payment of COBRA premiums on the Employee's behalf would result in a violation of applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then in lieu of paying COBRA premiums on the Employee's behalf, the Company will pay the Employee on the last day of each remaining month of the COBRA Payment Period a cash payment equal to the COBRA premium for that month on a post-tax basis, which payment shall be subject

to applicable tax withholding (such amount, the "*Special Severance Payment*"), such Special Severance Payment to be made without regard to the Employee's payment of COBRA premiums and without regard to the expiration of the COBRA Payment Period prior to the end of the Severance Period following the Employee's termination. Such Special Severance Payment shall end on the earlier of (i) the date on which the Employee commences other employment and (ii) the close or termination of the Severance Period following the Employee's termination.

(iv) If the Employee terminated service before an Annual Bonus has been determined for a performance year, then the Employee will have no legally binding right to any bonus payment. However, at the time of determination of Annual Bonuses first following the date of termination, Employee will be considered for a bonus in the manner described in Section 3(b) (but taking into account any period of service during the applicable performance period(s)); provided that if Employee is granted a bonus, the amount shall be prorated based upon the portion of any period for which the bonus is calculated during which Employee was employed. Employer shall pay the amount of the bonus so determined, if any, to Employee within thirty (30) days of the date of determination of such bonus.

(d) Termination following Change in Control - If, within twelve (12) months after the consummation of a Change in Control (as such term is defined in Section 7(e)(i)), Employer terminates Employee's employment without Just Cause or Employee terminates her employment with Employer Agreement as a result of a Good Reason (as such term is defined in Section 7(e)(ii)); and, in either event, if Employee executes a Release which shall be reasonable in all particulars within the time period set forth therein (but in no event later than forty-five (45) days after the termination date) and allows such Release to become effective in accordance with its terms, then Employee shall be entitled to the following in lieu of any severance compensation or benefits set forth in Section 7(c):

(i) all Accrued Compensation (as defined in Section 7(a) herein);

(ii) severance, payable in accordance with the Employer's standard payroll practices, of an amount equal to 12 months of Employee's then current base salary (exclusive of any bonus pursuant to Section 3 herein or other variable compensation), commencing with the first payroll period following the effectiveness of the Release (the "*Change in Control Severance Period*");

(iii) all time-based stock option grants and all time-based restricted stock grants then held by Employee shall be subject to accelerated vesting such that all unvested shares subject to such stock awards shall be accelerated and deemed fully vested as of Employee's last day of employment; and

(iv) if the Employee elects continued health care coverage under COBRA and timely pays her portion of the applicable premiums, the COBRA Premium Payment benefits provided for in Section 7(c)(iii) shall commence on the first day of the Change in Control Severance Period and continue until the earlier of (i) the last day of the Change in Control Severance Period; (ii) the date on which the Employee or qualified beneficiary, as

applicable, becomes enrolled in the group health insurance plan of another employer, or (iii) the date on which the Employee or qualified beneficiary, as applicable, becomes entitled to Medicare after the COBRA election (such period from the termination date through the earliest of (i) through (iii), the "*Change in Control COBRA Payment Period*"). Notwithstanding the foregoing, if at any time the Company determines, in its sole discretion, that its payment of COBRA premiums on the Employee's behalf would result in a violation of applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then in lieu of paying COBRA premiums on the Employee's behalf, the Company will pay the Employee on the last day of each remaining month of the Change in Control COBRA Payment Period a cash payment equal to the COBRA premium for that month on a post-tax basis, which payment shall be subject to applicable tax withholding (such amount, the "*Change in Control Special Severance Payment*"), such Change in Control Special Severance Payment to be made without regard to the Employee's payment of COBRA premiums and without regard to the expiration of the Change in Control COBRA Payment Period prior to the end of the Change in Control Severance Period following the Employee's termination. Such Change in Control Special Severance Payment shall end on the earlier of (i) the date on which the Employee commences other employment and (ii) the close or termination of the Change in Control Severance Period following the Employee's termination. Employee's disability insurance coverage will end upon her last day of active employment and Employee may port or convert the basic life insurance coverage within 31 days of the termination date as provided under the terms of the policy.

