UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2022

or

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

For the transition period from to
Commission File Number: 000-21088

FRESH TRACKS THERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**93-0948554**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
5777 Central Avenue, Boulder, CO	**80301**
(Address of principal executive offices)	(Zip Code)

(720) 505-4755
(Registrant's telephone number, including area code)

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, $0.01 par value per share	FRTX	The Nasdaq Stock Market LLC

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 November 3, 2022, there were 3,013,184 shares of the registrant's common stock outstanding.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Quarterly Report") contains forward-looking statements that involve substantial risks and uncertainties for purposes of the safe harbor provided by the Private Securities Litigation Reform Act of 1995. All statements contained in this Quarterly Report other than statements of historical fact, including statements relating to future financial, business, and/or research and investigational, preclinical, or clinical performance, conditions, plans, prospects, trends, or strategies and other such matters, including without limitation, our strategy; future operations; future potential; future financial position; future liquidity; future revenue and payments of any type; territorial focus; projected expenses; results of operations; the anticipated timing, scope, design, progress, results, possible impact of, and/or reporting of data of ongoing and future nonclinical and clinical trials; intellectual property rights, including the acquisition, validity, term, and enforceability of such; the expected timing and/or results of regulatory submissions and approvals; and prospects for commercializing (and competing with) any product candidates of Fresh Tracks or third parties, or research and/or licensing collaborations with, or actions of, its partners, including in the United States ("U.S."), Japan, South Korea, or any other country, or business development activities with other potential partners. The words "may," "could," "should," "might," "announce," "anticipate," "advancing," "reflect," "believe," "estimate," "expect," "intend," "plan," "predict," "potential," "will," evaluate," "advance," "excited," "aim," "strive," "help," "progress," "select," "initiate," "looking forward," "promise," "provide," "commit," "best-in-class," "first-in-class," and similar expressions and their variants, are intended to identify forward-looking statements. Such statements are based on management's current expectations and involve risks and uncertainties. Actual results and performance could differ materially from those projected in the forward-looking statements as a result of many factors. Unless otherwise mentioned or unless the context requires otherwise, all references in this Quarterly Report to "Fresh Tracks," "Brickell Subsidiary," "Company," "we," "us," and "our," or similar references, refer to Fresh Tracks Therapeutics, Inc. and its consolidated subsidiaries.

We based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy and business development activities, pipeline legal status, short-term and long-term business operations and objectives, employees, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in Part II, Item 1A, "Risk Factors" in this Quarterly Report, in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021, and in Part II, Item 1A. "Risk Factors" in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022 and June 30, 2022, and under a similar heading in any other periodic or current report we may file with the U.S. Securities and Exchange Commission (the "SEC") in the future. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge quickly and from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business and operations or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this Quarterly Report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. All forward-looking statements are qualified in their entirety by this cautionary statement.

You should read carefully the factors described in Part II, Item 1A, "Risk Factors" in this Quarterly Report to better understand the risks and uncertainties inherent in our business and underlying any forward-looking statements. You are advised to consult any further disclosures we make on related subjects in our future public filings and on our website.

FRESH TRACKS THERAPEUTICS, INC.
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RISK FACTORS SUMMARY

Our business, financial condition, and operating results may be affected by a number of factors, whether currently known or unknown. Any one or more of such factors could directly or indirectly cause our actual results of operations and financial condition to vary materially from past or anticipated future results of operations and financial condition. Any of these factors, in whole or in part, let alone combined with any of the others, could materially and adversely affect our business, financial condition, results of operations, and stock price. We have provided a summary of some of these risks below, with a more detailed explanation of those and other risks applicable to the Company in Part II, Item 1A. "Risk Factors" in this Quarterly Report.

- Our business depends on the successful continued financing, nonclinical and clinical development, regulatory approval, and commercialization of our pipeline assets.
- Clinical drug development for our pipeline assets is expensive, time-consuming, and uncertain. Any data resulting from our trials may not be favorable for further development.
- Our inability to maintain compliance with continued listing requirements of The Nasdaq Stock Market LLC ("Nasdaq"), including if we are unable to maintain the required minimum closing bid price of our common stock, could result in the delisting of our common stock.
- Major public health issues, and specifically the pandemic and related impacts caused by the ongoing spread of COVID-19 and COVID-19 variants, including in terms of constraints on supply chains and human resource availability, could have an adverse impact on our financial condition and results of operations and other aspects of our business and that of our suppliers, contractors, and business partners.
- We have sponsored or supported and in the future expect to sponsor or support clinical trials for our product candidates outside the U.S., and the U.S. Food and Drug Administration ("FDA") and applicable foreign regulatory authorities may not accept data from such trials; in addition, we may not be allowed alone or with local country business partners to obtain regulatory approval for our product candidates without first conducting clinical trials in each of these other countries.
- We rely and expect to continue to rely on third-party contractors for supply, manufacture, and distribution of preclinical, clinical, and commercial supplies, and possibly sales and promotion, of any future product candidates.
- We may not be able to obtain, afford, maintain, enforce, or protect our intellectual property rights covering our product candidates and related technologies, that are of sufficient type, breadth, and term throughout the world.
- If we fail to comply with our obligations under our intellectual property and related license agreements, we could lose license rights that are important to our business. Additionally, these agreements may be subject to disagreement over contract interpretation, which could narrow the scope of our rights to the relevant intellectual property or technology, or other key aspects of product development and/or commercialization, or increase our financial or other obligations to our licensors.
- Our receipt of future payments from Botanix SB Inc. ("Botanix") is contingent on various factors outside of our control, including the successful development, regulatory approval, and commercialization of sofpironium bromide gel, 15%, by Botanix outside of Japan, the successful continued commercialization of sofpironium bromide gel, 5% ("ECCLOCK®") by Kaken Pharmaceutical Co., Ltd. ("Kaken") in Japan, and the sufficiency of funds to pay us and Bodor Laboratories, Inc. ("Bodor"), the licensor of this product.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FRESH TRACKS THERAPEUTICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)
(unaudited)

	September 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 11,250	$ 26,884
Prepaid expenses and other current assets	3,021	2,716
Total current assets	14,271	29,600
Property and equipment, net	84	58
Contract asset, net of current portion	77	—
Operating lease right-of-use asset	15	59
Total assets	$ 14,447	$ 29,717
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 1,444	$ 1,605
Accrued liabilities	1,762	3,136
Lease liability, current portion	18	69
Total current liabilities	3,224	4,810
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Common stock, $0.01 par value, 300,000,000 shares authorized as of September 30, 2022 and December 31, 2021; 3,013,184 and 2,652,828 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	30	27
Additional paid-in capital	173,135	170,247
Accumulated deficit	(161,942)	(145,367)
Total stockholders' equity	11,223	24,907
Total liabilities and stockholders' equity	$ 14,447	$ 29,717

See accompanying notes to these condensed consolidated financial statements.

FRESH TRACKS THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue				
Contract revenue	$ 486	$ —	$ 4,801	$ —
Royalty revenue	—	132	92	300
Total revenue	486	132	4,893	300
Operating expenses:				
Research and development	3,560	10,222	11,438	25,112
General and administrative	3,002	3,269	10,396	9,127
Total operating expenses	6,562	13,491	21,834	34,239
Loss from operations	(6,076)	(13,359)	(16,941)	(33,939)
Other income	58	107	372	597
Interest expense	—	(1)	(6)	(65)
Net loss attributable to common stockholders	$ (6,018)	$ (13,253)	$ (16,575)	$ (33,407)
Net loss per common share attributable to common stockholders, basic and diluted	$ (2.07)	$ (7.15)	$ (6.05)	$ (21.19)
Weighted-average shares used to compute net loss per common share attributable to common stockholders, basic and diluted	2,906,000	1,852,851	2,738,954	1,576,869

See accompanying notes to these condensed consolidated financial statements.

FRESH TRACKS THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY
(in thousands, except share data)
(unaudited)

	Series A Redeemable Preferred Stock		Common Stock		Additional Paid-In-Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Par Value	Shares	Par Value			
Balance, December 31, 2021	—	$ —	2,652,828	$ 27	$ 170,247	$ (145,367)	$ 24,907
Stock-based compensation	—	—	—	—	551	—	551
Net loss	—	—	—	—	—	(9,410)	(9,410)
Balance, March 31, 2022	—	—	2,652,828	27	170,798	(154,777)	16,048
Issuance of redeemable preferred stock	1	—	—	—	—	—	—
Common stock issued, net of issuance costs of $46	—	—	31,557	—	131	—	131
Issuance of common stock for cash under employee stock purchase plan	—	—	5,975	—	29	—	29
Stock-based compensation	—	—	—	—	576	—	576
Net loss	—	—	—	—	—	(1,147)	(1,147)
Balance, June 30, 2022	1	—	2,690,360	27	171,534	(155,924)	15,637
Redemption of preferred stock	(1)	—	—	—	—	—	—
Common stock issued, net of issuance costs of $71	—	—	322,824	3	1,062	—	1,065
Stock-based compensation	—	—	—	—	539	—	539
Net loss	—	—	—	—	—	(6,018)	(6,018)
Balance, September 30, 2022	—	$ —	3,013,184	$ 30	$ 173,135	$ (161,942)	$ 11,223

FRESH TRACKS THERAPEUTICS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (Continued)
(in thousands, except share data)
(unaudited)

	Series A Redeemable Preferred Stock		Common Stock		Additional Paid-In-Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Par Value	Shares	Par Value			
Balance, December 31, 2020	—	$ —	1,190,032	$ 12	$ 133,016	$ (105,893)	$ 27,135
Issuance of common stock upon exercise of warrants	—	—	276,553	3	8,966	—	8,969
Issuance of common stock, net of issuance costs of $50	—	—	24,079	—	1,628	—	1,628
Issuance of common stock upon restricted stock unit settlement, net of shares withheld for taxes	—	—	2,141	—	(52)	—	(52)
Stock-based compensation	—	—	—	—	469	—	469
Net loss	—	—	—	—	—	(9,005)	(9,005)
Balance, March 31, 2021	—	—	1,492,805	15	144,027	(114,898)	29,144
Common stock issued, net of issuance costs of $259	—	—	105,977	1	3,936	—	3,937
Stock-based compensation	—	—	—	—	421	—	421
Net loss	—	—	—	—	—	(11,149)	(11,149)
Balance, June 30, 2021	—	—	1,598,782	$ 16	$ 148,384	$ (126,047)	$ 22,353
Issuance of common stock under license agreement	—	—	62,597	1	1,970	—	1,971
Common stock issued, net of issuance costs of $757	—	—	310,450	3	8,117	—	8,120
Stock-based compensation	—	—	—	—	777	—	777
Net loss	—	—	—	—	—	(13,253)	(13,253)
Balance, September 30, 2021	—	$ —	1,971,829	$ 20	$ 159,248	$ (139,300)	$ 19,968

See accompanying notes to these condensed consolidated financial statements.

FRESH TRACKS THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	Nine Months Ended September 30,	
	2022	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (16,575)	$ (33,407)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	1,666	1,667
Non-cash operating lease expense	44	2
Depreciation	21	15
Issuance of common stock under license agreement	—	1,971
Gain on loan extinguishment	—	(437)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets, including long-term portion of contract asset	(382)	747
Accounts payable	(161)	756
Accrued liabilities	(1,319)	(2,663)
Operating lease liability	(51)	(1)
Net cash used in operating activities	(16,757)	(31,350)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(47)	(36)
Net cash used in investing activities	(47)	(36)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the issuance of common stock, net of issuance costs	1,196	13,685
Payments of taxes related to net share settlement of equity awards	(55)	—
Proceeds from the issuance of commons stock under employee stock purchase program	29	—
Proceeds from the exercise of warrants	—	8,969
Net cash provided by financing activities	1,170	22,654
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,634)	(8,732)
CASH AND CASH EQUIVALENTS—BEGINNING	26,884	30,115
CASH AND CASH EQUIVALENTS—ENDING	$ 11,250	$ 21,383
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Forgiveness of Paycheck Protection Program loan	$ —	$ 437

See accompanying notes to these condensed consolidated financial statements.

FRESH TRACKS THERAPEUTICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

Fresh Tracks Therapeutics, Inc. (the "Company" or "Fresh Tracks"), which changed its name from Brickell Biotech, Inc. effective September 7, 2022, is a clinical-stage pharmaceutical company striving to transform patient lives through the development of innovative and differentiated prescription therapeutics. The Company's pipeline aims to disrupt existing treatment paradigms and features several new chemical entities that inhibit novel targets with first-in-class potential for autoimmune, inflammatory, and other debilitating diseases. This includes FRTX-02 (formerly BBI-02), a DYRK1A inhibitor that is currently being evaluated in a Phase 1 clinical trial for the treatment of certain autoimmune and inflammatory diseases; FRTX-10 (formerly BBI-10), a preclinical-stage Stimulator of Interferon Genes ("STING") inhibitor candidate for the potential treatment of autoimmune, inflammatory, and rare genetic diseases; and a platform of next-generation kinase inhibitors with the potential to produce treatments for autoimmune, inflammatory, and other debilitating diseases. Fresh Tracks' executive management team and board of directors have a proven track record of leadership across early-stage research, product development, and global commercialization, having served in leadership roles at large global pharmaceutical and biotech companies that successfully developed and/or launched first-in-class products, some of which have achieved iconic status, including Cialis®, Taltz®, Gemzar®, Prozac®, Cymbalta®, Juvederm®, Pluvicto®, and sofpironium bromide. The Company's strategy is to align this experience and clear vision to explore beyond the limitations of current therapies by identifying, pursuing, and developing next-generation therapeutics that can be groundbreaking in their ability to help millions of people struggling with autoimmune, inflammatory, and other debilitating diseases.

Reverse Stock Split

On July 5, 2022, the Company effected a 1-for-45 reverse stock split of outstanding shares of its common stock. All common stock shares, per-share amounts, and other related balances and computations reported as of and prior to September 30, 2022 in the condensed consolidated financial statements and notes reflect the adjusted common stock share, per-share amounts, and other related balances and computations that were effective on and after July 5, 2022. Additional details of the reverse stock split are reported in Note 7. "*Capital Stock."*

Liquidity and Capital Resources

The Company has incurred significant operating losses and has an accumulated deficit as a result of ongoing efforts to in-license and develop product candidates, including conducting preclinical and clinical trials and providing general and administrative support for these operations. For the nine months ended September 30, 2022, the Company had a net loss of $16.6 million and net cash used in operating activities of $16.8 million. As of September 30, 2022, the Company had cash and cash equivalents of $11.3 million and an accumulated deficit of $161.9 million.

The Company believes that its cash and cash equivalents as of September 30, 2022, combined with $6.0 million from expected near-term payments from Botanix SB Inc. ("Botanix") under the Asset Purchase Agreement (as defined in Note 3. "*Strategic Agreements*"), will be sufficient to fund its operations for at least the next 12 months. The Company expects to continue to incur additional substantial losses in the foreseeable future as a result of the Company's research and development activities. Additional funding will be required in the future to continue with the Company's planned development and other activities. However, the Company may be unable to raise additional funds, which would have a negative impact on the Company's business, financial condition, and the Company's ability to develop its pipeline. To the extent that additional funds are raised through the sale of equity, the issuance of securities will result in dilution to the Company's stockholders.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Brickell Subsidiary, Inc. ("Brickell Subsidiary"), and are presented in United States ("U.S.") dollars and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and applicable rules and regulations of the SEC for interim reporting. As permitted under those rules and regulations, certain footnotes or other financial information normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. These condensed consolidated financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair presentation of the Company's financial information. The results of operations for the three and nine months ended September 30, 2022 are not necessarily indicative of the results to be expected for the full year ending December 31, 2022, for any other interim period, or for any other future period. The condensed consolidated balance sheet as of December 31, 2021 has been derived from audited financial statements at that date but does not include all of the information required by U.S. GAAP for complete financial statements. All intercompany balances and transactions have been eliminated in consolidation. The Company operates in one operating segment and, accordingly, no segment disclosures have been presented herein.

Reclassifications

Certain comparative figures in the prior year condensed consolidated statement of cash flows within operating activities have been reclassified to conform to the current period presentation. These reclassifications did not impact total net cash used in operating activities.

Use of Estimates

The Company's condensed consolidated financial statements are prepared in accordance with U.S. GAAP, which requires it to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on the Company's knowledge of current events and actions it may take in the future, actual results may ultimately differ from these estimates and assumptions.

Risks and Uncertainties

The Company's business is subject to significant risks common to early-stage companies in the pharmaceutical industry including, but not limited to, the ability to develop appropriate formulations, scale up and produce the compounds; dependence on collaborative parties; uncertainties associated with obtaining and enforcing patents and other intellectual property rights; clinical implementation and success; the lengthy and expensive regulatory approval process; compliance with regulatory and other legal requirements; competition from other products; uncertainty of broad adoption of its approved products, if any, by physicians and patients; significant competition; ability to manage third-party manufacturers, suppliers, contract research organizations, business partners and other alliances; and obtaining additional financing to fund the Company's efforts.

The Company expects to incur substantial operating losses for the next several years and will need to obtain additional financing in order to develop its product candidates. There can be no assurance that such financing will be available or will be at terms acceptable to the Company.

Fair Value Measurements

Fair value is the price that the Company would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent counterparty in the principal market, or in the absence of a principal market, the most advantageous market for the asset or liability. A three-tier hierarchy distinguishes between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs). The hierarchy is summarized in the three broad levels listed below:

Level 1—quoted prices in active markets for identical assets and liabilities

Level 2—other significant observable inputs (including quoted prices for similar assets and liabilities, interest rates, credit risk, etc.)

Level 3—significant unobservable inputs (including the Company's own assumptions in determining the fair value of assets and liabilities)

The following table sets forth the fair value of the Company's financial assets measured at fair value on a recurring basis based on the three-tier fair value hierarchy (in thousands):

	Level 1	
	September 30, 2022	December 31, 2021
Assets:		
Money market funds	$ 9,938	$ 25,875

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating the fair values of each class of financial instrument disclosed herein:

Money Market Funds—The carrying amounts reported as cash and cash equivalents in the condensed consolidated balance sheets approximate their fair values due to their short-term nature and/or market rates of interest (Level 1 of the fair value hierarchy).

The carrying values of cash equivalents, other current assets, accounts payable, and accrued liabilities approximate fair value due to the short-term maturity of those items.

Revenue Recognition

The Company has recognized revenue primarily from royalty fees on the sale of sofpironium bromide gel, 5% (ECCLOCK®) in Japan and from upfront fees, research reimbursements, sublicense income, and consulting services related to the sale of previously owned or sublicensed assets primarily related to the proprietary compound sofpironium bromide.

The Company recognizes revenue upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. In determining the appropriate amount of revenue to be recognized, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price, including the constraint on variable consideration; (iv) allocate the

transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies the performance obligations. At contract inception, the Company assesses the goods or services promised within each contract and assesses whether each promised good or service is distinct and determines those that are performance obligations. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The Company utilizes judgment to assess the nature of the performance obligation to determine whether the performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress. The Company evaluates the measure of progress each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition.

Contract Revenue

The Company evaluates its contracts, including asset sale arrangements that involve the Company's rights to intellectual property, to determine whether they are outputs of the Company's ordinary activities and whether the counterparty meets the definition of a customer. If the arrangement is determined to be a contract with a customer and the goods or services sold are determined to be distinct from other performance obligations identified in the arrangement, the Company recognizes revenue primarily from non-refundable upfront fees, milestone payments, sales-based payments, and fees for consulting services allocated to the goods or services when (or as) control is transferred to the customer, and the customer can use and benefit from the goods or services.

Licenses of Intellectual Property

If a license for the Company's intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, the Company recognizes revenue when the license is transferred to the customer, and the customer can use and benefit from the license.

Milestones

At the inception of each arrangement that includes milestone payments (variable consideration), excluding sales-based milestone payments discussed below, the Company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. The most likely amount method is generally utilized when there are only two possible outcomes and represents the Company's best estimate of the single most likely outcome to be achieved. If it is probable that a significant revenue reversal would not occur, the variable consideration for the associated milestone is included in the transaction price. Milestone payments contingent on regulatory approvals that are not within the Company and the Company's collaboration partner's control, as applicable, are generally not considered probable of being achieved until those approvals are received. At the end of each subsequent reporting period, the Company re-evaluates the probability of achievement of milestones and any related constraint, and if necessary, adjusts the Company's estimate of the variable consideration. Any such adjustments are recorded on a cumulative catch-up basis, which would affect revenue in the period of adjustment.

Sales-Based Payments

For license arrangements that include sales-based payments such as royalties or milestone payments based on the level of sales, and for which the license is deemed to be the predominant item to which the sales-based payments relate, the Company recognizes revenue at the later of (i) when the related sales occur or (ii) when the performance obligation to which some or all of the sales-based payment has been allocated has been satisfied

(or partially satisfied). Sales-based payments received under license arrangements are recorded as royalty revenue in the Company's condensed consolidated statements of operations.

For non-license arrangements that include sales-based payments, including earnout payments and milestone payments based on the level of sales, the Company estimates the sales-based payments (variable consideration) to be achieved and recognizes revenue to the extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Company may use either the most likely amount, as described above, or the expected value method, in making such estimates based on the nature of the payment to be received and whether there is a wide range of outcomes or only two possible outcomes. The expected value method represents the sum of probability-weighted amounts in a range of possible consideration amounts. The Company bases its estimates using the applicable method described above on factors such as, but not limited to, required regulatory approvals, historical sales levels, market events and projections, and other factors as appropriate. The Company updates its estimates at each reporting period based on actual results and future expectations as necessary.

Contract Asset

For non-license arrangements involving the upfront sale and transfer of the Company's intellectual property rights, the Company recognizes estimated variable consideration as revenue as discussed above before the customer pays consideration or before payment is due. The excess revenue recognized is presented as a contract asset on the Company's condensed consolidated balance sheets. Actual amounts paid or due by the customer are recorded as a reduction to the contract asset. Any revisions to the Company's estimated revenue based on actual results and future expectations are recognized as an adjustment to the contract asset.

Research and Development

Research and development costs are charged to expense when incurred and consist of costs incurred for independent and collaboration research and development activities. The major components of research and development costs include formulation development, nonclinical studies, clinical studies, clinical manufacturing costs, in-licensing fees for development-stage assets, salaries and employee benefits, and allocations of various overhead and occupancy costs. Research costs typically consist of applied research, preclinical, and toxicology work. Pharmaceutical manufacturing development costs consist of product formulation, chemical analysis, and the transfer and scale-up of manufacturing at contract manufacturers. Assets acquired (or in-licensed) that are utilized in research and development that have no alternative future use are expensed as incurred. Milestone payments related to the Company's acquired (or in-licensed) assets are recorded as research and development expenses when probable and reasonably estimable.

Costs for certain research and development activities, such as clinical trial expenses, are recognized based on an evaluation of the progress to completion of specific tasks using data such as patient enrollment, clinical site activations, and information provided to the Company by its vendor on their actual costs incurred or level of effort expended. Payments for these activities are based on the terms of the individual arrangements, which may differ from the pattern of costs incurred, and are reflected on the condensed consolidated balance sheets as prepaid expenses and other current assets or accrued expenses.

The Company has entered into and may continue to enter into licensing or subscription arrangements to access and utilize certain technology. In each case, the Company evaluates if the license agreement results in the acquisition of an asset or a business. To date, none of the Company's license agreements have been considered an acquisition of a business. For asset acquisitions, the upfront payments to acquire such licenses, as well as any future milestone payments made before product approval that do not meet the definition of a derivative, are immediately recognized as research and development expenses when they are paid or become payable, provided there is no alternative future use of the rights in other research and development projects.

Net Loss per Share

Basic and diluted net loss per share is computed by dividing net loss by the weighted-average number of common shares outstanding. When the effects are not anti-dilutive, diluted earnings per share is computed by dividing the Company's net income by the weighted-average number of common shares outstanding and the impact of all potentially dilutive common shares. Diluted net loss per share is the same as basic net loss per share, as the effects of potentially dilutive securities are anti-dilutive for all periods presented.

The following table sets forth the potential common shares excluded from the calculation of diluted net loss per share because their inclusion would be anti-dilutive:

	Three and Nine Months Ended September 30,	
	2022	**2021**
Outstanding warrants	621,063	621,063
Outstanding options	222,919	157,544
Unvested restricted stock units	—	1,054
Total	843,982	779,661

Leases

The Company determines if an arrangement is a lease at inception. Operating leases with a term greater than one year are recognized on the balance sheet as right-of-use assets, lease liabilities and, if applicable, long-term lease liabilities. The Company does not currently hold any financing leases. The Company has elected the practical expedient not to recognize on the balance sheet leases with terms of one year or less and not to separate lease components and non-lease components for long-term real estate leases. Lease liabilities and their corresponding right-of-use assets are recorded based on the present value of lease payments over the expected lease term. The interest rate implicit in lease contracts is typically not readily determinable. As such, the Company estimates the incremental borrowing rate in determining the present value of lease payments. The Company's headquarters operating lease has one single component. The lease component results in a right-of-use asset being recorded on the balance sheet, which is amortized as lease expense on a straight-line basis in the Company's condensed consolidated statements of operations.

Redeemable Preferred Stock

The Company issued one share of redeemable preferred stock in May 2022. The redeemable preferred stock contained provisions that required redemption under circumstances that were outside of the Company's control and was classified as a mezzanine instrument outside of the Company's capital accounts. The share of redeemable preferred stock was sold to one investor for $10 and was subsequently redeemed in July 2022, as described further in Note 7. "*Capital Stock*."

New Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board or other standard setting bodies that the Company adopts as of the specified effective date. The Company does not believe that the adoption of recently issued standards has had or will have a material impact on the Company's condensed consolidated financial statements or disclosures.

NOTE 3. STRATEGIC AGREEMENTS

Exclusive License and Development Agreement with Carna

On February 2, 2022, the Company entered into an Exclusive License Agreement (the "Carna License Agreement") with Carna Biosciences, Inc. ("Carna"), pursuant to which the Company acquired exclusive, worldwide rights to research, develop, and commercialize Carna's portfolio of novel STING inhibitors. In accordance with the terms of the Carna License Agreement, in exchange for the licensed rights, the Company made a one-time cash payment of $2.0 million, which was recorded as research and development expenses in the condensed consolidated statements of operations during the nine months ended September 30, 2022.

The Carna License Agreement provides that the Company will make success-based payments to Carna of up to $258.0 million in the aggregate contingent upon achievement of specified development, regulatory, and commercial milestones. Further, the Carna License Agreement provides that the Company will pay Carna tiered royalty payments ranging from mid-single digits up to 10% of net sales. All of the contingent payments and royalties are payable in cash in U.S. Dollars. Under the terms of the Carna License Agreement, the Company is responsible for, and bears the future costs of, all development and commercialization activities, including patenting, related to all the licensed compounds. As of September 30, 2022 and through the date of this Quarterly Report, the Company has not yet made any payments or recorded any liabilities related to the specified development, regulatory, and commercial milestones or royalties on net sales pursuant to the Carna License Agreement.

License and Development Agreement with Voronoi

On August 27, 2021, the Company entered into a License and Development Agreement (the "Voronoi License Agreement") with Voronoi Inc. ("Voronoi"), pursuant to which the Company acquired exclusive, worldwide rights to research, develop, and commercialize FRTX-02, a novel, potent, highly selective, and orally bioavailable potential first-in-class DYRK1A inhibitor, and other next-generation kinase inhibitors. In accordance with the terms of the Voronoi License Agreement, in exchange for the licensed rights, the Company made a one-time payment of $2.5 million in cash and issued $2.0 million, or 62,597 shares, of its common stock to Voronoi.

With respect to FRTX-02, the Voronoi License Agreement provides that the Company will make payments to Voronoi of up to $ 211.0 million in the aggregate contingent upon achievement of specified development, regulatory, and commercial milestones. With respect to the next-generation compounds arising from the novel kinase inhibitor platform, the Company will make payments to Voronoi of up to $ 107.5 million in the aggregate contingent upon achievement of specified development, regulatory, and commercial milestones. Further, the Voronoi License Agreement provides that the Company will pay Voronoi tiered royalty payments ranging from low-single digits up to 10% of net sales of products arising from the DYRK1A inhibitor programs and next-generation kinase inhibitor platform. All of the contingent payments and royalties are payable in cash in U.S. Dollars, except for $1.0 million of the development and regulatory milestone payments, which amount is payable in equivalent shares of the Company's common stock. Under the terms of the Voronoi License Agreement, the Company is responsible for, and bears the future costs of, all development and commercialization activities, including patenting, related to all the licensed compounds. As of September 30, 2022 and through the date of this Quarterly Report, the Company has not yet made any payments or recorded any liabilities related to the specified development, regulatory, and commercial milestones or royalties on net sales pursuant to the Voronoi License Agreement.

Asset Purchase Agreement with Botanix

On May 3, 2022 (the "Effective Date"), the Company and Brickell Subsidiary entered into an asset purchase agreement with Botanix and Botanix Pharmaceuticals Limited (the "Asset Purchase Agreement"), pursuant to

which Botanix acquired and assumed control of all rights, title, and interests to assets primarily related to the proprietary compound sofpironium bromide that were owned and/or licensed by the Company or Brickell Subsidiary (the "Assets"). The Company had previously entered into a License Agreement with Bodor Laboratories, Inc. ("Bodor"), dated December 15, 2012 (last amended in February 2020) that provided the Company with a worldwide exclusive license to develop, manufacture, market, sell, and sublicense products containing sofpironium bromide through which the Assets were developed (the "Amended and Restated License Agreement"). As a result of the Asset Purchase Agreement, Botanix is now responsible for all further research, development, and commercialization of sofpironium bromide globally and replaced the Company as the exclusive licensee under the Amended and Restated License Agreement.

In accordance with the sublicense rights provided to the Company under the Amended and Restated License Agreement, the Company also previously entered into a License, Development, and Commercialization Agreement with Kaken Pharmaceutical Co., Ltd. ("Kaken"), dated as of March 31, 2015 (as amended in May 2018, the "Kaken Agreement"), under which the Company granted to Kaken an exclusive right to develop, manufacture, and commercialize the sofpironium bromide compound in Japan and certain other Asian countries (the "Territory"). In exchange for the sublicense, the Company was entitled to receive aggregate payments of up to $ 10.0 million upon the achievement of specified development milestones, which was earned and received in 2017 and 2018, and up to $19.0 million upon the achievement of sales-based milestones, as well as tiered royalties based on a percentage of net sales of licensed products in the Territory. In September 2020, Kaken received regulatory approval in Japan to manufacture and market ECCLOCK for the treatment of primary axillary hyperhidrosis, and as a result, the Company began recognizing royalty revenue earned on a percentage of net sales of ECCLOCK in Japan. Pursuant to the Asset Purchase Agreement, the Kaken Agreement was also assigned to Botanix, which replaced the Company as the exclusive sub-licensor to Kaken. During the nine months ended September 30, 2022, prior to entering into the Asset Purchase Agreement, the Company recognized royalty revenue of $0.1 million under the Kaken Agreement. During the three and nine months ended September 30, 2021, the Company recognized royalty revenue of $0.1 million and $0.3 million, respectively, under the Kaken Agreement.

The Company determined that the development of and ultimate sale and assignment of rights to the Assets is an output of the Company's ordinary activities and Botanix is a customer as it relates to the sale of the Assets and related activities.

In accordance with the terms of the Asset Purchase Agreement, in exchange for the Assets, the Company (i) received an upfront payment at closing in the amount of $3.0 million, (ii) is to be reimbursed for certain recent development expenditures in advancement of the Assets, and (iii) will receive from Botanix contingent near-term milestone payments of (a) $2.0 million upon the acceptance by the U.S. Food and Drug Administration ("FDA") of the filing of a new drug application ("NDA") for sofpironium bromide gel, 15%, and (b) $4.0 million if marketing approval in the U.S. for sofpironium bromide gel, 15%, is received on or before September 30, 2023, or $2.5 million if such marketing approval is received after September 30, 2023 but on or before February 17, 2024. Although Botanix submitted an NDA for sofpironium bromide gel, 15%, to the FDA in September 2022, as of the date of this filing, the submission has not been accepted for filing by the FDA.

Under the Asset Purchase Agreement, the Company also is eligible to receive additional success-based regulatory and sales milestone payments of up to $168.0 million. Further, the Company will receive tiered earnout payments ranging from high-single digits to mid-teen digits on net sales of sofpironium bromide gel (the "Earnout Payments").

The Asset Purchase Agreement also provides that Botanix will pay to the Company a portion of the sales-based milestone payments and royalties that Botanix receives from Kaken under the Kaken Agreement (together, the "Sublicense Income"). Sublicense Income represents the Company's estimate of payments that will be earned by the Company in the applicable period from royalties Botanix will receive from Kaken to the extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Such

payments vary based on net sales that are impacted by a wide variety of market and other factors and, as such, the Company utilized the expected value approach, which the Company believes will best predict the amount of consideration to which it will be entitled. In relation to the sales-based milestone payments that Botanix may receive from Kaken in the future, the Company utilized the most likely amount method and determined it is not yet probable that the Company will receive any payments from Botanix in relation to such milestone payments. Therefore, the Company determined that such milestone payments are fully constrained as of September 30, 2022, and, as such, have not yet been recognized as contract revenue. With respect to the recognition of contract revenue for the Sublicense Income based on future royalties that will be due to Botanix from Kaken, certain amounts are not yet due from Botanix. Therefore, the Company has recorded a contract asset equal to the amount of revenue recognized to date related to the Sublicense Income, less the amount of payments received from or due by Botanix in relation to the Sublicense Income to date.

All other consideration due under the Asset Purchase Agreement is contingent upon certain regulatory approvals and future sales subsequent to such regulatory approvals, or is based upon future sales that the Company determined are not yet probable due to such revenues being highly susceptible to factors outside of the Company's influence and uncertainty about the amount of such consideration that will not be resolved for an extended period of time. Therefore, the Company determined that such variable consideration amounts are fully constrained as of September 30, 2022, and as such, did not recognize such amounts as contract revenue.

Transition Services Agreement with Botanix

In connection with the sale of the Assets, on the Effective Date, the Company and Botanix entered into a transition services agreement (the "TSA") whereby the Company is providing consulting services as an independent contractor to Botanix in support of and through filing and potential approval of the U.S. NDA for sofpironium bromide gel, 15%. In accordance with the terms of the TSA, in exchange for providing these services, the Company will receive from Botanix, (i) prior to the acceptance of the filing by the FDA of such NDA, a fixed monthly amount of $71 thousand, and (ii) after the acceptance of the filing by the FDA of such NDA, a variable amount based upon actual hours worked, in each case plus related fees and expenses of the Company's advisors (plus a 5% administrative fee) and the Company's out-of-pocket expenses.

Contract Revenue and Contract Assets under the Botanix Agreements

The Company recorded the following as contract revenue during the three and nine months ended September 30, 2022 (in thousands):

	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
Consulting services provided under the TSA	$ 372	$ 730
Sublicense Income	114	447
Upfront consideration received from Botanix	—	3,000
Reimbursed development expenditures under the Asset Purchase Agreement	—	624
Total contract revenue	$ 486	$ 4,801

The following table presents changes in the value of the Company's contract asset related to Sublicense Income for the nine months ended September 30, 2022 (in thousands):

Contract asset as of May 3, 2022 (inception)	$	333
Paid or receivable		(61)
Sublicense Income		114
Contract asset as of September 30, 2022	$	386
Contract asset, included in prepaid expenses and other current assets	$	309
Contract asset, net of current portion	$	77

Agreements with Bodor

In connection with the sale of the Assets, on the Effective Date, the Company, Brickell Subsidiary, and Bodor entered into an agreement (the "Rights Agreement") to clarify that the Company and Brickell Subsidiary have the power and authority under the Amended and Restated License Agreement to enter into the Asset Purchase Agreement and the TSA, and that Botanix would assume the Amended and Restated License Agreement pursuant to the Asset Purchase Agreement. The Rights Agreement includes a general release of claims and no admission of liability between the parties. Pursuant to such Rights Agreement, as subsequently amended on November 10, 2022, the Company has agreed to pay Bodor (i) 20% of the amount of each payment due to the Company from Botanix for upfront and milestone payments, subject to deductions, credits, or offsets applied under the Asset Purchase Agreement, as well as (ii) certain tiered payments, set as a percentage ranging from mid-single digits to mid-teen digits, of the amount of each of the applicable Earnout Payments due to the Company from Botanix after deductions, credits or offsets applied under the Asset Purchase Agreement. During the three and nine months ended September 30, 2022, the Company incurred $0.0 million and $0.5 million, respectively, in expenses for payments due to Bodor, which are recorded in general and administrative expenses in the condensed consolidated statements of operations.

Pursuant to the terms of the Asset Purchase Agreement, the Company retained its obligation under the Amended and Restated License Agreement to issue $1.0 million in shares of its common stock to Bodor upon the FDA's acceptance of an NDA filing for sofpironium bromide gel, 15%. On November 10, 2022, the Company paid Bodor $ 1.0 million in cash, in lieu of any securities or other equity interests, in full satisfaction of this obligation. Because this payment was made in November 2022, prior to the FDA's acceptance of the NDA filing for sofpironium bromide gel, 15% that Botanix made in September 2022, no expenses associated with milestones were incurred during the three or nine months ended September 30, 2022 and 2021. Prior to the execution of the Rights Agreement, the Company paid Bodor immaterial amounts with respect to the royalties the Company received from Kaken for sales of sofpironium bromide gel, 5% (ECCLOCK) in Japan during those periods.

NOTE 4. DETAILED ACCOUNT BALANCES

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

	September 30, 2022	December 31, 2021
Prepaid research and development expenses	$ 1,634	$ 1,443
Prepaid insurance	518	921
Accounts receivable	372	125
Contract asset	309	—
Other prepaid expenses	181	168
Other short-term assets	7	59
Total	$ 3,021	$ 2,716

Accrued liabilities consisted of the following (in thousands):

	September 30, 2022	December 31, 2021
Accrued compensation	$ 1,414	$ 1,861
Accrued professional fees	178	452
Accrued research and development expenses	170	823
Total	$ 1,762	$ 3,136

NOTE 5. NOTE PAYABLE

On April 15, 2020, the Company executed an unsecured promissory note to IberiaBank (the "PPP Loan") pursuant to the U.S. Small Business Administration's Paycheck Protection Program (the "PPP") under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The Company used the PPP Loan proceeds in the principal amount of $0.4 million and bearing interest at a fixed rate of 1.00% per annum to cover payroll costs and certain other permitted costs in accordance with the relevant terms and conditions of the CARES Act. In January 2021, the Company applied for forgiveness of the full amount of the PPP Loan, which was forgiven in full in June 2021. As a result, during the nine months ended September 30, 2021, the Company recognized a gain on extinguishment of debt of approximately $0.4 million in other income in the condensed consolidated statements of operations.