(v) If the Employee terminated service before an Annual Bonus has been determined for a performance year, then the Employee will have no legally binding right to any bonus payment. However, at the time of determination of Annual Bonuses first following the date of termination, Employee will be considered for a bonus in the manner described in Section 3(b) (but taking into account any period of service during the applicable performance period(s)); provided that if Employee is granted a bonus, the amount shall be prorated based upon the portion of any period for which the bonus is calculated during which Employee was employed. Employer shall pay the amount of the bonus so determined, if any, to Employee within thirty (30) days of the date of determination of such bonus.

(e) For purposes hereof:

(i) A *"Change in Control"* shall be deemed to have occurred if, at any time:

(A) Employer shall be a party to any merger, consolidation or other similar transaction that results in the shareholders of Employer immediately before the merger, consolidation or other similar transaction owning less than 50% of the equity, or possessing less than 50% of the voting control, of Employer or the successor entity in the merger, consolidation or other similar transaction;

(B) Employer shall liquidate, dissolve or sell or otherwise dispose of

all or substantially all of its assets; or

the shareholders of Employer sell or otherwise dispose of Employer's capital stock in a single transaction or series of related transactions such that the shareholders immediately before such transaction or related transactions own less than 50% of the equity, and possess less than 50% of the voting power of Employer.

Provided, however, that any public offering of securities of the Employer's common stock shall not constitute a Change in Control.

(ii) *"Good Reason"* shall mean the occurrence of any of the following events without Employee's express written consent:

(A) Assignment to, or withdrawal from, Employee of any duties or responsibilities that results in a material diminution in such Employee's authority, duties or responsibilities as in effect immediately prior to such change;

(B) A material diminution in the authority, duties or responsibilities of the supervisor to whom Employee is required to report;

(C) A material reduction (10% or more) by Employer of Employee's annual base salary unless such reduction is done in connection with an across the board reduction in executive salaries, and Good Reason shall include a reduction of more than 15% even if it is in connection an across the board reduction in executive salaries;

(D) A relocation of Employee or Employer's principal executive offices if Employee's principal office is at such offices, to a location more than sixty (60) miles from the location at which Employee is then performing her duties, except for an opportunity to relocate which is accepted by Employee in writing; or

(E) A material breach by Employer of any provision of this Agreement or any other enforceable written agreement between Employee and Employer;

Provided, however, that, any termination of employment by the Employee shall only be deemed for Good Reason pursuant to the foregoing definition if: (i) the Employee gives the Employer written notice of the intent to terminate for Good Reason within ninety (90) days following the first occurrence of the condition(s) that the Employee believes constitutes Good Reason, which notice shall describe such condition(s); (ii) the Employer fails to remedy such condition(s) within thirty (30) days following receipt of the written notice (the *"Cure Period");* and (iii) the Employee terminates her employment within thirty (30) days following the end of the Cure Period.

(f) In the event of a termination of Employee’s employment pursuant to Section 5 or Section 6, Employee's disability insurance coverage will end upon her last day of active employment and Employee may port or convert the basic life insurance coverage within 31

days of the termination date as provided under the terms of the policy.

(g) Except as otherwise provided in this Section 7, upon termination of this Agreement for any reason, Employee shall not be entitled to any form of severance benefits, or any other payment whatsoever. Employee agrees that the payments and benefits provided hereunder, subject to the terms and conditions hereof shall be in full satisfaction of any rights which he might otherwise have or claim by operation of law, by implied contract or otherwise, except for rights which he may have under any employee benefit plan of Employer.

8. **Application of Section 409A.** Notwithstanding anything set forth in this Agreement to the contrary, any payments and benefits provided pursuant to this Agreement which constitute "deferred compensation" within the meaning of the Treasury Regulations issued pursuant to Section 409A shall not commence until the Employee has incurred a "separation from service" (as such term is defined in the Treasury Regulation Section 1.409A-1(h) ("*Separation From Service*"), unless the Company reasonably determines that such amounts may be provided to the Employee without causing the Employee to incur the additional 20% tax under Section 409A.