NOTE 6. COMMITMENTS AND CONTINGENCIES

Operating Lease

In August 2016, the Company entered into a multi-year, noncancelable lease for its Colorado-based office space, which was amended in June 2021 to, among other things, extend the lease term to December 31, 2022 (as amended, the "Boulder Lease"). Under the terms of the Boulder Lease, the Company may, at its option, renew the Boulder Lease for two additional terms of three years each, with monthly rent payments determined at the time of renewal at the lower of $6,076 per month or current market rental rates. The Company recognized a right-of-use asset and corresponding lease liability. Minimum base lease payments under the Boulder Lease are recognized on a straight-line basis over the full term of the lease. In addition to base rental payments included in the contractual obligations table below, the Company is responsible for its pro rata share of the operating expenses for the building, which includes common area maintenance, utilities, property taxes, and insurance.

Upon modification of the Boulder Lease, the Company reassessed classification of the lease and determined that the lease still met the criteria to be classified as an operating lease. Furthermore, the Company remeasured the lease liability as of the effective date by calculating the present value of the new lease payments, discounted at the Company's updated incremental borrowing rate of 11.0%, over the extended term of 18 months. The operating expenses are variable and are not included in the present value determination of the lease liability. Because the Company was not reasonably certain to exercise the renewal option, the option was not considered in determining the lease term, and associated potential additional payments were excluded from lease payments.

The following is a summary of the contractual obligations related to operating lease commitments as of September 30, 2022 (in thousands):

Total maturities, through December 31, 2022	$	18
Less imputed interest		—
Present value of lease liability	$	18

Licensing and Other Agreements

Refer to Note 3. "*Strategic Agreements*" for more information about the Company's obligations under its licensing and other agreements.

NOTE 7. CAPITAL STOCK

Reverse Stock Split

On June 30, 2022, the stockholders of the Company approved an amendment to the Company's Restated Certificate of Incorporation to effect a reverse stock split of the Company's outstanding common stock. The Company effected the reverse stock split at a split ratio of 1-for-45 on July 5, 2022, at which date each forty-five (45) shares of common stock issued and outstanding immediately prior to the reverse stock split were automatically reclassified, combined, and converted into one (1) validly issued, fully paid and non-assessable share of the Company's common stock, subject to the treatment of fractional share interests as described below. Proportional adjustments were made to the number of shares of the Company's common stock subject to outstanding equity awards and warrants, as well as the applicable exercise price. Proportional adjustments were also made to the reserve of shares available for future issuance under the Company's equity incentive plans and the Fresh Tracks Therapeutics, Inc. Employee Stock Purchase Plan (the "ESPP").

No fractional shares were issued in connection with the reverse stock split. All fractional shares were aggregated and sold at the then-prevailing prices on The Nasdaq Capital Market on behalf of those stockholders who would otherwise be entitled to receive a fractional share as a result of the reverse stock split. After completion of such sale, stockholders who would have been entitled to a fractional share instead received a cash payment in an amount equal to their respective pro rata shares of the total proceeds of that sale net of any brokerage costs incurred to sell such stock.

All common stock shares, per-share amounts, and other related balances and computations reported as of and prior to September 30, 2022 in the condensed consolidated financial statements and notes thereto give effect to the 1-for-45 reverse stock split of our outstanding shares of common stock that occurred on July 5, 2022. The number of shares of our common stock authorized for issuance was not affected by the reverse stock split and was not proportionally decreased.

Common Stock

Under the Company's Restated Certificate of Incorporation, the Company's board of directors has the authority to issue up to 300,000,000 shares of common stock with a par value of $0.01 per share. Each share of the

Company's common stock is entitled to one vote, and the holders of the Company's common stock are entitled to receive dividends when and as declared or paid by its board of directors. The Company had reserved authorized shares of common stock for future issuance as of September 30, 2022 as follows:

	September 30, 2022
Common stock warrants	621,063
Common stock options outstanding	222,919
Shares available for grant under the 2020 Omnibus Long-Term Incentive Plan	134,240
Shares available for grant under the ESPP	48,484
Total	1,026,706

Public Offerings of Common Stock and Warrants

In October 2021, the Company completed a sale of 672,521 shares of its common stock at a public offering price of $17.10 per share in an underwritten public offering (the "October 2021 Offering"). The October 2021 Offering resulted in net proceeds of approximately $10.3 million, after deducting the underwriting discount and offering expenses payable by the Company.

In July 2021, the Company completed a sale of 288,530 shares of its common stock at a public offering price of $27.90 per share in an underwritten public offering (the "July 2021 Offering"). The July 2021 Offering resulted in net proceeds of approximately $7.3 million, after deducting underwriting discounts and commissions and offering expenses payable by the Company.

In October 2020, the Company completed a sale of 422,300 shares of its common stock, and, to certain investors, pre-funded warrants to purchase 40,663 shares of its common stock, and accompanying common stock warrants to purchase up to an aggregate of 462,979 shares of its common stock (the "October 2020 Offering"). Each share of common stock and pre-funded warrant to purchase one share of the Company's common stock was sold together with a common warrant to purchase one share of the Company's common stock. The public offering price of each share of the Company's common stock and accompanying common warrant was $32.40 and $32.35 for each pre-funded warrant and accompanying common warrant, respectively. The shares of common stock and pre-funded warrants, and the accompanying common warrants, were issued separately and were immediately separable upon issuance. The common warrants are exercisable at a price of $32.40 per share of the Company's common stock and will expire five years from the date of issuance. The pre-funded warrants were exercised in October 2020 at an exercise price of $0.04 per share of the Company's common stock. The October 2020 Offering resulted in net proceeds of approximately $13.7 million to the Company after deducting underwriting commissions and discounts and other offering expenses payable by the Company of $1.3 million and excluding the proceeds from the exercise of the warrants. During the nine months ended September 30, 2021, 276,165 common warrants associated with the October 2020 Offering were exercised at a weighted-average exercise price of $32.40 per share, resulting in aggregate proceeds of approximately $8.9 million.

In June 2020, the Company completed a sale of 328,669 shares of its common stock, and, to certain investors, pre-funded warrants to purchase 60,220 shares of its common stock, and accompanying common stock warrants to purchase up to an aggregate of 388,920 shares of its common stock (the "June 2020 Offering"). Each share of common stock and pre-funded warrant to purchase one share of common stock was sold together with a common warrant to purchase one share of common stock. The public offering price of each share of common stock and accompanying common warrant was $51.75 and $51.70 for each pre-funded warrant and accompanying common warrant, respectively. The shares of common stock and pre-funded warrants, and the accompanying common warrants, were issued separately and were immediately separable upon issuance. The pre-funded warrants were exercised in the third quarter of 2020 at an exercise price of $0.04 per share of

common stock. The common warrants were immediately exercisable at a price of $56.25 per share of common stock and will expirefive years from the date of issuance. The June 2020 Offering resulted in approximately $18.7 million of net proceeds to the Company after deducting underwriting commissions and discounts and other offering expenses payable by the Company of $1.4 million and excluding the proceeds from the exercise of the warrants. Certain officers of the Company participated in the June 2020 Offering by purchasing an aggregate purchase price of $0.2 million of the Company's common stock and warrants. During the nine months ended September 30, 2021,388 common warrants associated with the June 2020 Offering were exercised at a weighted-average exercise price of $56.25 per share, resulting in aggregate proceeds of approximately $22 thousand.

The Company has used and is using the remaining net proceeds from its common stock offerings for research and development, including clinical trials, working capital, and general corporate purposes.

At Market Issuance Sales Agreements

In March 2021, the Company entered into an At Market Issuance Sales Agreement (the "2021 ATM Agreement") with Oppenheimer & Co. Inc. ("Oppenheimer") and William Blair & Company, L.L.C. as the Company's sales agents (the "Agents"). Pursuant to the terms of the 2021 ATM Agreement, the Company may sell from time to time through the Agents shares of its common stock having an aggregate offering price of up to $50.0 million. Such shares are issued pursuant to the Company's shelf registration statement on Form S-3 (Registration No. 333-254037). Sales of the shares are made by means of ordinary brokers' transactions on The Nasdaq Capital Market at market prices or as otherwise agreed by the Company and the Agents. Under the terms of the 2021 ATM Agreement, the Company may also sell the shares from time to time to an Agent as principal for its own account at a price to be agreed upon at the time of sale. Any sale of the shares to an Agent as principal would be pursuant to the terms of a separate placement notice between the Company and such Agent. During the three months ended September 30, 2022, the Company sold 322,824 shares of common stock under the 2021 ATM Agreement at a weighted-average price of $ 3.52 per share, for aggregate net proceeds of $1.1 million, after giving effect to a 3% commission to the Agents. During the nine months ended September 30, 2022, the Company sold 354,381 shares of common stock under the 2021 ATM Agreement at a weighted-average price of $3.70 per share, for aggregate net proceeds of $1.3 million, after giving effect to a 3% commission to the Agents. During the three months ended September 30, 2021, the Company sold 10,805 shares of common stock under the 2021 ATM Agreement at a weighted-average price of $38.93 per share, for aggregate net proceeds of $0.4 million, after giving effect to a 3% commission to the Agents. During the nine months ended September 30, 2021, the Company sold 98,882 shares of common stock under the 2021 ATM Agreement at a weighted-average price of $40.04 per share, for aggregate net proceeds of $3.8 million, after giving effect to a 3% commission to the Agents. As of September 30, 2022, approximately $44.7 million of shares of common stock were remaining, but had not yet been sold by the Company under the 2021 ATM Agreement.

In April 2020, the Company entered into an At Market Issuance Sales Agreement (the "2020 ATM Agreement" and, together with the 2021 ATM Agreement, the "ATM Agreements") with Oppenheimer as the Company's sales agent. Pursuant to the terms of the 2020 ATM Agreement, the Company may sell from time to time through Oppenheimer shares of its common stock having an aggregate offering price of up to $8.0 million. Such shares are issued pursuant to the Company's shelf registration statement on Form S-3 (Registration No. 333-236353). Sales of the shares are made by means of ordinary brokers' transactions on The Nasdaq Capital Market at market prices or as otherwise agreed by the Company and Oppenheimer. Under the terms of the 2020 ATM Agreement, the Company may also sell the shares from time to time to Oppenheimer as principal for its own account at a price to be agreed upon at the time of sale. Any sale of the shares to Oppenheimer as principal would be pursuant to the terms of a separate placement notice between the Company and Oppenheimer. During the three and nine months ended September 30, 2022, and during the three months ended September 30, 2021, no sales of common stock under the 2020 ATM Agreement occurred. During the nine months ended September 30, 2021, the Company sold 24,201 shares of its common stock under the 2020

ATM Agreement at a weighted-average price of $69.62 per share, for aggregate net proceeds of approximately $1.6 million, after giving effect to a 3% commission to Oppenheimer as agent. As of September 30, 2022, approximately $2.6 million of shares of common stock were remaining, but had not yet been sold by the Company under the 2020 ATM Agreement.

The Company is subject to the SEC's "baby shelf rules," which prohibit companies with a public float of less than $75 million from issuing securities under a shelf registration statement in excess of one-third of such company's public float in a 12-month period. These rules may limit future issuances of shares by the Company under the ATM Agreements or other common stock offerings.

Private Placement Offerings

In February 2020, the Company and Lincoln Park Capital Fund, LLC ("Lincoln Park") entered into (i) a securities purchase agreement (the "Securities Purchase Agreement"); (ii) a purchase agreement (the "Purchase Agreement"); and (iii) a registration rights agreement (the "Registration Rights Agreement"). Pursuant to the Securities Purchase Agreement, Lincoln Park purchased, and the Company sold, (i) an aggregate of 21,111 shares of common stock (the "Common Shares"); (ii) a warrant to initially purchase an aggregate of up to 13,476 shares of common stock at an exercise price of $0.45 per share (the "Series A Warrant"); and (iii) a warrant to initially purchase an aggregate of up to 34,588 shares of common stock at an exercise price of $2.20 per share (the "Series B Warrant," and together with the Series A Warrant, the "Warrants"). The aggregate gross purchase price for the Common Shares and the Warrants was $2.0 million.

Under the terms and subject to the conditions of the Purchase Agreement, the Company has the right, but not the obligation, to sell to Lincoln Park, and Lincoln Park is obligated to purchase, up to $28.0 million in the aggregate of shares of common stock. In order to retain maximum flexibility to issue and sell up to the maximum of $28.0 million of the Company's common stock under the Purchase Agreement, the Company sought and, at its annual meeting on April 19, 2021, received, stockholder approval for the sale and issuance of common stock in connection with the Purchase Agreement under Nasdaq Listing Rule 5635(d). Sales of common stock by the Company will be subject to certain limitations, and may occur from time to time, at the Company's sole discretion, over the 36-month period commencing on August 14, 2020 (the "Commencement Date").

Following the Commencement Date, under the Purchase Agreement, on any business day selected by the Company, the Company may direct Lincoln Park to purchase up to 2,222 shares of common stock on such business day (each, a "Regular Purchase"), provided, however, that (i) the Regular Purchase may be increased to up to 2,777 shares, provided that the closing sale price of the common stock is not below $3.00 on the purchase date; and (ii) the Regular Purchase may be increased to up to 3,333 shares, provided that the closing sale price of the common stock is not below $5.00 on the purchase date. In each case, Lincoln Park's maximum commitment in any single Regular Purchase may not exceed $1,000,000. The purchase price per share for each such Regular Purchase will be based on prevailing market prices of common stock immediately preceding the time of sale. In addition to Regular Purchases, the Company may direct Lincoln Park to purchase other amounts as accelerated purchases or as additional accelerated purchases if the closing sale price of the common stock exceeds certain threshold prices as set forth in the Purchase Agreement. In all instances, the Company may not sell shares of its common stock to Lincoln Park under the Purchase Agreement if it would result in Lincoln Park beneficially owning more than 9.99% of the outstanding shares of common stock. During the three and nine months ended September 30, 2022, no sales of common stock under the Purchase Agreement occurred. During the three months ended September 30, 2021, the Company sold to Lincoln Park 11,115 shares under the Purchase Agreement at a weighted-average price of $36.59 per share, for aggregate net proceeds of $0.4 million. During the nine months ended September 30, 2021, the Company sold to Lincoln Park 28,893 shares under the Purchase Agreement at a weighted-average price of $36.61 per share, for aggregate net proceeds of $1.0 million. As of September 30, 2022, approximately $26.9 million of shares of common stock were remaining, but had not yet been sold by the Company under the Purchase Agreement.

On September 9, 2022, a registration statement was declared effective covering the resale of up to 1,750,000 additional shares of the Company's common stock that the Company has reserved for issuance and sale to Lincoln Park under the Purchase Agreement (Registration No. 333-267254).

The Company agreed with Lincoln Park that it will not enter into any "variable rate" transactions with any third party, subject to certain exceptions, for a period defined in the Purchase Agreement. The Company has the right to terminate the Purchase Agreement at any time, at no cost or penalty.

The Securities Purchase Agreement, the Purchase Agreement, and the Registration Rights Agreement contain customary representations, warranties, agreements, and conditions to completing future sale transactions, indemnification rights, and obligations of the parties.

Preferred Stock

Under the Company's Restated Certificate of Incorporation, the Company's board of directors has the authority to issue up to 5,000,000 shares of preferred stock with a par value of $0.01 per share, at its discretion, in one or more classes or series and to fix the powers, preferences and rights, and the qualifications, limitations, or restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption, and liquidation preferences, without further vote or action by the Company's stockholders. On May 25, 2022, the Company issued and sold one share of the Company's preferred stock, which was designated as Series A Preferred Stock (the "Series A Preferred Stock"), for a nominal amount. During the time the Series A Preferred Stock was outstanding, it had 80,000,000 votes exclusively with respect to any proposal to amend the Company's Restated Certificate of Incorporation to effect a reverse stock split of the Company's common stock. The terms of the Series A Preferred Stock provided that it would be voted, without action by the holder, on any such proposal in the same proportion as shares of the Company's common stock were voted. The Series A Preferred Stock otherwise had no voting rights except as otherwise required by the General Corporation Law of the State of Delaware. The Series A Preferred Stock was not convertible into, or exchangeable for, shares of any other class or series of stock or other securities of the Company and had no rights with respect to any distribution of assets of the Company, including upon a liquidation, bankruptcy, reorganization, merger, acquisition, sale, dissolution or winding up of the Company, whether voluntarily or involuntarily. The holder of the Series A Preferred Stock was not entitled to receive dividends of any kind.

The Series A Preferred Stock was redeemed in whole on July 5, 2022 upon the effectiveness of the amendment to the Certificate of Incorporation implementing the reverse stock split. As of September 30, 2022, there were no shares of Series A Preferred Stock outstanding.

NOTE 8. STOCK-BASED COMPENSATION

Equity Incentive Plans

On April 20, 2020, the Company's stockholders approved the 2020 Omnibus Long-Term Incentive Plan (the "Omnibus Plan"), which replaced, with respect to new award grants, the Company's 2009 Equity Incentive Plan, as amended and restated (the "2009 Plan"), and the Vical Equity Incentive Plan (the "Vical Plan") (collectively, the "Prior Plans") that were previously in effect. Following the approval of the Omnibus Plan on April 20, 2020, no further awards were available to be issued under the Prior Plans, but awards outstanding under those plans as of that date remain outstanding in accordance with their terms. As of September 30, 2022, 26,342 and 1,836 shares were subject to outstanding awards under the 2009 Plan and Vical Plan, respectively.

On May 17, 2022, the Company's stockholders approved an increase in the number of shares of common stock authorized for issuance under the Omnibus Plan by 119,377 shares. As of September 30, 2022, 323,364 shares were authorized, and 194,741 shares were subject to outstanding awards under the Omnibus Plan. As of September 30, 2022, 134,240 shares remained available for grant under the Omnibus Plan.

Employee Stock Purchase Plan

On April 19, 2021, the Company's stockholders approved the ESPP, which had a first eligible purchase period commencing on July 1, 2021. The ESPP allows qualified employees to purchase shares of the Company's common stock at a price per share equal to 85% of the lower of: (i) the closing price of the Company's common stock on the first trading day of the applicable purchase period or (ii) the closing price of the Company's common stock on the last trading day of the applicable purchase period. New six-month purchase periods begin each January 1 and July 1. As of September 30, 2022, the Company had 48,484 shares available for issuance and 9,293 cumulative shares had been issued under the ESPP.

Stock-Based Compensation Expense

Total stock-based compensation expense reported in the condensed consolidated statements of operations was allocated as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Research and development	$ 104	$ 161	$ 320	$ 358
General and administrative	435	616	1,346	1,309
Total stock-based compensation expense	$ 539	$ 777	$ 1,666	$ 1,667

NOTE 9. SUBSEQUENT EVENTS

On November 10, 2022, the Company entered into an Acknowledgment and Agreement Related to Asset Purchase Agreement and Amended and Restated License Agreement (the "Acknowledgment") with Brickell Subsidiary, Botanix, Botanix Pharmaceuticals Limited, and Bodor. Pursuant to the Acknowledgment, the Company paid $ 1.0 million in cash to Bodor in full satisfaction of the Company's obligation to issue $1.0 million of shares of the Company's common stock upon a regulatory event related to sofpironium bromide, as originally provided for in the Amended and Restated License Agreement.

Also on November 10, 2022, the Company entered into an Amendment to Rights Agreement (the "Amendment") with Brickell Subsidiary and Bodor to amend the Rights Agreement by revising the amounts and terms of the following payments the Company agreed to make to Bodor pursuant to the Rights Agreement: (i) 20% of the amount of each payment due to the Company from Botanix for upfront and milestone payments, subject to deductions, credits, or offsets applied under the Asset Purchase Agreement, as well as (ii) certain tiered payments, set as a percentage ranging from mid-single digits to mid-teen digits, of the amount of each of the applicable Earnout Payments due to the Company from Botanix after deductions, credits or offsets applied under the Asset Purchase Agreement under the Asset Purchase Agreement.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

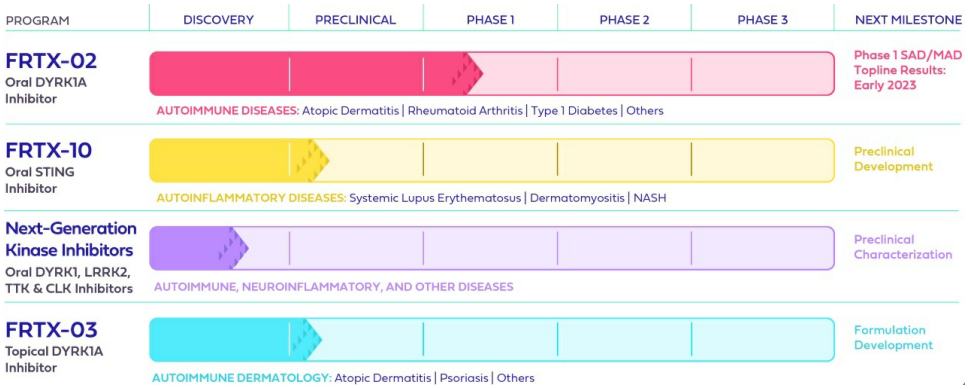
Overview

We are a clinical-stage pharmaceutical company striving to transform patient lives through the development of innovative and differentiated prescription therapeutics. Our pipeline aims to disrupt existing treatment paradigms and features several new chemical entities that inhibit novel targets with first-in-class potential for autoimmune, inflammatory, and other debilitating diseases. Our executive management team and board of directors have a proven track record of leadership across early-stage research, product development, and global commercialization, having served in leadership roles at large global pharmaceutical and biotech companies that successfully developed and/or launched first-in-class products, some of which have achieved iconic status,

including Cialis®, Taltz®, Gemzar®, Prozac®, Cymbalta®, Juvederm®, Pluvicto®, and sofpironium bromide. Our strategy is to align this experience and clear vision to explore beyond the limitations of current therapies by identifying, pursuing, and developing next-generation therapeutics that can be groundbreaking in their ability to help millions of people struggling with autoimmune, inflammatory, and other debilitating diseases.

On September 7, 2022, we changed our corporate entity name from Brickell Biotech, Inc. to Fresh Tracks Therapeutics, Inc. and updated our logo, website, and branding elements to reflect the new name. We also updated our product candidate names accordingly, for instance BBI-02 became FRTX-02 and BBI-10 became FRTX-10.

The following image summarizes our current pipeline and corresponding development programs:



Research & Development Programs

FRTX-02: A Potential First-in-Class Oral DYRK1A Inhibitor for the Treatment of Autoimmune and Inflammatory Diseases

In August 2021, we acquired exclusive, worldwide rights to research, develop, and commercialize FRTX-02, a novel, potent, highly selective, and orally bioavailable potential first-in-class, small molecule DYRK1A inhibitor that aims to restore immune balance in patients whose immune systems have become dysregulated. FRTX-02 is currently being evaluated in a Phase 1 clinical trial and based on the promising preclinical efficacy data generated to date, we believe FRTX-02 has the potential to be a first-in-class therapy for the treatment of a wide array of debilitating autoimmune and inflammatory diseases.

FRTX-02 is our lead development-stage program and has demonstrated promising results in various preclinical models, including of atopic dermatitis ("AD") and rheumatoid arthritis. In these models, FRTX-02 showed encouraging decreases in disease severity and reduction of pro-inflammatory cytokines compared to current standard-of-care agents, such as Janus kinase (JAK) inhibitors and anti-tumor necrosis factor ("TNF") biologics. Notably, many current therapies for autoimmune disorders are broadly immunosuppressive, which may lead to severe side effects, such as increased infection risk. Preclinical data have shown FRTX-02 to drive regulatory T-cell differentiation while dampening pro-inflammatory T_H17 cells and MyD88/IRAK4-related signaling pathways. Regulatory T-cells serve to maintain tolerance and keep the autoreactive, pro-inflammatory T-cells in check, thus inhibiting autoimmune disease and limiting chronic inflammation. The myeloid differentiation primary response 88 ("MyD88") protein is normally spliced into a long form and a short form. The long form of MyD88 drives inflammation via pathways related to IRAK4, a protein kinase involved in signaling immune responses from toll-like receptors, while the short form of MyD88 limits IRAK4 phosphorylation and its

respective downstream signaling pathway. DYRK1A inhibition shifts the balance to produce more MyD88 short form, which leads to deactivation of the downstream release of certain pro-inflammatory cytokines. Based on current understanding, this inhibition of the release of excess cytokines can be achieved by re-establishing the role of MyD88 short form as a negative regulator of this pathway. Unlike many existing therapies, as well as those currently being investigated, FRTX-02 may have the ability to target both the adaptive and innate immune imbalance simultaneously, potentially resulting in, or substantially achieving, restoration of immune homeostasis that, if proven, would represent a paradigm shift in the treatment of certain autoimmune and inflammatory diseases.

In May 2022, we initiated a first-in-human Phase 1 clinical trial for FRTX-02 ("FRTX-02-101") in Canada, which marks the first time a DYRK1A inhibitor intended for patients with autoimmune diseases has been administered in humans. FRTX-02-101 is a randomized, double-blind, placebo-controlled study designed to evaluate the safety, tolerability, pharmacokinetics, and pharmacodynamics of FRTX-02 capsules in both healthy subjects and patients with AD. Our Phase 1 clinical trial for FRTX-02 is designed as follows:

- Part 1A of the study is a single ascending dose ("SAD") assessment of FRTX-02 capsules or placebo, which enrolled a total of 56 healthy volunteers at one study center across seven cohorts, each of which included six subjects receiving a single dose of FRTX-02 and two subjects receiving a placebo. Part 1A of the study was completed in September 2022.

- Part 1B of the study was initiated in September 2022 and is a multiple ascending dose ("MAD") assessment of FRTX-02 or placebo in healthy adult subjects. In the MAD assessment, up to 33 healthy volunteers are being enrolled across three cohorts, each of which includes nine subjects who receive FRTX-02 and two subjects who receive a placebo once daily for 14 days.

- Part 2 of the study is planned to be initiated after the completion of Part 1 and will compare FRTX-02 to placebo in patients with moderate-to-severe AD over 28 days of treatment. Part 2 is expected to enroll approximately 40 patients at up to 12 study centers and will include a preliminary assessment of efficacy.

We remain on track to report topline results from the SAD and MAD parts of the Phase 1 study (Parts 1A and 1B) by early 2023. Additionally, we plan to prepare and file an investigational new drug (IND) application with the FDA for further research and development of FRTX-02 in the U.S. We are also progressing the FRTX-02 nonclinical development program in parallel with the ongoing Phase 1 study.

FRTX-02 is covered by a composition of matter patent issued in the U.S., Japan, China, and other key countries through at least 2038, subject to patent term extensions and adjustments that may be available depending on how this early-stage asset is developed, as well as a pending Patent Cooperation Treaty ("PCT") application, and other foreign and U.S. applications for FRTX-02, as of the date of this Quarterly Report.

FRTX-10: A covalent Stimulator of Interferon Genes (STING) inhibitor candidate for the Potential Treatment of Autoimmune, Inflammatory, and Rare Genetic Diseases

In February 2022, we acquired exclusive, worldwide rights to research, develop, and commercialize a portfolio of novel, preclinical-stage oral Stimulator of Interferon Genes ("STING") inhibitors. STING is a well-known mediator of innate immune responses. Excessive signaling through STING is linked to numerous high unmet-need diseases, ranging from autoimmune disorders, such as systemic lupus erythematosus, to interferonopathies, which are a set of rare genetic conditions characterized by interferon overproduction and could have orphan drug potential.

STING is a key component of the cyclic GMP-AMP synthase ("cGAS")-STING pathway, which plays an important role in the activation of innate immunity. cGAS acts as a DNA sensor, detecting DNA from sources

such as invading bacteria, viruses, and cellular debris that can arise from aging and tissue damage. Upon DNA binding, cGAS produces the secondary messenger molecule cyclic GMP-AMP ("cGAMP"), which binds to STING. STING then undergoes the post-translational modification called palmitoylation, a step essential to the activation of STING. Activated STING then in turn activates the recruitment of kinases that phosphorylate IRF3 and IκBα. Phosphorylated IRF3 leads to activation of the type I interferon response, while phosphorylated IκBα activates NFκB and increases the secretion of pro-inflammatory cytokines such as IL-6 and TNFα, resulting in inflammation. While the innate immune response is an important defense mechanism, a dysregulated type I interferon response and overproduction of pro-inflammatory cytokines also represents a driving cause of multiple autoimmune and inflammatory diseases. As such, targeting the cGAS-STING pathway through STING inhibition may be a novel approach to treating these diseases.

FRTX-10, our lead early-stage STING inhibitor candidate, is a novel, potent, and orally available covalent STING inhibitor that specifically targets the palmitoylation site of STING. This allows it to inhibit both wild-type STING and gain-of-function mutants without competing with cGAMP binding, thus deactivating downstream signaling through IRF3 and IκBα and ultimately suppressing inflammation. FRTX-10 has exhibited strong proof-of mechanism and a promising profile in initial pharmacokinetics, toxicology, and safety pharmacology studies. In addition, *in vitro* studies show that FRTX-10 more potently blocks the STING pathway compared to other known STING palmitoylation inhibitors, and that mice treated with FRTX-10 *in vivo* demonstrate significant decreases in production of key pro-inflammatory cytokines following stimulation of STING. Preclinical development activities for FRTX-10 are currently underway.

For FRTX-10, as of the date of this Quarterly Report, we currently have two pending PCT applications and pending applications in the U.S., Japan, Europe, and other key countries. We possess an exclusive license directed to a library of compounds targeting/inhibiting STING, pharmaceutical compositions containing the same, and methods of their use, which are being evaluated.

Next-Generation Kinase Inhibitors: A Cutting-Edge Platform with the Potential to Produce Treatments for Autoimmune, Inflammatory, and Other Debilitating Diseases

In August 2021, we acquired exclusive global rights to a cutting-edge platform of next-generation kinase inhibitors. This library of new chemical entities includes next-generation DYRK1A inhibitors, as well as other molecules that specifically inhibit Leucine-Rich Repeat Kinase 2 ("LRRK2"), CDC2-like kinase ("CLK"), and TTK protein kinase ("TTK"), also known as Monopolar spindle 1 (Mps1) kinases. A number of these drug candidates have the potential to penetrate the blood-brain barrier, presenting an opportunity to address neuroinflammatory conditions of high unmet need, such as Down Syndrome, Alzheimer's Disease, and Parkinson's Disease, while other peripherally acting novel LRRK2, TTK, and CLK kinase inhibitors could be developed in additional therapeutic areas within autoimmunity, inflammation, and oncology.

Compounds from the next-generation kinase inhibitor platform are covered by U.S. and foreign composition of matter patent applications, as well as other applications, that are currently pending in global prosecution.

Strategic, Licensing, and Other Arrangements

Exclusive License and Development Agreement with Carna

In February 2022, we entered into an exclusive license agreement (the "Carna License Agreement") with Carna Biosciences, Inc. ("Carna"), pursuant to which we acquired exclusive, worldwide rights to research, develop, and commercialize Carna's portfolio of novel STING inhibitors. In accordance with the terms of the Carna License Agreement, in exchange for the licensed rights, we made a one-time cash payment of $2.0 million, which was recorded as research and development expenses in the condensed consolidated statements of operations during the nine months ended September 30, 2022.

The Carna License Agreement provides that we will make success-based payments to Carna of up to $258.0 million in the aggregate contingent upon achievement of specified development, regulatory, and commercial milestones. Further, the Carna License Agreement provides that we will pay Carna tiered royalty payments ranging from mid-single digits up to 10% of net sales. All of the contingent payments and royalties are payable in cash in U.S. Dollars. Under the terms of the Carna License Agreement, we are responsible for, and bear the future costs of, all development and commercialization activities, including patenting, related to all the licensed compounds. As of September 30, 2022 and through the date of this Quarterly Report, we have not yet made any payments or recorded any liabilities related to the specified development, regulatory, and commercial milestones or royalties on net sales pursuant to the Carna License Agreement.

License and Development Agreement with Voronoi

In August 2021, we entered into a license and development agreement (the "Voronoi License Agreement") with Voronoi Inc. ("Voronoi"), pursuant to which we acquired exclusive, worldwide rights to research, develop, and commercialize FRTX-02, a novel, potent, highly selective, and orally bioavailable potential first-in-class, small molecule DYRK1A inhibitor, and other next-generation kinase inhibitors. In accordance with the terms of the Voronoi License Agreement, in exchange for the licensed rights, we made a one-time payment of $2.5 million in cash and issued $2.0 million, or 62,597 shares, of our common stock to Voronoi.

With respect to FRTX-02, the Voronoi License Agreement provides that we will make payments to Voronoi of up to $211.0 million in the aggregate contingent upon achievement of specified development, regulatory, and commercial milestones. With respect to the next-generation compounds arising from the novel kinase inhibitor platform, we will make payments to Voronoi of up to $107.5 million in the aggregate contingent upon achievement of specified development, regulatory, and commercial milestones. Further, the Voronoi License Agreement provides that we will pay Voronoi tiered royalty payments ranging from low-single digits up to 10% of net sales of products arising from the DYRK1A inhibitor programs and next-generation kinase inhibitor platform. All of the contingent payments and royalties are payable in cash in U.S. Dollars, except for $1.0 million of the development and regulatory milestone payments, which amount is payable in equivalent shares of our common stock. Under the terms of the Voronoi License Agreement, we are responsible for, and bear the future costs of, all development and commercialization activities, including patenting, related to all the licensed compounds. As of September 30, 2022 and through the date of this Quarterly Report, we have not yet made any payments or recorded any liabilities related to the specified development, regulatory, and commercial milestones or royalties on net sales pursuant to the Voronoi License Agreement.

Asset Purchase Agreement with Botanix

On May 3, 2022 (the "Effective Date"), we and Brickell Subsidiary, Inc. ("Brickell Subsidiary") entered into an asset purchase agreement with Botanix and Botanix Pharmaceuticals Limited (the "Asset Purchase Agreement"), pursuant to which Botanix acquired and assumed control of all rights, title, and interests to assets primarily related to the proprietary compound sofpironium bromide that were owned and/or licensed by us or Brickell Subsidiary (the "Assets"). We had previously entered into a License Agreement with Bodor, dated December 15, 2012 (last amended in February 2020) that provided us with a worldwide exclusive license to develop, manufacture, market, sell, and sublicense products containing sofpironium bromide through which the Assets were developed (the "Amended and Restated License Agreement"). As a result of the Asset Purchase Agreement, Botanix is now responsible for all further research, development, and commercialization of sofpironium bromide globally and replaced us as the exclusive licensee under the Amended and Restated License Agreement.

In accordance with the sublicense rights provided to us under the Amended and Restated License Agreement, we also previously entered into a License, Development, and Commercialization Agreement with Kaken, dated as of March 31, 2015 (as amended in May 2018, the "Kaken Agreement"), under which we granted to Kaken an exclusive right to develop, manufacture, and commercialize the sofpironium bromide compound in Japan and

certain other Asian countries (the "Territory"). In exchange for the sublicense, we were entitled to receive aggregate payments of up to $10.0 million upon the achievement of specified development milestones, which was earned and received in 2017 and 2018, and up to $19.0 million upon the achievement of sales-based milestones, as well as tiered royalties based on a percentage of net sales of licensed products in the Territory. In September 2020, Kaken received regulatory approval in Japan to manufacture and market sofpironium bromide gel, 5% (ECCLOCK) for the treatment of primary axillary hyperhidrosis, and as a result, we began recognizing royalty revenue earned on a percentage of net sales of ECCLOCK in Japan. Pursuant to the Asset Purchase Agreement, the Kaken Agreement was also assigned to Botanix, which replaced us as the exclusive sub-licensor to Kaken. During the nine months ended September 30, 2022, prior to entering into the Asset Purchase Agreement, we recognized royalty revenue of $0.1 million under the Kaken Agreement. During the three and nine months ended September 30, 2021, we recognized royalty revenue of $0.1 million and $0.3 million, respectively, under the Kaken Agreement.

We determined that the development of and ultimate sale and assignment of rights to the Assets is an output of our ordinary activities and Botanix is a customer as it relates to the sale of the Assets and related activities.

In accordance with the terms of the Asset Purchase Agreement, in exchange for the Assets, we (i) received an upfront payment at closing in the amount of $3.0 million, (ii) are to be reimbursed for certain recent development expenditures in advancement of the Assets, and (iii) will receive from Botanix contingent milestone payments of (a) $2.0 million upon the acceptance by the FDA of the filing of a new drug application ("NDA") for sofpironium bromide gel, 15%, and (b) $4.0 million if marketing approval in the U.S. for sofpironium bromide gel, 15%, is received on or before September 30, 2023, or $2.5 million if such marketing approval is received after September 30, 2023 but on or before February 17, 2024. Although Botanix submitted an NDA for sofpironium bromide gel, 15%, to the FDA in September 2022, as of the date of this filing, the FDA has not accepted such submission.

Under the Asset Purchase Agreement, we also are eligible to receive additional success-based regulatory and sales milestone payments of up to $168.0 million. Further, we will receive tiered earnout payments ranging from high-single digits to mid-teen digits on net sales of sofpironium bromide gel (the "Earnout Payments").

The Asset Purchase Agreement also provides that Botanix will pay to us a portion of the sales-based milestone payments and royalties that Botanix receives from Kaken under the Kaken Agreement (together, the "Sublicense Income").

All other consideration due under the Asset Purchase Agreement is contingent upon certain regulatory approvals and future sales subsequent to such regulatory approvals, or is based upon future sales that we determined are not yet probable due to such revenues being highly susceptible to factors outside of our influence and uncertainty about the amount of such consideration that will not be resolved for an extended period of time. Therefore, we determined that such variable consideration amounts are fully constrained as of September 30, 2022, and, as such, have not yet been recognized as contract revenue.

Transition Services Agreement with Botanix

In connection with the sale of the Assets, on the Effective Date, we and Botanix entered into a transition services agreement (the "TSA") whereby we are providing consulting services as an independent contractor to Botanix in support of and through filing and potential approval of the U.S. NDA for sofpironium bromide gel, 15%. In accordance with the terms of the TSA, in exchange for providing these services, we will receive from Botanix, (i) prior to the acceptance of the filing by the FDA of such NDA, a fixed monthly amount of $71 thousand, and (ii) after the acceptance of the filing by the FDA of such NDA, a variable amount based upon actual hours worked, in each case plus related fees and expenses of our advisors (plus a 5% administrative fee) and our out-of-pocket expenses.