For the avoidance of doubt, it is intended that the payments and benefits set forth in this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulation Sections 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9) and this Agreement will be construed to the greatest extent possible as consistent with those provisions. To the extent not so exempt, this Agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A and incorporates by reference all required definitions and payment terms. For purposes of Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A 2(b)(2)(iii)), the Employee's right to receive any installment payments under this Agreement (whether severance payments, reimbursements or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this Agreement, if the Company (or, if applicable, the successor entity thereto) determines that any payments upon the Employee's Separation From Service set forth herein and/or under any other agreement with the Company constitute "deferred compensation" under Section 409A and the Employee is, on the Employee's Separation From Service, a "specified employee" of the Company or any successor entity thereto, as such term is defined in Section 409A(a)(2)(B)(i) of the Code, then, solely, to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the payments upon the Employee's Separation From Service shall be delayed until the earlier to occur of: (a) the date that is six months and one day after the Employee's Separation From Service or (b) the date of the Employee's death (such applicable date, the "*Specified Employee Initial Payment Date*"). On the Specified Employee Initial Payment Date, the Company (or the successor entity thereto, as applicable) shall (A) pay the Employee a lump sum amount equal to the sum of the payments upon the Employee's Separation From Service that the Employee would otherwise have received through the Specified Employee Initial

Payment Date if the commencement of the payment of the severance benefits had not been so delayed pursuant to this section and (B) commence paying the balance of the severance benefits in accordance with the applicable payment schedules set forth in this Agreement.

If any severance benefits under this Agreement (including the salary and benefit continuation provided herein) are not covered by one or more exemptions from the application of Section 409A and the Release could become effective in the calendar year following the calendar year in which the Employee's Separation From Service occurs, then the latest permitted date on which such Release could become effective and irrevocable in accordance with its terms will be considered the Release Effective Date and the severance benefits shall commence on such date. None of the severance benefits (including the salary and benefit continuation provided herein) will commence or otherwise be delivered prior to the Release Effective Date. Except to the minimum extent that payments must be delayed because the Employee is a "specified employee" (as described above) or until the effectiveness of the Release, all amounts will be paid as soon as practicable in accordance with the Company's normal payroll practices and no interest will be due on any amounts so deferred.

9. **Parachute Payments.** (a) Anything in this Agreement to the contrary notwithstanding, if any payment or benefit the Employee would receive from the Employer pursuant to this Agreement or otherwise (a *"Payment")* would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the *"Excise Tax"),* then such Payment shall be equal to the Reduced Amount. The "Reduced Amount" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax or (y) the largest portion of the Payment, up to and including the total Payment, whichever amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in the Employee's receipt, on an after-tax basis, of the greater amount of the Payment notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the *"Reduction Method")* that results in the greatest economic benefit for Employee. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the *"Pro Rata Reduction Method").*

(b) Notwithstanding any provision of paragraph (a) to the contrary, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A of the Code that would not otherwise be subject to taxes pursuant to Section 409A of the Code, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes

pursuant to Section 409A of the Code as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for Employee as determined on an after-tax basis; (B) as a second priority, Payments that are contingent on future events (e.g., being terminated without cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (C) as a third priority, Payments that are "deferred compensation" within the meaning of Section 409A of the Code shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A of the Code.

(c) The Employer shall appoint a nationally recognized independent accounting firm to make the determinations required hereunder, which accounting firm shall not then be serving as accountant or auditor for the individual, entity or group that effected the Change in Control. The Employer shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder.

(d) The accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Employer and the Employee within fifteen (15) calendar days after the date on which the Employee's right to a Payment is triggered (if requested at that time by the Employer or the Employee) or such other time as agreed upon by the Employer and the Employee. If the accounting firm determines that no Excise Tax is payable with respect to a Payment, either before or after the application of the Reduced Amount, it shall furnish the Employer and the Employee with an opinion reasonably acceptable to the Employee that no Excise Tax will be imposed with respect to such Payment. The Employer shall be entitled to rely upon the accounting firm's determinations, which shall be final and binding on all persons.

(e) If, notwithstanding any reduction described in this Section 9, the IRS determines that Employee is liable for the Excise Tax as a result of the receipt of the payment of benefits as described above, then Employee shall be obligated to pay back to the Employer, within thirty (30) days after a final IRS determination or in the event that such Employee challenges the final IRS determination, a final judicial determination, a portion of the payment equal to the "Repayment Amount." The Repayment Amount with respect to the payment of benefits shall be the smallest such amount, if any, as shall be required to be paid to the Employer so that Employee's net after- tax proceeds with respect to any payment of benefits (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on such payment) shall be maximized. The Repayment Amount with respect to the payment of benefits shall be zero if a Repayment Amount of more than zero would not result in Employee's net after-tax proceeds with respect to the payment of such benefits being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, Employee shall pay the Excise Tax.

(f) Notwithstanding any other provision of this Section 9, if (i) there is a reduction in the payment of benefits as described in this section, (ii) the IRS later determines that Employeeis

liable for the Excise Tax , the payment of which would result in the maximization of Employee's net after-tax proceeds (calculated as if Employee's benefits had not previously been reduced), and
(iii) Employee pays the Excise Tax, then the Employer shall pay to Employee those benefits which were reduced pursuant to this section contemporaneously or as soon as administratively possible after Employee pays the Excise Tax so that Employee's net after-tax proceeds with respect to the payment of benefits is maximized.

10. Best Efforts of Employee.

Employee agrees that Employee will at all times faithfully , industriously and to the best of Employee's ability, experience and talents perform all the duties that may be required of Employee pursuant to the terms hereof, to the reasonable satisfaction of Employer, commensurate with Employee's position. Such duties shall be rendered at such place as specified herein and Employee acknowledges that Employee may be required to travel as shall reasonably be required to promote the business of Employer. To the extent reasonably required by the duties assigned to Employee, Employee shall devote substantially all Employee's time, attention, knowledge and skills to the business and interest of Employer and Employer shall be entitled to all the benefits, profits and other issue arising from or incident to all work, service and advice of Employee; *provided, however,* that Employee shall be permitted to devote a reasonable amount of time to charitable, religious or service organizations. During the Term, unless approved by the Chief Executive Officer of the Employer, Employee shall not be interested, directly or indirectly, in any manner as partner, manager, officer, director, shareholder, member, adviser, consultant, employee or in any other capacity in any other business; provided, that nothing herein contained shall be deemed to prevent or limit the right of Employee to beneficially own less than 5% of the stock of a corporation traded on a national securities exchange as long as such passive investment does not interfere with or conflict with the performance of services to be rendered hereunder.

11. **Confidentiality and Covenant Not to Compete.** The terms of the Confidentiality, Invention, and Non-Competition Agreement by and between the Employee and Employer dated May 10, 2021 (the *"Confidentiality Agreement"),* are hereby incorporated by reference and are a material part of this Agreement.

12. **Indemnification.** Before and after the end of the Term, Employer shall indemnify and hold harmless Employee from any cause of action resulting from the performance of Employee's duties under this Agreement to the fullest extent permitted by law. This indemnification shall include all reasonable legal costs incurred by Employee to the extent permitted by law. Employer shall maintain directors and officers liability insurance covering Employee in amounts commensurate with the coverage obtained by similarly situated and sized companies in the same industry.

13. **Successors and Assigns.** This Agreement shall inure to the benefit of and be binding upon

any corporate or other successor of Employer which may acquire, directly or indirectly, by merger, or consolidation, or which may assume control of Employer, and shall otherwise inure to the benefit of and be binding upon the parties hereto and their respective beneficiaries, executors, administrators, successors and assigns. Upon the death of Employee, any payments or benefits otherwise due to Employee hereunder shall be paid to or be for the benefit of Employee's legal representatives. Nothing in the Agreement shall preclude Employer from consolidating or merging into or with or transferring all or substantially all of its assets or control to another entity. In that event, such other entity shall assume this Agreement and all obligations of Employer hereunder. Upon such a consolidation, merger, or transfer of assets and assumption, the terms "Employer" and "Company" as used herein, shall mean such other entity and this Agreement shall continue in full force and effect.

14. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the state in which the headquarters of Employer is located without regard to conflicts of law principles thereof.

(b) This Agreement constitutes the entire Agreement between Employee and Employer with respect to the subject matter hereof, and supersedes in their entirety any and all prior oral or written agreements, understandings or arrangements between Employee and Employer or any of its affiliates relating to the terms of Employee's employment by Employer, and all such agreements, understandings and arrangements are hereby terminated and are of no force and effect. Employee hereby expressly disclaims any rights under any such agreements, understandings and arrangements. This Agreement may not be amended or terminated except by an agreement in writing signed by both parties.

(c) This Agreement may be executed in two or more counterparts, each of which shall be deemed and original and all of which, taken together, shall constitute one and the same instrument.