Contract Revenue under the Botanix Agreements

We recorded the following as contract revenue during the three and nine months ended September 30, 2022 (in thousands):

	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
Consulting services provided under the TSA	$ 372	$ 730
Sublicense Income	114	447
Upfront consideration received from Botanix	—	3,000
Reimbursed development expenditures under the Asset Purchase Agreement	—	624
Total contract revenue	$ 486	$ 4,801

Agreements with Bodor

In connection with the sale of the Assets, on the Effective Date, we, Brickell Subsidiary, and Bodor entered into an agreement (the "Rights Agreement") to clarify that we and Brickell Subsidiary have the power and authority under the Amended and Restated License Agreement to enter into the Asset Purchase Agreement and the TSA, and that Botanix would assume the Amended and Restated License Agreement pursuant to the Asset Purchase Agreement. The Rights Agreement includes a general release of claims and no admission of liability between the parties. Pursuant to such Rights Agreement, as subsequently amended on November 10, 2022, we have agreed to pay Bodor (i) 20% of the amount of each payment due to us from Botanix for upfront and milestone payments, subject to deductions, credits, or offsets applied under the Asset Purchase Agreement, as well as (ii) certain tiered payments, set as a percentage ranging from mid-single digits to mid-teen digits, of the amount of each of the applicable Earnout Payments due to us from Botanix after deductions, credits, or offsets applied under the Asset Purchase Agreement. During the three and nine months ended September 30, 2022, we incurred $0.0 million and $0.5 million, respectively, in expenses for payments due to Bodor, which are recorded in general and administrative expenses in the condensed consolidated statements of operations.

Pursuant to the terms of the Asset Purchase Agreement, we retained our obligation under the Amended and Restated License Agreement to issue $1.0 million in shares of our common stock to Bodor upon the FDA's acceptance of an NDA filing for sofpironium bromide gel, 15%. On November 10, 2022, we paid Bodor $1.0 million in cash, in lieu of any securities or other equity interests, in full satisfaction of this obligation. We determined to prepay this obligation in cash in order to avoid the substantial dilution to our stockholders that would have resulted if we had issued the shares of our common stock originally provided for in the Amended and Restated License Agreement. Because this payment was made in November 2022, prior to the FDA's acceptance of the NDA filing for sofpironium gel, 15% that Botanix made in September 2022, no expenses associated with milestones were incurred during the three or nine months ended September 30, 2022 and 2021. Prior to the execution of the Rights Agreement, we paid Bodor immaterial amounts with respect to the royalties we received from Kaken for sales of sofpironium bromide gel, 5% (ECCLOCK) in Japan during those periods.

Nasdaq Listing Matter and Reverse Stock Split

As previously disclosed, we received notices of noncompliance with the minimum closing bid price requirement for continued listing on The Nasdaq Capital Market, the most recent of which granted us until June 13, 2022 to regain compliance with that requirement. On June 14, 2022, Nasdaq notified us that we did not regain compliance with the minimum closing bid price requirement as of June 13, 2022, and therefore our common stock would be delisted from The Nasdaq Capital Market, unless we appealed the delisting determination by timely requesting a hearing before the Nasdaq Hearings Panel. We timely requested the hearing, which request stayed any further delisting action, and a hearing was scheduled for July 28, 2022.

On June 30, 2022, our stockholders approved a reverse stock split of our outstanding common stock, which was effected at a split ratio of 1-for-45 on July 5, 2022, at which date each forty-five (45) shares of common stock issued and outstanding immediately prior to the reverse stock split were automatically reclassified, combined and converted into one (1) validly issued, fully paid, and non-assessable share of our common stock, subject to the treatment of fractional share interests. Subsequently, the closing price of our common stock was in excess of $1.00 for 10 consecutive trading days, and on July 19, 2022, we received formal notice from Nasdaq stating that we regained compliance with the minimum closing bid price requirement for continued listing on The Nasdaq Capital Market and, accordingly, the previously-scheduled hearing regarding the delisting action was canceled by Nasdaq and our common stock will continue to be listed and traded on Nasdaq.

All common stock shares, per-share amounts, and other related balances and computations presented in this Item 2 give effect to the 1-for-45 reverse stock split of our outstanding shares of common stock that occurred on July 5, 2022.

Significant Financing Arrangements

This section sets forth our recent and ongoing financing arrangements, all of which involve our common stock.

Public Offerings of Common Stock and Warrants

In October 2021, we completed the sale of 672,521 shares of our common stock (the "October 2021 Offering"). The October 2021 Offering resulted in net proceeds of approximately $10.3 million, after deducting the underwriting discount and offering expenses payable by us.

In July 2021, we completed the sale of 288,530 shares of our common stock (the "July 2021 Offering"). The July 2021 Offering resulted in net proceeds of approximately $7.3 million, after deducting underwriting discounts and commissions and offering expenses payable by us.

In October 2020, we completed the sale of 422,300 shares of our common stock, and, to certain investors, pre-funded warrants to purchase 40,663 shares of our common stock, and accompanying common stock warrants to purchase up to an aggregate of 462,979 shares of our common stock (the "October 2020 Offering"). The October 2020 Offering resulted in net proceeds of approximately $13.7 million to us after deducting underwriting commissions and discounts and other offering expenses payable by us of $1.3 million and excluding the proceeds from the exercise of the warrants. During the nine months ended September 30, 2021, 276,165 common warrants associated with the October 2020 Offering were exercised at a weighted-average exercise price of $32.40 per share, resulting in aggregate proceeds of approximately $8.9 million.

In June 2020, we completed the sale of 328,669 shares of our common stock, and, to certain investors, pre-funded warrants to purchase 60,220 shares of our common stock, and accompanying common warrants to purchase up to an aggregate of 388,920 shares of our common stock (the "June 2020 Offering"). The June 2020 Offering resulted in approximately $18.7 million of net proceeds after deducting underwriting commissions and discounts and other offering expenses payable by us of $1.4 million and excluding the proceeds from the exercise of the warrants. During the nine months ended September 30, 2021, 388 common warrants associated with the June 2020 Offering were exercised at a weighted-average exercise price of $56.25 per share, resulting in aggregate proceeds of approximately $22 thousand.

We have used and continue to use the remaining net proceeds from our common stock offerings for research and development, including clinical trials, working capital, and general corporate purposes. For additional information regarding the offerings described above, see Note 7. "*Capital Stock*" of the notes to our condensed consolidated financial statements included in this Quarterly Report.

At Market Issuance Sales Agreements

In March 2021, we entered into an At Market Issuance Sales Agreement (the "2021 ATM Agreement") with Oppenheimer & Co. Inc. ("Oppenheimer") and William Blair & Company, L.L.C. ("William Blair") as our sales agents (the "Agents"). Pursuant to the terms of the 2021 ATM Agreement, we may sell from time to time through the Agents shares of our common stock having an aggregate offering price of up to $50.0 million. Such shares are issued pursuant to our shelf registration statement on Form S-3 (Registration No. 333-254037). Sales of shares are made by means of ordinary brokers' transactions on The Nasdaq Capital Market at market prices or as otherwise agreed by us and the Agents. Under the terms of the 2021 ATM Agreement, we may also sell the shares from time to time to an Agent as principal for its own account at a price to be agreed upon at the time of sale. Any sale of the shares to an Agent as principal would be pursuant to the terms of a separate placement notice between us and such Agent. During the three months ended September 30, 2022, we sold 322,824 shares of common stock under the 2021 ATM Agreement at a weighted-average price of $3.52 per share, for aggregate net proceeds of $1.1 million, after giving effect to a 3% commission to the Agents. During the nine months ended September 30, 2022, we sold 354,381 shares of common stock under the 2021 ATM Agreement at a weighted-average price of $3.70 per share, for aggregate net proceeds of $1.3 million, after giving effect to a 3% commission to the Agents. During the three months ended September 30, 2021, we sold 10,805 shares of common stock under the 2021 ATM Agreement at a weighted-average price of $38.93 per share, for aggregate net proceeds of $0.4 million, after giving effect to a 3% commission to the Agents. During the nine months ended September 30, 2021, we sold 98,882 shares of common stock under the 2021 ATM Agreement at a weighted-average price of $40.04 per share, for aggregate net proceeds of $3.8 million, after giving effect to a 3% commission to the Agents. As of September 30, 2022, approximately $44.7 million of shares of common stock were remaining, but had not yet been sold under the 2021 ATM Agreement.

In April 2020, we entered into an At Market Issuance Sales Agreement (the "2020 ATM Agreement" and, together with the 2021 ATM Agreement, the "ATM Agreements") with Oppenheimer as our sales agent. Pursuant to the terms of the 2020 ATM Agreement, we may sell from time to time through Oppenheimer shares of our common stock having an aggregate offering price of up to $8.0 million. Such shares are issued pursuant to our shelf registration statement on Form S-3 (Registration No. 333-236353). Sales of the shares are made by means of ordinary brokers' transactions on The Nasdaq Capital Market at market prices or as otherwise agreed by us and Oppenheimer. Under the terms of the 2020 ATM Agreement, we may also sell the shares from time to time to Oppenheimer as principal for its own account at a price to be agreed upon at the time of sale. Any sale of the shares to Oppenheimer as principal would be pursuant to the terms of a separate placement notice between us and Oppenheimer. During the three and nine months ended September 30, 2022, and during the three months ended September 30, 2021, no sales of common stock under the 2020 ATM Agreement occurred. During the nine months ended September 30, 2021, we sold 24,201 shares of our common stock under the 2020 ATM Agreement at a weighted-average price of $69.62 per share, for aggregate net proceeds of approximately $1.6 million, after giving effect to a 3% commission to Oppenheimer as agent. As of September 30, 2022, approximately $2.6 million of shares of common stock were remaining, but had not yet been sold under the 2020 ATM Agreement.

We are subject to the SEC's "baby shelf rules," which prohibit companies with a public float of less than $75 million from issuing securities under a shelf registration statement in excess of one-third of such company's public float in a 12-month period. These rules may limit future issuances of shares by us under the ATM Agreements or other common stock offerings.

Private Placement Offerings

In February 2020, we and Lincoln Park Capital Fund, LLC ("Lincoln Park") entered into (i) a securities purchase agreement (the "Securities Purchase Agreement"); (ii) a purchase agreement (the "Purchase Agreement"); and (iii) a registration rights agreement (the "Registration Rights Agreement"). Pursuant to the Securities Purchase Agreement, Lincoln Park purchased, and we sold, (i) an aggregate of 21,111 shares of

common stock (the "Common Shares"); (ii) a warrant to initially purchase an aggregate of up to 13,476 shares of common stock at an exercise price of $0.45 per share (the "Series A Warrant"); and (iii) a warrant to initially purchase an aggregate of up to 34,588 shares of common stock at an exercise price of $52.20 per share (the "Series B Warrant" and, together with the Series A Warrant, the "Warrants"). The aggregate gross purchase price for the Common Shares and the Warrants was $2.0 million.

Under the terms and subject to the conditions of the Purchase Agreement, we have the right, but not the obligation, to sell to Lincoln Park, and Lincoln Park is obligated to purchase, up to $28.0 million in the aggregate of shares of our common stock. In order to retain maximum flexibility to issue and sell up to the maximum of $28.0 million of our common stock under the Purchase Agreement, we sought and, at our annual meeting on April 19, 2021, received, stockholder approval for the sale and issuance of common stock in connection with the Purchase Agreement under Nasdaq Listing Rule 5635(d). Sales of common stock by us will be subject to certain limitations, and may occur from time to time, at our sole discretion, over the 36-month period commencing on August 14, 2020 (the "Commencement Date").

Following the Commencement Date, under the Purchase Agreement, on any business day selected by us, we may direct Lincoln Park to purchase up to 2,222 shares of our common stock on such business day (each, a "Regular Purchase"), provided, however, that (i) the Regular Purchase may be increased to up to 2,777 shares, provided that the closing sale price of the common stock is not below $3.00 on the purchase date; and (ii) the Regular Purchase may be increased to up to 3,333 shares, provided that the closing sale price of the common stock is not below $5.00 on the purchase date. In each case, Lincoln Park's maximum commitment in any single Regular Purchase may not exceed $1,000,000. The purchase price per share for each such Regular Purchase will be based on prevailing market prices of common stock immediately preceding the time of sale. In addition to Regular Purchases, we may direct Lincoln Park to purchase other amounts as accelerated purchases or as additional accelerated purchases if the closing sale price of the common stock exceeds certain threshold prices as set forth in the Purchase Agreement. In all instances, we may not sell shares of our common stock to Lincoln Park under the Purchase Agreement if it would result in Lincoln Park beneficially owning more than 9.99% of the outstanding shares of our common stock. During the three and nine months ended September 30, 2022, no sales of common stock under the Purchase Agreement occurred. During the three months ended September 30, 2021, we sold to Lincoln Park 11,115 shares under the Purchase Agreement at a weighted-average price of $36.59 per share, for aggregate net proceeds of $0.4 million. During the nine months ended September 30, 2021, we sold to Lincoln Park 28,893 shares under the Purchase Agreement at a weighted-average price of $36.61 per share, for aggregate net proceeds of $1.0 million. As of September 30, 2022, approximately $26.9 million of shares of common stock were remaining, but had not yet been sold under the Purchase Agreement.

On September 9, 2022, a registration statement was declared effective covering the resale of up to 1,750,000 additional shares of our common stock that we have reserved for issuance and sale to Lincoln Park under the Purchase Agreement (Registration No. 333-267254).

We agreed with Lincoln Park that we will not enter into any "variable rate" transactions with any third party, subject to certain exceptions, for a period defined in the Purchase Agreement. We have the right to terminate the Purchase Agreement at any time, at no cost or penalty.

Financial Overview

Our operations to date have been limited to business planning, raising capital, developing and entering into strategic partnerships for our pipeline assets, identifying and in-licensing product candidates, conducting clinical trials, and other research and development activities.

To date, we have financed operations primarily through funds received from the sale of common stock and warrants, convertible preferred stock, debt and convertible notes, and payments received under license,

collaboration, and other agreements. Other than through arrangements as they relate to sales of ECCLOCK in Japan, none of our product candidates has been approved for sale and we have not generated any product sales. Since inception, we have incurred operating losses. We recorded a net loss of $16.6 million and $33.4 million for the nine months ended September 30, 2022 and 2021, respectively. As of September 30, 2022, we had an accumulated deficit of $161.9 million. We expect to continue incurring significant expenses and operating losses for at least the next several years as we:

- execute a Phase 1 clinical trial, along with other nonclinical development activities, for FRTX-02;
- conduct preclinical development activities for FRTX-10 and experimental characterization of the STING inhibitor library;
- engage in research to identify and characterize both brain penetrant and non-brain penetrant kinase inhibitors from the next-generation kinase inhibitor platform;
- advance research and development-related activities to develop and expand our product pipeline;
- maintain, expand, and protect our intellectual property portfolio for all our assets;
- hire additional staff, including clinical, regulatory, quality, program and alliance management, scientific, and management personnel; and
- add operational and finance personnel to support product and business development efforts.

We do not expect to generate significant revenue unless and until we successfully complete development of, obtain marketing approval for, and commercialize product candidates, either alone or in collaboration with third parties. We expect these activities may take several years and our success in these efforts is subject to significant uncertainty. We expect we will need to raise substantial additional capital prior to the regulatory approval and commercialization of any of our product candidates. Until such time, if ever, that we generate substantial product revenue, we expect to finance our operations through public or private equity or debt financings, collaborations or licenses, or other available financing transactions. However, we may be unable to raise additional funds through these or other means when needed.

Key Components of Operations

Revenue

Revenue generally consists of revenue recognized under our strategic agreements for the development and commercialization of our product candidates. Our strategic agreements generally outline overall development plans and include payments we receive at signing, payments for the achievement of certain milestones, sublicense income, earnout payments on net product sales, and royalties on net product sales. For these activities and payments, we utilize judgment to assess the nature of the performance obligations to determine whether the performance obligations are satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue. Prior to entering into the Asset Purchase Agreement, we recognized royalty revenue earned on a percentage of net sales of ECCLOCK in Japan. Beginning in the second quarter of 2022, we began recognizing contract revenue pursuant to the terms of the Asset Purchase Agreement. Other than the contract revenue we may generate in connection with the Asset Purchase Agreement, we do not expect to generate any revenue from any product candidates that we developed or develop unless and until we obtain regulatory approval and commercialize our products or enter into other collaboration agreements with third parties.

Research and Development Expenses

Research and development expenses principally consist of payments to third parties known as clinical research organizations ("CROs") and upfront in-licensing fees of development-stage assets. CROs help plan, organize, and conduct clinical and nonclinical studies under our direction. Personnel costs, including wages, benefits, and share-based compensation, related to our research and development staff in support of product development activities are also included, as well as costs incurred for supplies, clinical and nonclinical studies, consultants, and facility and related overhead costs.

Below is a summary of our research and development expenses related to our programs by categories of costs for the periods presented.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in thousands)			
Direct program expenses related to				
Sofpironium bromide (1)	$ —	$ 4,185	$ 2,090	$ 17,735
DYRK1A inhibitor program (2)	2,470	4,827	4,156	4,827
STING inhibitor program (3)	76	—	2,114	—
Personnel and other expenses (4)				
Salaries, benefits, and stock-based compensation	723	637	2,216	1,573
Regulatory and compliance	152	513	536	884
Other expenses	139	60	326	93
Total research and development expenses	$ 3,560	$ 10,222	$ 11,438	$ 25,112

(1) *Sofpironium bromide.* Expenses associated with sofpironium bromide decreased in the three and nine months ended September 30, 2022 compared to the three and nine months ended September 30, 2021 as Phase 3 clinical trials were completed in the fourth quarter of 2021. Further, we do not expect to incur any additional research and development expenses related to sofpironium bromide subsequent to the Effective Date, when we sold the assets primarily related to sofpironium bromide that we previously owned and/or licensed to Botanix, which is responsible for all further research, development, and commercialization of sofpironium bromide.

(2) *DYRK1A inhibitor program.* In August 2021, we acquired exclusive, worldwide rights to research, develop, and commercialize FRTX-02, a novel, clinical-stage, potential first-in-class, oral DYRK1A inhibitor, and other next-generation kinase inhibitors. As a result, expenses in 2021 related to upfront in-licensing fees. In May 2022, as part of our potential first-in-class DYRK1A inhibitor program targeting autoimmune and inflammatory diseases, we initiated a Phase 1 clinical trial in Canada for FRTX-02, our lead DYRK1A inhibitor candidate, that we expect will continue into early 2023. We are also progressing the FRTX-02 nonclinical development program in parallel with the ongoing Phase 1 study. As a result, in the following years, we expect to incur research and development expenses for this program at levels consistent with expenditures for development of early-stage assets.

(3) *STING inhibitor program.* In February 2022, we acquired a portfolio of novel, potent, and orally available STING inhibitors that has broad potential in autoimmune, inflammatory, and rare genetic diseases. To date, the expenses associated with our STING inhibitor program primarily relate to

upfront in-licensing fees. Preclinical development activities for our lead early-stage STING inhibitor candidate, FRTX-10, are currently underway. As a result, in the following years, we expect to incur research and development expenses for this program at levels consistent with expenditures for development of early-stage assets.