(d) Any notice or other communication required or permitted under this Agreement shall be effective only if it is in writing and delivered in person or by nationally recognized overnight courier service or deposited in the mails, postage prepaid, return receipt requested, addressed as follows:

To Employer:
SCYNEXIS, Inc.
1 Evertrust Plaze, 13th Floor Jersey City, NJ
07302
Attn: Chief Executive Officer

To Employee:

Christine Coyne
At the then current address contained in Employee's personnel file

Notices given in person or by overnight courier service shall be deemed given when delivered in person or the day after delivery to the courier addressed to the address required by this Section 13(d), and notices given by mail shall be deemed given three days after deposit in the mails. Any party hereto may designate by written notice to the other party in accordance herewith any other address to which notices addressed to the other party shall be sent.

(e) The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. It is understood and agreed that no failure or delay by Employer or Employee in exercising any right, power or privilege under this Agreement shall operate asa waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

(f) This Agreement may not be assigned by Employee without the writtenconsent of Employer. Any attempted assignment in contravention of this provision shall be null and void. This Agreement shall be binding on any successors or assigns of either party hereto.

(g) For purposes of this Agreement, employment of Employee by any affiliate of Employer shall be deemed to be employment by Employer hereunder, and a transfer of employment of Employee from one such affiliate to another shall not be deemed to be a termination of employment of Employee by Employer or a cessation of the Term, it being the intention of the parties hereto that employment of Employee by any affiliate of Employer shall be treated as employment by Employer and that the provisions of this Agreement shall continue to be fully applicable following any such transfer; provided that such arrangement shall not release the Employer from any obligation, duty or liability to Employee hereunder. Notwithstanding the above, the parties hereby confirm that a relocation of Employee or Employer's principal executive offices if Employee's principal office is at such offices, to a location more than sixty (60) miles from the location at which Employee is then performing her duties, except for an opportunity to relocate which is accepted by Employee in writing, shall constitute a Good Reason as set forth in Section 7(e)(ii) herein.

(h) The respective rights and obligations of the parties hereunder shall survive any termination of the Term or Employee's employment with Employer to the extent necessary to preserve such rights and obligations for their stated durations.

(i) The undersigned agrees that any dispute or controversy arising out of, relating to, or concerning any interpretation, construction, performance or breach of this Agreement,

(except for disputes arising under the terms of the Confidentiality, Inventions and Non- Competition Agreement referenced in Section 11 hereof, which Agreement separately provides for an arbitration process), shall be settled by arbitration in the State in which the company headquarter is located to be held in accordance with the Employment Dispute Resolution Rules then in effect of the American Arbitration Association. The arbitrator may grant injunctions or other relief in such dispute or controversy. The decision of the arbitrator shall be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrator's decision in any court having jurisdiction. Company and the undersigned shall each pay their own respective attorneys' fees and one-half of the costs and expenses of such arbitration.

This arbitration clause constitutes a waiver of the undersigned's right to a jury trial and relates to the resolution of all disputes relating to all aspects of the employer/employee relationship (except for disputes arising under the terms of the Confidentiality, Inventions and Non-Competition Agreement referenced in Section 11 hereof, which Agreement separately provides for an arbitration process), including, but not limited to, the following claims: (a) any and all claims for wrongful discharge of employment; breach of contract, both express and implied; breach of the covenant of good faith and fair dealing, both express and implied; negligent or intentional infliction of emotional distress; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; and defamation; (b) any and all claims for violation of any federal, state or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, the Fair Labor Standards Act, and Labor Code Section 201, *et seq.*; and (c) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination.

(j) Employee represents and warrants to Employer that Employee is not subject to any employment, noncompetition or other similar agreement with a former employer or otherwise that would prevent or interfere with the Employee's employment on the terms set forth herein.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

SCYNEXIS, INC.

By: /s/ Marco Taglietti
Name: Marco Taglietti, M.D.
Title: Chief Executive Officer

EMPLOYEE:

By: /s/ Christine Coyne
Christine Coyne

Exhibit 31.1

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.

Date: May 11, 2022

/s/ Marco Taglietti, M.D.

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

Exhibit 31.2

CERTIFICATIONS

I, Lawrence R. Hoffman, 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: May 11, 2022

/s/ Lawrence R. Hoffman

Lawrence R. Hoffman
Interim Chief Financial Officer
Principal Financial Officer

Exhibit 32.1

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 Lawrence R. Hoffman, Interim 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 March 31, 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 May 11, 2022.

/s/ Marco Taglietti, M.D.	/s/ Lawrence R. Hoffman
Marco Taglietti, M.D. Chief Executive Officer	Lawrence R. Hoffman Interim 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.