(4) *Personnel and other expenses.* Personnel and other expenses include operating expenses related to research and development activities not specifically attributable to a specific program. Other expenses include travel, office supplies, license fees, and other miscellaneous expenses.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel costs, including wages, benefits, and share-based compensation, related to our executive, sales, marketing, finance, and human resources personnel, as well as professional fees, including legal, accounting, and sublicensing fees.

Critical Accounting Estimates

We have prepared the condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of these condensed consolidated financial statements requires us to make estimates, assumptions, and judgments that affect the reported amounts of assets, liabilities, and related disclosures at the date of the condensed consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, management evaluates its critical estimates, including those related to revenue recognition and accrued research and development expenses. We base our estimates on our historical experience and on assumptions that we believe are reasonable; however, actual results may differ materially from these estimates under different assumptions or conditions.

During the nine months ended September 30, 2022, we identified the following to be an additional critical accounting estimate because it is both important to the portrayal of our financial condition and results of operations and requires critical judgment by management and estimates about matters that are uncertain.

Contract Revenue Recognition

Pursuant to the Asset Purchase Agreement described in Note 3. "*Strategic Agreements,*" we have rights to receive from Botanix future milestone payments, sales-based payments, and sublicense income related to sales-based milestones and royalties earned by Botanix from Kaken under the Kaken Agreement (all of such payments, "Botanix Payments"). The payments under the Asset Purchase Agreement vary based on net sales and/or are contingent upon certain regulatory approvals. Therefore, we are required to estimate the Botanix Payments, which represent variable consideration, to be achieved and recognize revenue to the extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. We may use either the most likely amount or the expected value method in making such estimates based on the nature of the payment to be received and whether there is a wide range of outcomes or only two possible outcomes. For any milestone payments, we utilize the most likely amount method, which represents our best estimate of the single most likely outcome to be achieved. For any sales-based payments or other consideration where there are more than two possible outcomes, we utilize the expected value method, which represents the sum of probability-weighted amounts in a range of possible consideration amounts.

We base our estimates of variable consideration to be recognized as revenue using the applicable method described above on factors such as, but not limited to, required regulatory approvals, historical sales levels, market events and projections, and others as necessary. We update our estimates at each reporting period based on actual results and future expectations as necessary. Our estimates are subject to changes in net sales of sofpironium bromide and the occurrence of contingent events, such as regulatory approvals. Changes in net

sales could occur due to various risks such as competitors entering the market, technology changes as to how hyperhidrosis is treated, and foreign exchange risk.

Except for the critical accounting estimates associated with the contract revenue recognition described above, there were no changes during the nine months ended September 30, 2022 to our critical accounting estimates as disclosed in our 2021 Annual Report on Form 10-K. For information on our significant accounting policies, please refer to Note 2 of the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report.

Recent Accounting Pronouncements

We believe that the impact of recently issued guidance, whether adopted or to be adopted in the future, is not expected to have a material impact on our condensed consolidated financial statements upon adoption.

Results of Operations

Comparison of the Three Months Ended September 30, 2022 and 2021

	Three Months Ended September 30,	
	2022	2021
	(in thousands)	
Revenue	$ 486	$ 132
Research and development expenses	(3,560)	(10,222)
General and administrative expenses	(3,002)	(3,269)
Total other income, net	58	106
Net loss	$ (6,018)	$ (13,253)

Revenue

Revenue increased by $0.4 million for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. Revenue for the three months ended September 30, 2022 consisted of contract revenue recognized under the Asset Purchase Agreement and TSA with Botanix, while revenue for the three months ended September 30, 2021 was driven by royalty revenue earned on a percentage of net sales of ECCLOCK in Japan under the Kaken Agreement.

Upon entering into the Asset Purchase Agreement on the Effective Date, we sold all rights, title, and interests to assets primarily related to sofpironium bromide that were owned and/or licensed by us, and therefore incurred no royalty revenue after the Effective Date. During the three months ended September 30, 2022, we recognized contract revenue associated with fees for consulting services we provided to Botanix under the TSA of $0.4 million and Sublicense Income under the Asset Purchase Agreement of $0.1 million.

We expect contract revenue associated with services we provide under the TSA to continue through the date the FDA issues a final decision on the NDA submission for sofpironium bromide gel. After September 30, 2022, we expect to continue to recognize contract revenue associated with Sublicense Income related to royalties on applicable net sales of sofpironium bromide gel pursuant to the Asset Purchase Agreement, as such estimated sales become probable.

Research and Development

Research and development expenses decreased by $6.7 million for the three months ended September 30, 2022 compared to the three months ended September 30, 2021, which was driven primarily by lower clinical expenses of $4.2 million related to sofpironium bromide, upfront license expense of $4.8 million incurred in the three months ended September 30, 2021 under the Voronoi License Agreement, and lower regulatory and compliance fees of $0.4 million, partially offset by increased clinical costs of $2.5 million for FRTX-02. Throughout 2021, we were executing a U.S. Phase 3 pivotal clinical program for sofpironium bromide gel, 15%, which concluded in the fourth quarter of 2021. During the second quarter of 2022, we initiated our Phase 1 clinical trial for FRTX-02 and began incurring research and development expenses related to the clinical trial.

General and Administrative Expenses

General and administrative expenses decreased by $0.3 million for the three months ended September 30, 2022 compared to the three months ended September 30, 2021, which was primarily associated with lower compensation-related expenses of $0.1 million and lower other administrative fees of $0.1 million.

Comparison of the Nine Months Ended September 30, 2022 and 2021

	Nine Months Ended September 30,	
	2022	**2021**
	(in thousands)	
Revenue	$ 4,893	$ 300
Research and development expenses	(11,438)	(25,112)
General and administrative expenses	(10,396)	(9,127)
Total other income, net	366	532
Net loss	$ (16,575)	$ (33,407)

Revenue

Revenue increased by $4.6 million for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. Revenue for the nine months ended September 30, 2022 primarily consisted of contract revenue recognized under the Asset Purchase Agreement and TSA with Botanix, while revenue for the nine months ended September 30, 2021 was driven by royalty revenue earned on a percentage of net sales of ECCLOCK in Japan under the Kaken Agreement.

Upon entering into the Asset Purchase Agreement on the Effective Date, we sold all rights, title, and interests to assets primarily related to sofpironium bromide that were owned and/or licensed by us, and therefore incurred no royalty revenue after the Effective Date. During the nine months ended September 30, 2022, we recognized contract revenue that was associated with the following: an upfront payment from Botanix of $3.0 million; fees for consulting services we provided to Botanix under the TSA of $0.7 million; reimbursed development expenditures from Botanix under the Asset Purchase Agreement of $0.6 million; and Sublicense Income under the Asset Purchase Agreement of $0.4 million. During the nine months ended September 30, 2022 and prior to the Effective Date, we recognized royalty revenue of $0.1 million.

We expect contract revenue associated with services we provide under the TSA to continue through the date the FDA issues a final decision on the NDA submission for sofpironium bromide gel. After September 30, 2022, we expect to continue to recognize contract revenue associated with Sublicense Income related to royalties on applicable net sales of sofpironium bromide gel pursuant to the Asset Purchase Agreement, as such estimated sales become probable.

Research and Development Expenses

Research and development expenses decreased by $13.7 million for the nine months ended September 30, 2022, compared to the nine months ended September 30, 2021, driven primarily by lower clinical expenses of $15.6 million related to sofpironium bromide and upfront costs of $4.8 million incurred in the nine months ended September 30, 2021 under the Voronoi License Agreement, partially offset by increased clinical costs of $4.2 million for FRTX-02, upfront costs of $2.0 million incurred in February 2022 for the acquisition of our STING inhibitor platform under the Carna License Agreement, and increased costs of $0.6 million related to personnel and other expenses. Throughout 2021, we were executing our U.S. Phase 3 pivotal clinical program for sofpironium bromide gel, 15%, which concluded in the fourth quarter of 2021. During the second quarter of 2022, we initiated our Phase 1 clinical trial for FRTX-02 and began incurring research and development expenses related to the clinical trial.

General and Administrative Expenses

General and administrative expenses increased by $1.3 million for the nine months ended September 30, 2022, compared to the nine months ended September 30, 2021. The increase was primarily related to expenses incurred in the nine months ended September 30, 2022 for a $0.5 million payment to Bodor under the Rights Agreement and higher expenses associated with legal and compliance fees of $0.5 million and compensation-related expenses of $0.2 million.

Total Other Income, Net

Total other income, net decreased by $0.2 million for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. The decrease was primarily due to a gain on extinguishment of debt of approximately $0.4 million that resulted from the forgiveness of the PPP Loan in June 2021, partially offset by $0.3 million of liabilities assumed by Botanix related to development costs during the nine months ended September 30, 2022 prior to the Effective Date.

Liquidity and Capital Resources

We have incurred significant operating losses and have an accumulated deficit as a result of ongoing efforts to in-license and develop our product candidates, including conducting preclinical and clinical trials and providing general and administrative support for these operations. For the nine months ended September 30, 2022 and 2021, we had a net loss of $16.6 million and $33.4 million, respectively. As of September 30, 2022, we had an accumulated deficit of $161.9 million. As of September 30, 2022, we had cash and cash equivalents of $11.3 million compared to $26.9 million as of December 31, 2021. Since inception, we have financed our operations primarily through funds received from the sale of common stock and warrants, convertible preferred stock, debt, and convertible notes, and payments received under license and strategic agreements.

We believe that our cash and cash equivalents as of September 30, 2022, combined with $6.0 million from expected near-term payments under the Asset Purchase Agreement, will be sufficient to fund our operations for at least the next 12 months. However, it is difficult to predict our spending for our product candidates prior to obtaining FDA approval. Moreover, changing circumstances may cause us to expend cash significantly faster than we currently anticipate, and we may need to spend more cash than currently expected because of circumstances beyond our control. We expect to continue to incur additional substantial losses in the foreseeable future as a result of our research and development activities. Additional funding will be required in the future to continue with our planned development and other activities. However, we may be unable to raise additional funds, which would have a negative impact on our business, financial condition, and our ability to develop our pipeline. To the extent that additional funds are raised through the sale of equity, the issuance of securities will result in dilution to our stockholders.

Additionally, we are subject to the SEC's "baby shelf rules," which prohibit companies with a public float of less than $75 million from issuing securities under a shelf registration statement in excess of one-third of such company's public float in a 12-month period. These rules may limit our future issuances of shares under the ATM Agreements or other common stock offerings.

Cash Flows

Since inception, we have primarily used our available cash to fund expenditures related to product discovery and development activities. The following table sets forth a summary of cash flows for the periods presented:

	Nine Months Ended September 30,	
	2022	2021
	(in thousands)	
Net cash provided by (used in):		
Operating activities	$ (16,757)	$ (31,350)
Investing activities	(47)	(36)
Financing activities	1,170	22,654
Total	$ (15,634)	$ (8,732)

Operating Activities

Net cash used in operating activities of $16.8 million during the nine months ended September 30, 2022 decreased compared to $31.4 million during the nine months ended September 30, 2021, which was primarily attributable to a decrease in cash used to support our operating activities, including but not limited to, our clinical trials, research and development activities, and general working capital requirements. The $14.6 million decrease was impacted by the net effect of a decrease in net loss of $16.8 million, partially offset by a decrease in non-cash operating expenses of $1.5 million and the net effect of changes in working capital of $0.7 million. Our non-cash operating activity during the nine months ended September 30, 2021 consisted of approximately $2.0 million in expense for the issuance of our common stock under the Voronoi License Agreement and a $0.4 million gain on extinguishment of the PPP Loan.

Investing Activities

Net cash used in investing activities during both nine-month periods was related to purchases of property and equipment.

Financing Activities

Net cash provided by financing activities during the nine months ended September 30, 2022 decreased by $21.5 million compared to the nine months ended September 30, 2021. The decrease primarily resulted from the following financing activities:

- net proceeds received during the nine months ended September 30, 2021 of $9.0 million from the exercise of warrants and $7.3 million from the sale of our common stock in the July 2021 Offering, and
- lower net proceeds received during the nine months ended September 30, 2022 of $5.2 million from sales of our common stock under the 2020 and 2021 ATM Agreements and Purchase Agreement.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of 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 under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the design and operation of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) and 15d-15(e) promulgated under the Exchange Act, as of the end of the period covered by this Quarterly Report. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of September 30, 2022, due to the material weakness in internal control over financial reporting described below.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis.

We identified a material weakness in our internal control over financial reporting as of June 30, 2022, due to a design deficiency in the controls over the accounting treatment and disclosure requirements of subsequent events. We have designed and implemented remediation measures to address this weakness. Our remediation efforts include enhancing our documentation standards around the accounting treatment and disclosure requirements of subsequent events each reporting period. Management implemented this set of formalized remediation procedures during the three months ended September 30, 2022, to address the control deficiency that led to the material weakness. This material weakness will not be considered remediated until management operates the specifically identified controls for a sufficient period of time for management to conclude through testing that these controls are effective.

Changes in Internal Control over Financial Reporting

Other than the remediation measures related to the accounting treatment and disclosure requirements of subsequent events described above, management has determined that there were no changes in our internal control over financial reporting that occurred during the three months ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. The elements of our plan to remediate our previously identified material weakness can only be accomplished over time, and we can offer no assurance that these initiatives will ultimately have the intended effects.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our company, nor is any such litigation threatened as of the date of this filing.

ITEM 1A. RISK FACTORS

Our business, financial condition, and operating results may be affected by a number of factors, whether currently known or unknown, including but not limited to those described below. Any one or more of such factors could directly or indirectly cause our actual results of operations and financial condition to vary materially from past or anticipated future results of operations and financial condition. Any of these factors, in whole or in part, alone or combined with any of the other factors, could materially and adversely affect our business, financial condition, results of operations, and stock price. The following information should be read in conjunction with Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the condensed consolidated financial statements and related notes in Part I, Item 1, "Financial Statements" of this Quarterly Report.

Risks Related to Our Business Operations

Our business depends on the successful continued financing, nonclinical and clinical development, regulatory approval, and commercialization of our pipeline assets.

The successful development, regulatory approval, and commercialization of our pipeline assets will require significant additional financing and depend on a number of factors, including but not limited to the following:

- timely and successful initiation and completion of clinical trials for our product candidate portfolio, which may be significantly costlier than we currently anticipate and/or produce results that do not achieve the endpoints of the trials, or which are ultimately deemed not to be clinically meaningful;
- our ability to receive regulatory approval for our clinical trials;
- achieving and maintaining, and, where applicable, ensuring that our third-party contractors achieve and maintain, compliance with our and their contractual obligations and with all regulatory and legal requirements applicable to them and to our pipeline assets;
- ability of third parties with which we contract to manufacture consistently adequate clinical trial supplies for development of our pipeline assets, to remain in good standing with regulatory agencies and to develop, validate, and maintain or supervise commercially viable manufacturing processes that are compliant with FDA-regulated current good manufacturing practice ("cGMP") and other applicable legal requirements, to hire and retain a sufficient and qualified workforce, and to manage their own supply chain(s) to comply with their contractual obligations to us, which supply chains and workforce availability could continue to be constrained during the ongoing COVID-19 pandemic;
- a continued acceptable safety and tolerability profile during clinical development of our pipeline assets;

- acceptance by physicians, insurers and payors, and patients of the quality, benefits, safety, and efficacy of our pipeline assets, if and where approved, including relative to alternative and competing treatments and the next best standard of care;
- existence of a regulatory, pricing and reimbursement, and legal environment conducive to the success of our pipeline assets;
- ability to price our pipeline assets to recover our development costs and generate a satisfactory profit margin;
- the ability of third parties to whom we have sold assets or rights to assets to successfully commercialize those assets, including sofpironium bromide, and the resulting impact on our potential future revenue;
- our ability and our partners' ability to establish, maintain, and enforce intellectual property rights in and to our pipeline assets, including but not limited to patents, regulatory exclusivity rights, trademarks, copyrights, and licenses;
- our ability to raise capital to commercialize and advance our pipeline assets, which will be limited if our common stock price does not appreciate;
- our success in providing Botanix certain contracted-for services in Botanix's further development of sofpironium bromide, which will trigger future conditional cash payments depending on the level of success in development; and
- the extent to which Botanix is successful in meeting its contract obligations to its licensor and completing the development and commercial launch of sofpironium bromide outside of Japan.

If we do not achieve one or more of these factors, many of which are beyond our reasonable control, in a timely manner or at all, we could experience significant delays, an inability to fund our operations and research and development, or an inability to obtain regulatory approvals or commercialize our pipeline assets.

Even if regulatory approvals are obtained, we may never be able to successfully commercialize our pipeline assets, especially if we attempt to do so without a partner. Accordingly, we cannot assure that we will be able to launch a product candidate in any market or, if we do, that we will be able to generate sufficient revenue from the sale of such product candidate, or any other asset, to continue our business.

Clinical drug development for our pipeline assets is expensive, time-consuming, and uncertain. Any data resulting from our trials may not be favorable for further development.

Clinical development for our pipeline assets is expensive, time-consuming, difficult to design and implement, and its outcome is inherently uncertain. Most product candidates that commence clinical trials are never approved by regulatory authorities for commercialization, and of those that are approved, many do not cover their costs of development or ever generate a profit. In addition, we, any partner with which we currently or may in the future collaborate, the FDA, a local or central institutional review board, or other regulatory authorities, including state and local agencies and counterpart agencies in foreign countries, may suspend, delay, extend, require modifications, or add additional requirements to or terminate our clinical trials at any time.

Our pipeline assets primarily target autoimmune and inflammatory diseases, and it is still too early in clinical development to know whether they will progress past Phase 1 clinical trials. Any data resulting from our trials may not be favorable for further development.

Major public health issues, and specifically the pandemic and related impacts caused by the ongoing spread of COVID-19 and COVID-19 variants, including in terms of constraints on supply chains and human resource availability, could have an adverse impact on our financial condition and results of operations and other aspects of our business and that of our suppliers, contractors, and business partners.

The extent to which COVID-19 impacts our business and operating results will depend on future developments that are highly uncertain and cannot be accurately predicted, including any new information that may emerge on COVID-19 variants and the actions to contain COVID-19 or treat its impact, especially for variants, among others, how long it takes for global supply chains to handle the pent-up demand for goods and services and the shutdowns associated around the world with those supply chains, and worker eagerness to return to the workforce and/or change employment patterns.

The effects of the COVID-19 pandemic could delay or interrupt our business operations. Ongoing materials required for an eventual NDA for submission to the FDA, study monitoring, and data analysis may be paused or delayed due to changes in hospital or university policies, federal, state, or local regulations, prioritization of hospital resources toward pandemic efforts, worker and supplier patterns, or other reasons related to, or as a consequence of, the pandemic. Some participants and clinical investigators may not be able to comply with clinical trial protocols. For example, quarantines or other travel limitations (whether voluntary or required) may impede participant movement, affect sponsor access to study sites, or interrupt healthcare services, and we may be unable to complete our clinical trials. Further, if our operations are adversely impacted, we risk a delay, default, and/or nonperformance under existing agreements, which may increase our costs. These cost increases may not be fully recoverable or adequately covered by insurance. Infections and deaths related to the pandemic may disrupt the U.S.' and other countries' healthcare and healthcare regulatory systems. Such disruptions could divert healthcare resources away from, or materially delay FDA or other regulatory review and/or approval with respect to, our clinical trials. It is unknown how long these disruptions could continue, were they to occur. Any elongation or de-prioritization of our clinical trials or delay in regulatory review resulting from such disruptions could materially affect the development and study of our product candidates.

We currently rely on third parties, such as contract laboratories, contract research organizations, medical institutions, and clinical investigators to conduct studies and clinical trials for our pipeline assets. If these third parties themselves are adversely impacted by restrictions or disruptions resulting from the COVID-19 pandemic, we will likely experience delays, and/or realize additional costs. As a result, our efforts to obtain regulatory approvals for, and to commercialize, our therapeutic candidates may be delayed or otherwise adversely impacted.

The spread of COVID-19 and its variants, which has caused a broad impact globally, including restrictions on travel and quarantine policies put into place by businesses and governments, negative supply chain impacts, and worker unavailability, may have a material economic effect on our business. While the potential economic impact brought by, and the duration of, the pandemic may be difficult to assess or predict, it has already caused, and may result in further, significant disruption of global financial and distribution markets, which may reduce our ability to access capital either at all or on favorable terms. In addition, a recession, depression, or other sustained adverse market event resulting from the spread of COVID-19 could materially and adversely affect our business and the value of our common stock.

Beginning in March 2022, a stringent lockdown in Shanghai by the Chinese government as a result of rising COVID-19 cases delayed the delivery of materials necessary for our Phase 1 trial for FRTX-02. While we received the materials necessary to initiate our Phase 1 trial for FRTX-02 on our anticipated timeline, there is no assurance that additional lockdowns, or other related uncertain or unforeseen events caused by this ongoing pandemic, either in China or elsewhere, will not result in delays of any materials or services that may be required for any future research and development activities.

The ultimate impact of this pandemic, or any other health epidemic, continues to be highly uncertain and subject to change. We cannot predict the full extent of potential delays or impacts on our business and that of our key partners, our clinical trials, our research programs, healthcare systems, or the global economy as a whole. However, these effects could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Our product candidates may not achieve adequate market acceptance among physicians, patients, healthcare payors and others in the medical community necessary for commercial success.

Even if our product candidates receive regulatory approval, they may not gain adequate market acceptance among physicians, patients, third-party payors, and others in the medical community. The degree of market acceptance of any of our approved product candidates will depend on a number of factors, including:

- the efficacy and safety profile as demonstrated in clinical trials compared to alternative treatments;
- the timing of market introduction of the product candidate as well as competitive products;
- the clinical indications for which a product candidate is approved;
- restrictions on the use of product candidates in the labeling approved by regulatory authorities, such as boxed warnings or contraindications in labeling, or a risk evaluation and mitigation strategy, if any, which may not be required of alternative treatments and competitor products;
- the potential and perceived advantages of our product candidates over alternative treatments;
- the cost of treatment in relation to alternative treatments;
- the availability of an approved product candidate for use as a combination therapy;
- relative convenience and ease of administration;
- the willingness of the target patient population or their caregivers to try new therapies and of physicians to prescribe these therapies;
- the availability of coverage and adequate reimbursement by third-party payors, including government authorities;
- patients' willingness to pay for these therapies in the absence of such coverage and adequate reimbursement;
- the effectiveness of sales and marketing efforts;
- support from key opinion leaders and patient advocacy groups;
- unfavorable publicity relating to our product candidates; and
- the approval of other new therapies for the same indications.

If any of our product candidates are approved but do not achieve an adequate level of acceptance by physicians, hospitals, healthcare payors and patients, we may not generate or derive sufficient revenue from that product candidate and our financial results could be negatively impacted.

We face significant competition in our industry, and our pipeline assets, if approved, may not be able to compete effectively or achieve significant market penetration.

The pharmaceutical industry is characterized by rapidly advancing technologies, intense competition, less effective patent terms, and a strong emphasis on developing newer, fast-to-market proprietary therapeutics. Numerous companies are engaged in the development, patenting, manufacturing, and marketing of healthcare products competitive with those that we are developing. We face competition from a number of sources, such as pharmaceutical companies, generic drug companies, biotechnology companies, and academic and research institutions, many of which have greater financial resources, marketing capabilities, sales forces, manufacturing capabilities, research and development capabilities, regulatory expertise, clinical trial expertise, intellectual property portfolios, more international reach, experience in obtaining patents and regulatory approvals for product candidates and other resources than us. Some of the companies that offer competing products also have a broad range of other product offerings, large direct sales forces, and long-term customer relationships with our target physicians, which could inhibit our market penetration efforts.

To compete successfully, we will have to provide an attractive and cost-effective alternative to existing and new therapies. Such competition could lead to reduced market share and contribute to downward pressure on the pricing of eventual product candidates, which could harm our business, financial condition, operating results, and prospects.

If CROs and other third parties do not meet our requirements or otherwise conduct clinical trials for our pipeline assets as required or are unable to staff or supply our trials, we may not be able to satisfy our contractual obligations or obtain regulatory approval for, or commercialize, our pipeline assets at all or in the time frames currently planned for.

We have in the past relied, and expect to continue to rely, on third-party CROs to conduct and oversee our clinical trials for pipeline assets and other aspects of product development. We also rely on various medical institutions, clinical investigators, and contract laboratories to conduct our trials in accordance with our clinical protocols and all applicable regulatory requirements, including the FDA's regulations and good clinical practice ("GCP") requirements, which are an international standard meant to protect the rights and health of patients and to define the roles of clinical trial sponsors, administrators and monitors, and state regulations governing the handling, storage, security and recordkeeping for drug and biologic products. These CROs and other third parties play a significant role in the conduct of these trials and the subsequent collection and analysis of data from the clinical trials. We rely heavily on these parties for the execution of our clinical trials and preclinical studies and control only certain aspects of their activities. We and our CROs and other third-party contractors are required to comply with GCP and current good laboratory practice ("GLP") requirements, which are regulations and guidelines enforced by the FDA and comparable foreign regulatory authorities. Regulatory authorities enforce these GCP and GLP requirements through periodic inspections of trial sponsors, principal investigators, and trial sites. If we or any of these third parties fail to comply with applicable GCP and GLP requirements, or reveal noncompliance from an audit or inspection, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or other regulatory authorities may require us to perform additional clinical trials before approving our or our partners' marketing applications. We cannot assure that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical or preclinical trials comply with applicable GCP and GLP requirements, or that our CROs and other third-party contractors are otherwise compliant with applicable laws despite their contractual assurances to us. In addition, our clinical trials generally must be conducted with product produced under cGMP regulations. Our failure, or the failure of our CROs and other third-party contractors, to comply with these regulations and policies, or to obtain supply of key items in sufficient quantities, in a timely manner or at all, may require us to extend or repeat clinical trials, which would delay or halt the regulatory approval process, or could cause us to fail to meet certain contractual obligations, including but not limited to milestone commitments, with licensors of our portfolio assets like Voronoi and Carna.

If any of our CROs or clinical trial sites terminate their involvement in one of our clinical trials for any reason, including but not limited to impacts caused by the ongoing COVID-19 pandemic, we may not be able to enter into arrangements with alternative CROs or clinical trial sites, or do so on commercially reasonable terms, and in a satisfactory timeframe. If our relationship with clinical trial sites is terminated, we may experience the loss of follow-up information on patients enrolled in our clinical trials unless we are able to transfer the care of those patients to another qualified clinical trial site. In addition, principal investigators for our clinical trials may serve as scientific advisors or consultants to us from time to time and could receive cash or equity compensation in connection with such services. If these relationships and any related compensation result in perceived or actual conflicts of interest, the integrity of the data generated at the applicable clinical trial site may be questioned by the FDA.

If we do not achieve our projected development goals in the timeframes we announce and expect, our business and strategies may be adversely affected and, as a result, our stock price may decline.

From time to time, we estimate the timing of the anticipated accomplishment of various scientific, clinical, regulatory, other product development, and commercial goals, as well as achievement of certain contractual milestones by us and our partners. These goals may include the commencement or completion of scientific studies and clinical trials and the submission of regulatory filings, as well as product launch. From time to time, we may publicly announce the expected timing of some of these goals. All of these goals are and will be based on numerous assumptions. The actual timing of these goals can vary dramatically compared to our estimates, in some cases for reasons beyond our control or that cannot be anticipated. If we do not meet these goals as publicly announced, or at all, our business and strategies may be adversely affected and, as a result, our stock price may decline.

Our receipt of future payments from Botanix is contingent on various factors outside of our control, including the successful development, regulatory approval, and commercialization of sofpironium bromide gel, 15%, by Botanix outside of Japan, the successful continued commercialization of sofpironium bromide gel, 5% (ECCLOCK) by Kaken in Japan, and the sufficiency of funds by both entities to pay us and Bodor, the licensor of this product.

Our receipt of future regulatory and sales milestone payments, as well as earnout payments, from Botanix is contingent on the successful development, regulatory approval, and commercialization of sofpironium bromide gel, 15%, which in turn depends on a number of factors, including but not limited to the following:

- whether Botanix is required to conduct additional clinical trials to support the NDA review by the FDA for sofpironium bromide;
- whether Kaken is able to execute successfully, in a timely, compliant, and efficient manner, certain active pharmaceutical ingredient (“API”)-related activities (chemistry, manufacturing, and controls) that Botanix is reliant on in connection with the FDA’s review in the U.S.;
- whether Kaken is able to satisfy its requirement to provide Botanix with certain key regulatory information that will be used during the NDA review by the FDA for sofpironium bromide;
- if approved, the ability to manufacture consistently adequate commercial supplies of sofpironium bromide, to remain in good standing with regulatory agencies and to develop, validate, and maintain or supervise commercially viable manufacturing processes that are compliant with FDA-regulated cGMPs and other applicable legal requirements, and to manage supply chain(s);
- a continued acceptable safety and tolerability profile following any commercial approval of sofpironium bromide;

- ability to obtain favorable labeling for sofpironium bromide through regulators that allows for successful commercialization, given the drug may be marketed only to the extent approved by these regulatory authorities (unlike with most other industries);
- acceptance by physicians, insurers and payors, and patients of the quality, benefits, safety, and efficacy of sofpironium bromide, if and where approved, including relative to alternative and competing treatments and the next best standard of care;
- existence of a pricing, insurance coverage and reimbursement environment conducive to the success of sofpironium bromide; and
- level of competition, including from other products earlier to market and from generic competition upon expiration of patent protection.

Although Botanix submitted an NDA for sofpironium bromide gel, 15%, to the FDA in September 2022, there can be no assurance that the submission will be accepted or that the necessary regulatory approvals will be received. If approval is denied or delayed, we may not receive any of the payments from Botanix provided for in the Asset Purchase Agreement. Even if regulatory approvals are obtained, sofpironium bromide gel, 15%, may not be successfully commercialized and may not generate sufficient revenue for us to receive any such payments.

In addition, certain of the payments that would be due to us from Botanix would be triggered by milestones that do not involve receipt of funds by Botanix, and therefore our receipt of such payments would depend on Botanix's sufficiency of funds to pay us.

While we assigned the Kaken Agreement to Botanix in May 2022, we remain eligible to receive a portion of future regulatory and sales milestone payments and tiered earnout payments based on a percentage of net sales of ECCLOCK pursuant to the terms of the Asset Purchase Agreement. Kaken has final decision-making authority for the overall regulatory, development, and commercialization strategy for sofpironium bromide, market access activities, pricing and reimbursement activities, promotion, distribution, packaging, sales, and safety and pharmacovigilance in Japan and certain other Asian countries. As a result, Kaken substantially controls commercialization of ECCLOCK in Japan and may make decisions regarding commercialization that may reduce or eliminate the royalties and other payments due to us. We will not receive additional milestone or other payments from Botanix related to Kaken's sales if Kaken does not continue to be successful in its development, regulatory, or commercial activities, if the approval is withdrawn for any reason, or if Kaken is unable to maintain an adequate price for ECCLOCK in Japan.

We currently have limited marketing capabilities and no sales organization. If we are unable to generate adequate financing, establish sales and marketing capabilities on our own or through third parties, or are delayed in establishing these capabilities, we will be unable to successfully commercialize our product candidates, if approved, or generate meaningful product revenue.

We currently have limited marketing capabilities and no sales organization and limited cash runway. To commercialize our product candidates, if approved, we must continue to obtain additional financing, build our marketing, sales, distribution, managerial, and other non-technical capabilities or make arrangements with third parties to perform these services, and we may not be successful in doing any of these. As a company, we have no prior experience in the commercial launch, marketing, sale, and distribution of pharmaceutical products, and there are significant risks involved in building and managing a sales organization, including our ability to fund costs and expenses of a sales organization and its activities, hire, retain, and incentivize qualified individuals, generate sufficient sales leads, or contract for a sales force and in either case, provide adequate training to sales and marketing personnel, and effectively manage a geographically dispersed sales and marketing team so they operate in an effective and compliant way. Any failure or delay in the development of our internal (or external

contracted-for) sales, marketing, distribution, and pricing/reimbursement/access capabilities would impact adversely the commercialization of these products. In addition, we may need more than one approved and marketed product to sustain employing an internal sales force.

We may choose to collaborate with third parties in various countries, including the U.S., that have direct sales forces, commercial and regulatory capacities, and established distribution systems, either to augment our own sales force and distribution systems or in lieu of our own sales force and distribution systems. We may not have sufficient financial resources to enter into and pay for such arrangements, and/or we may not be able to find adequate business partners. If we are unable to enter into such arrangements on acceptable terms or at all, we may not be able to successfully commercialize our current or future product candidates. The inability to commercialize successfully our product candidates, either on our own or through collaborations or partnerships with one or more third parties, would harm our business, financial condition, operating results, and prospects.

Our business and operations would suffer in the event of system failures, illegal stock trading or manipulation by external parties, cyber-attacks, or a deficiency in or exploitation of our cyber-security.

We rely on cloud-based software to provide the functionality necessary to operate our company, utilizing what is known as "software as a service" ("SaaS"). SaaS allows users like us to connect to and use cloud-based applications over the Internet, such as email, calendaring, and office tools. SaaS provides us with a complete software solution that we purchase on a subscription basis from a cloud service provider. Despite our efforts to protect confidential and sensitive information from unauthorized disclosure across all our platforms, and similar efforts by our cloud service provider(s) and our other third-party contractors, consultants, and vendors, whether information technology ("IT") providers or otherwise, including but not limited to our CROs, law firms, accountants, and even the government regulators who we rely on to advance our business, this information, and the systems used to store and transmit it, are vulnerable to damage from computer viruses, unauthorized access, computer hacking or breaches, natural disasters, epidemics and pandemics, terrorism, war, labor unrest, and telecommunication and electrical failures. The risk of a security breach or disruption, particularly through cyber-attacks or cyber-intrusion, or other illegal acts, including by computer hackers, foreign governments, and cyber-terrorists, has generally increased as the number, intensity, and sophistication of attempted attacks and intrusions from around the world have increased. Other emerging threats we face include: phishing, account takeover attacks, data breach or theft (no matter where the data are stored), loss of control, especially in SaaS applications, over which users have access to what data and level of access, new malware, zero-day threats, and threats within our own organization. In addition, and probably exacerbated by the COVID-19 pandemic and increased remote working arrangements, malicious cyber actors may increase malware and ransom campaigns and phishing emails targeting teleworkers as well as company systems, preying on the uncertainties surrounding COVID-19 or other world trends and events, which exposes us to additional cybersecurity risks, or may try to illegally obtain inside information to manipulate our stock price. If such an event were to occur and cause interruptions in our operations, or substantial manipulation of our stock price, it could result in a material disruption of our development programs and our business operations. In addition, since we sponsor clinical trials, any breach that compromises patient data and identities, thereby causing a breach of privacy, could generate significant reputational damage and legal liabilities and costs to recover and repair, including affecting trust in us to recruit for future clinical trials. For example, the loss or theft of clinical trial data from completed, ongoing, or future clinical trials could result in delays in our regulatory approval efforts, stock manipulation, and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications or inappropriate disclosure of confidential or proprietary information, we could incur liability or suffer from stock price volatility or decline, and the further development and commercialization of our products and product candidates could be delayed.

We may be adversely affected by natural disasters and other catastrophic events and by man-made problems such as war or terrorism or labor disruptions that could disrupt our business operations, and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.

Our corporate office is located in Boulder, Colorado, near a major flood and blizzard zone and in an area prone to wildfires. If a disaster, power outage, or other event occurred that prevented us from using all or a significant portion of our office, that damaged critical infrastructure, or that otherwise disrupted operations, it may be difficult or, in certain cases, impossible for us to continue our business for a period of time. Our contract manufacturers' and suppliers' facilities are located in multiple locations where other natural disasters or similar events, such as tornadoes, earthquakes, storms, fires, explosions or large-scale accidents or power outages, could severely disrupt our operations, could expose us to liability and could have a material adverse effect on our business, financial condition, operating results, and prospects. All of the aforementioned risks may be further increased if we do not implement an adequate disaster recovery plan or our partners' or manufacturers' disaster recovery plans prove to be inadequate.

Risks Related to Our Liquidity, Financial Matters, and Our Common Stock

We will need to raise substantial additional financing in the future to fund our operations, which may not be available to us on favorable terms or at all.

We will require substantial additional funds to develop and, if successful, commercialize our product candidates. Our future capital requirements will depend upon a number of factors, including but not limited to: the number and timing of future product candidates in the pipeline; progress with and results from preclinical testing and clinical trials; the ability to obtain sufficient drug supplies to complete preclinical and clinical trials; the costs involved in preparing, filing, acquiring, prosecuting, maintaining and enforcing patent and other intellectual property claims; compliance with our material contracts including the licensing agreements for our autoimmune and inflammatory portfolio; the time and costs involved in obtaining regulatory approvals and favorable reimbursement or formulary acceptance for such product candidates; and overall stock market conditions, global business trends, our stock price performance, and our ability to generate funding under these and other conditions.

Raising additional capital may be costly or difficult to obtain and could significantly dilute stockholders' ownership interests or inhibit our ability to achieve our business objectives. If we raise additional funds through public or private equity offerings, the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common stockholders. Further, to the extent that we raise additional capital through the sale of common stock or securities convertible or exchangeable into common stock, our stockholders' ownership interests in our company will be diluted. In addition, any debt financing may subject us to fixed payment obligations and 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 capital through marketing and distribution arrangements or other collaborations, strategic alliances, or licensing arrangements with third parties, we may have to relinquish certain valuable intellectual property or other rights to our product candidates, technologies, future revenue streams or research programs or grant licenses on terms that may not be favorable to us in one or more countries.

Our ability to raise additional funds is uncertain and is limited given our small market capitalization and current stock price. Due to the SEC's "baby shelf rules," which prohibit companies with a public float of less than $75 million from issuing securities under a shelf registration statement in excess of one-third of such company's public float in a 12-month period, we are only able to issue a limited number of shares which aggregate to no more than one-third of our public float using our shelf registration statement at this time. Even if sufficient funding is available, there can be no assurance that it will be available on terms acceptable to us or our stockholders.

We are currently operating in a period of economic uncertainty and capital markets disruption, which has been significantly impacted by geopolitical instability due in part to the ongoing military conflict between Russia and Ukraine. Our business, financial condition, and results of operations may be materially adversely affected by the negative impact on the global economy and capital markets resulting from the conflict in Ukraine or other geopolitical tensions.

U.S. and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the military conflict between Russia and Ukraine. Although the length and impact of the ongoing military conflict is highly unpredictable, the conflict in Ukraine has led to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain disruptions.

Additionally, various of Russia's actions have led to sanctions and other penalties being levied by the U.S., the European Union, and other countries, as well as other public and private actors and companies, against Russia and certain other geographic areas, including agreement to remove certain Russian financial institutions from the Society for Worldwide Interbank Financial Telecommunication payment system and restrictions on imports of Russian oil, liquified natural gas, and coal. Additional potential sanctions and penalties have also been proposed and/or threatened. Russian military actions and the resulting sanctions could further adversely affect the global economy and financial markets and lead to instability and lack of liquidity in capital markets, potentially making it more difficult for us to obtain additional funds.

Any of the above-mentioned factors could affect our business, prospects, financial condition, and operating results. The extent and duration of the military action, sanctions, and resulting market disruptions are impossible to predict, but could be substantial. Any such disruptions may also magnify the impact of other risks described in this Quarterly Report.

Our operating results and liquidity needs could be affected negatively by global market fluctuations and economic downturns.

Our operating results and liquidity could be affected negatively by global economic conditions generally, both in the U.S. and elsewhere around the world, including but not limited to that related to the ongoing COVID-19 pandemic, the Russian invasion of Ukraine and related sanctions, global IT threats, and rising interest rates. The market for discretionary pharmaceutical products, medical devices, and procedures may be particularly vulnerable to unfavorable economic or other conditions. Domestic and international equity and debt markets are experiencing and may in the future experience heightened volatility and turmoil based on domestic and international economic conditions and concerns. In the event these economic conditions and concerns continue or worsen and the markets remain volatile, or an economic recession, including as a result of the COVID-19 pandemic, the Russian invasion of Ukraine and related sanctions or other stimulus, our operating results and liquidity could be affected adversely by those factors in many ways, making it more difficult for us to raise funds, and our stock price may decline.

Our stock price and volume of shares traded have been and may continue to be highly volatile, and our common stock may continue to be illiquid.

The market price of our common stock has been subject to significant fluctuations. Market prices for securities of biotechnology and other life sciences companies historically have been particularly volatile and subject even to large daily price swings. In addition, there has been limited liquidity in the trading market for our securities, which may adversely affect stockholders. Some of the factors that may cause the market price of our common stock to continue to fluctuate include, but are not limited to:

- our need for additional potential financings to raise funds to further develop and commercialize our pipeline assets, which could result in significant additional share dilution;
- material developments in, or the conclusion of, any litigation to enforce or defend any intellectual property rights or defend against the intellectual property rights of others;
- our ability to satisfy all listing requirements of The Nasdaq Capital Market and the impact that may result from any future deficiencies,

- the entry into, or termination of, or breach by us or our partners of material agreements, including key commercial partner or licensing agreements;
- our ability to obtain timely regulatory approvals for our product candidates, and delays or failures to obtain such approvals;
- issues in manufacturing or the supply chain for our product candidates;
- the results of any clinical trials of our pipeline assets;
- failure of our product candidates, if approved, to achieve commercial success;
- announcements of any dilutive equity financings;
- announcements by commercial partners or competitors of new commercial products, clinical progress or the lack thereof, significant contracts, commercial relationships, or capital commitments;
- the introduction of technological innovations or new therapies or formulations that compete with our pipeline assets;
- lack of commercial success of competitive products or products treating the same or similar indications;
- failure to elicit meaningful stock analyst coverage and downgrades of our stock by analysts, or to obtain more institutional shareholders; and
- the loss of key employees and/or inability to recruit the necessary talent for new positions or to replace exiting employees.

Moreover, the stock markets in general have experienced substantial volatility in our industry, especially for microcap biotechnology companies, and such volatility has often been unrelated to the operating performance of individual companies or a certain industry segment, such as the ongoing reaction of global markets to the COVID-19 pandemic, the Russian invasion of Ukraine and related sanctions and other economic disruptions or concerns, including inflation and interest rate increases. These broad market fluctuations may also adversely affect the trading price of our common stock.

In the past, following periods of volatility in the market price of a company's securities, shareholders have often instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm our profitability and reputation and could expose us to liability or impact negatively our business, financial condition, operating results, and prospects.

Our operating results may fluctuate significantly, which makes our future operating results difficult to predict and could cause our operating results to fall below expectations.

Our operations to date have been limited primarily to business planning, raising capital, developing and entering into strategic partnerships for our pipeline assets, identifying and in-licensing product candidates, entering into sale arrangements that involve our rights to assets and related intellectual property, conducting clinical trials, and other research and development activities. Consequently, any predictions about our future success or viability may not be as accurate as they could be if we had a longer operating history or approved products on the market. Our revenue and profitability will depend on development funding for our product portfolio, the receipt of sales milestones and earnout payments under the Asset Purchase Agreement, our ability to satisfy the

development and regulatory milestones under applicable in-license agreements, as well as our ability to do the same with regard to any potential future collaboration and license agreements, overall sales of any products, if approved, and our ability to maintain all of our product licenses. Any upfront, milestone, or earnout payments either owed by or to us may vary significantly from product to product, period to period, and country to country, and any such variance could cause a significant fluctuation in our operating results from one period to the next. In addition, we measure compensation cost for stock-based awards made to employees at the grant date of the award, based on the fair value of the award, and recognize the cost as an expense over the employee's requisite service period. As the variables that we use as a basis for valuing these awards change over time, including our underlying stock price and stock price volatility, the magnitude of the expense that we must recognize may vary significantly. Furthermore, our operating results may fluctuate due to a variety of other factors, many of which are outside of our control and may be difficult to predict.

We are a "smaller reporting company" and the reduced disclosure and governance requirements applicable to smaller reporting companies may make our common stock less attractive to some investors.

We qualify as a "smaller reporting company" under Rule 12b-2 of the Exchange Act. As a smaller reporting company, we are entitled to rely on certain exemptions and reduced disclosure requirements, such as simplified executive compensation disclosures and reduced financial statement disclosure requirements, in our SEC filings. These exemptions and decreased disclosures in our SEC filings due to our status as a smaller reporting company may make it harder for investors to analyze our results of operations and financial prospects. We cannot predict if investors will find our common stock less attractive because we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our common stock price may be more volatile.

If the holders of our company's stock options and warrants exercise their rights to purchase our common stock, the ownership of our stockholders will be diluted.

If the holders of our outstanding stock options and warrants exercise their rights to acquire our common stock and service conditions related to restricted stock units are met, the percentage ownership of our stockholders existing prior to the exercise of such rights will be diluted. As of September 30, 2022, we had outstanding warrants to purchase (i) one share of our common stock at an exercise price of $3.15 per share; (ii) 10,927 shares of our common stock at an exercise price of $466.20 per share; (iii) 201 shares of our common stock at an exercise price of $1,499.06 per share; (iv) 34,588 shares of our common stock at an exercise price of $52.20 per share; (v) 388,532 shares of our common stock at an exercise price of $56.25 per share; and (vi) 186,814 shares of our common stock at an exercise price of $32.40 per share. As of September 30, 2022, we also had 222,919 options issued and outstanding to purchase our common stock at a weighted-average exercise price of $83.86 per share.

Our ability to maintain compliance with Nasdaq continued listing requirements, including if we are unable to maintain the closing bid price of our common stock, could result in the delisting of our common stock.

Our common stock is currently listed on The Nasdaq Capital Market. In order to maintain this listing, we must satisfy minimum financial and other requirements. On June 17, 2021, we received a notice from the Listing Qualifications Department of Nasdaq informing us that because the closing bid price for our common stock listed on Nasdaq was below $1.00 per share for 30 consecutive business days, we were not in compliance with the minimum closing bid price requirement for continued listing on The Nasdaq Capital Market under Nasdaq Marketplace Rule 5550(a)(2) (the "Rule"). We initially had a period of 180 calendar days, or until December 13, 2021, to regain compliance with the Rule. In December 2021, Nasdaq provided notice that granted us an additional 180 calendar days, or until June 13, 2022, to regain compliance with the Rule.

On June 14, 2022, Nasdaq notified us that we did not regain compliance with the Rule as of June 13, 2022, and therefore our common stock would be delisted from The Nasdaq Capital Market, unless we appealed the

delisting determination by timely requesting a hearing before the Nasdaq Hearings Panel. We timely requested the hearing, which request stayed any further delisting action, and a hearing was scheduled. On July 5, 2022, we effected the 1-for-45 reverse stock split and subsequently the closing price of our common stock was in excess of $1.00 for 10 consecutive trading days. On July 19, 2022, we received formal notice from Nasdaq stating that we regained compliance with the Rule and, accordingly, the previously-scheduled hearing regarding the delisting action was canceled and our common stock will continue to be listed and traded on Nasdaq.

However, there can be no assurance that our stock price will continue to meet the minimum bid price requirement or other requirements for continued listing on Nasdaq. If our common stock is delisted from Nasdaq and we are unable to list our common stock on another national securities exchange, we expect our common stock would be quoted on an over-the-counter market. If this were to occur, we and our stockholders could face significant material adverse consequences, including limited availability of market quotations for our common stock; substantially decreased trading in our common stock; decreased market liquidity of our common stock as a result of the loss of market efficiencies associated with Nasdaq and the loss of federal preemption of state securities laws; an adverse effect on our ability to issue additional securities or obtain additional financing in the future on acceptable terms, if at all; potential loss of confidence by investors, suppliers, partners, and employees and fewer business development opportunities; and limited news and analyst coverage. Additionally, the market price of our common stock may decline further, and shareholders may lose some or all of their investment.

Even if we are not delisted, the perception among investors that we are at a heightened risk of delisting could negatively affect the market price and trading volume of our common stock, or our ability to raise capital.

The reverse stock split of our common stock may have negative consequences, including making our stock less attractive to certain investors, decreasing liquidity and resulting in higher transaction costs.

Although the reverse stock split increased the market price of our common stock for a period of time sufficient to regain compliance with the minimum bid price requirement for continued listing on Nasdaq, some investors may view a reverse stock split negatively, including resulting in a stock price that is still not sufficient to attract investors who do not trade in lower priced stocks. In addition, declines in the trading price of our common stock following the reverse stock split result in percentage declines as an absolute number and as a percentage of our overall market capitalization greater than would occur in the absence of the reverse stock split.

Further, the liquidity of our common stock may be negatively impacted by the reverse stock split, given the reduced number of shares outstanding after the reverse stock split. The reverse stock split also increased the number of our stockholders who own “odd lots” of fewer than 100 shares of common stock. Brokerage commissions and other costs of transactions in odd lots are generally higher than the costs of transactions of more than 100 shares of common stock.

In addition, although the reverse stock split did not have any immediate dilutive effect on our stockholders, the number of shares of our common stock authorized for issuance was not proportionately decreased, and therefore the reverse stock split had the effect of reducing the proportion of shares owned by our stockholders relative to the number of shares authorized for issuance, giving our board of directors an effective increase in the relative number of authorized shares available for issuance, in its discretion. The issuance of additional shares of our common stock subsequent to the reverse stock split may result in dilution to the ownership interest of our existing stockholders that is greater than would occur had the reverse stock split not been effected.

We do not anticipate paying any dividends in the foreseeable future.

Our current expectation is that we will retain any future earnings to fund the development and growth of our business. As a result, capital appreciation, if any, of our shares will be your sole source of gain, if any, for the foreseeable future.

Our ability to use our net operating loss carryforwards and other tax assets to offset future taxable income may be subject to certain limitations.

As of December 31, 2021, we had approximately $455.9 million of federal and $429.0 million of state net operating loss ("NOL") carryforwards available to offset future taxable income, of which $173.5 million will carryforward indefinitely and the remainder expiring in varying amounts beginning in 2022 for federal and state purposes if unused. Utilization of these NOLs depends on many factors, including our future income, which cannot be assured. Under the U.S. Tax Cuts and Jobs Acts, U.S. federal NOLs incurred in 2018 and later years may be carried forward indefinitely, but our ability to utilize such U.S. federal NOLs to offset taxable income is limited to 80% of the current-year taxable income. In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986 and corresponding provisions of state law, if a corporation undergoes an "ownership change" (which is generally defined as a greater than 50 percentage points change (by value) in its equity ownership over a rolling three-year period), the corporation's ability to use its pre-change NOL carryforwards and other pre-change tax attributes to offset its post-change income or taxes may be limited. We have not determined whether we have experienced Section 382 ownership changes in the past and if a portion of our NOLs is therefore subject to an annual limitation under Section 382. Therefore, we cannot provide any assurance that a change in ownership within the meaning of the Internal Revenue Code of 1986 and corresponding provisions of state law has not occurred in the past, and there is a risk that changes in ownership could have occurred. We may experience ownership changes as a result of subsequent changes in our stock ownership, as a result of offerings of our stock or subsequent shifts in our stock ownership, some of which may be outside of our control. In that case, the ability to use NOL carryforwards to offset future taxable income will be limited following any such ownership change and could be eliminated. If eliminated, the related asset would be removed from the deferred tax asset schedule with a corresponding reduction in the valuation allowance on our financial statements.

Risks Related to Legal, Regulatory, and Compliance Matters

We and our partners may never obtain regulatory approval to commercialize any other product candidates, and any products approved for sale will be subject to continued regulatory review and compliance obligations and there could be further restrictions on post-approval activities, including commercialization efforts. In obtaining regulatory approval, the approved product label (aka package insert) will determine the extent of allowed promotional activities, and this label could be restrictive or prohibitory with regard to subject matter that may be necessary to maximize the commercial success of the products that are approved.

The research, testing, manufacturing, safety surveillance, efficacy, quality assurance and control, recordkeeping, labeling, packaging, storage, approval, sale, marketing, distribution, import, export, and reporting of safety and other post-market information related to our investigational drug products are subject to extensive regulation by the FDA and other regulatory authorities in the U.S. and foreign countries, and such regulations differ from country to country and frequently are revised.

Even after we or our partners achieve regulatory approval for a product candidate, if any, we or our partners will be subject to continued regulatory review and compliance obligations, including on how the product is commercialized. For example, with respect to our product candidates for the U.S., the FDA may impose significant restrictions on the approved indicated use(s) for which the product may be marketed or on the conditions of approval. A product candidate's approval may contain requirements for potentially costly post-approval studies and surveillance, including Phase 4 clinical trials, to monitor the safety and efficacy of the product or include in the approved label restrictions on the product and how it may be used or sold. Approved products also will be subject to ongoing FDA obligations and continued regulatory review with respect to, among other things, the manufacturing, processing, labeling, packaging, distribution, pharmacovigilance and adverse event reporting, storage, advertising, promotion, and recordkeeping for our product candidates. These requirements include submissions of safety and other post-marketing information and reports, registration, continued compliance with cGMP requirements and with the FDA's GCP requirements and GLP requirements,

which are regulations and guidelines enforced by the FDA for all of our product candidates in clinical and preclinical development, and for any clinical trials that we conduct post-approval, as well as continued compliance with the FDA's laws governing commercialization of the approved product, including but not limited to the FDA's Office of Prescription Drug Promotion's regulation of promotional activities and direct-to-consumer advertising, fraud and abuse, antikickback, product sampling, debarment, scientific speaker engagements and activities, formulary interactions as well as interactions with healthcare practitioners, including various conflict-of-interest reporting requirements for any healthcare practitioners we may use as consultants, and laws relating to the pricing of drug products, including federal "best price" regulations that if not met can prohibit us from participating in federal reimbursement programs like Medicare or Medicaid. To the extent that a product candidate is approved for sale in other countries, it may be subject to similar or more onerous (e.g., prohibition on direct-to-consumer advertising and price controls that do not exist in the U.S.) restrictions and requirements imposed by laws and government regulators, and even private institutions, in those countries.

In addition, manufacturers of drug and biologic products and their facilities are subject to continual review and periodic inspections by the FDA and other regulatory authorities for compliance with cGMP regulations. If we, our partners, or a regulatory agency discovers previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or problems with the manufacturing, processing, distribution, or storage facility where, or processes by which, the product is made, a regulatory agency may impose restrictions on that product, us or our partners, including requesting that we or they initiate a product recall, or requiring notice to physicians or the public, withdrawal of the product from the market, or suspension of manufacturing.

If we, our partners, our product candidates, or the manufacturing facilities for our product candidates fail to comply with applicable regulatory requirements, a regulatory agency may:

- impose restrictions on the sale, marketing, advertising, or manufacturing of the product, or amend, suspend, or withdraw product approvals, or revoke necessary licenses;
- mandate modifications to or prohibit promotional and other product-specific materials or require us or our partners to provide corrective information to healthcare practitioners and other customers and/or patients, or in our or their advertising and promotion;
- require us or our partners to enter into a consent decree, which can include imposition of various fines, reimbursements for inspection costs, required due dates for specific actions, penalties for noncompliance and, in extreme cases, require an independent compliance monitor to oversee our activities;
- issue warning letters, bring enforcement actions, initiate surprise inspections, issue show cause notices or untitled letters describing alleged violations, which may be publicly available;
- commence criminal investigations and prosecutions;
- debar certain healthcare professionals;
- exclude us or our partners from participating in or being eligible for government reimbursement and formulary inclusion;
- initiate audits, inspections, accounting and civil investigations, or litigation;
- impose injunctions, suspensions, or revocations of necessary approvals or other licenses;
- impose other civil or criminal penalties;

- suspend or cancel any ongoing clinical trials;
- place restrictions on the kind of promotional activities that can be done;
- delay or refuse to approve pending applications or supplements to approved applications filed by us or our partners;
- refuse to permit drugs or precursor chemicals to be imported or exported to or from the U.S.;
- suspend or impose restrictions on operations, including costly new manufacturing requirements;
- change or restrict product labeling; or
- seize or detain products or require us or our partners to initiate a product recall.

The regulations, policies, or guidance of the FDA and other applicable government agencies may change quickly, and new or additional statutes or government laws or regulations may be enacted, including at federal, state, and local levels, or case law may issue, which can differ by geography and could prevent or delay regulatory approval of product candidates or further restrict or regulate post-approval activities, including commercialization efforts. We cannot predict the likelihood, nature, or extent of adverse government regulations that may arise from future legislation or administrative action, or judicial outcomes based on litigation, either in the U.S. or abroad. If we or our partners are not able to achieve and maintain regulatory or other legal compliance, we or they may not be permitted to commercialize product candidates, which would adversely affect our ability to generate revenue and achieve or maintain profitability.

We have sponsored or supported and in the future expect to sponsor or support clinical trials for our product candidates outside the U.S., and the FDA and applicable foreign regulatory authorities may not accept data from such trials; in addition, we may not be allowed alone or with local country business partners to obtain regulatory approval for our product candidates without first conducting clinical trials in each of these other countries.

We have sponsored or supported and expect to continue to sponsor or support one or more of our clinical trials outside of the U.S., including our currently ongoing Phase 1 clinical trial for FRTX-02 in Canada. Although the FDA or applicable foreign regulatory authorities may accept data from clinical trials conducted outside the U.S. or the applicable jurisdiction, acceptance of such study data by the FDA or applicable foreign regulatory authorities may be subject to certain conditions or exclusions. Where data from foreign clinical trials are intended to serve as the basis for marketing approval in the U.S., the FDA will not approve the application on the basis of foreign data alone unless such data are applicable to the U.S. population and U.S. medical practice; the studies were performed by clinical investigators of recognized competence; and the data are considered valid without the need for an on-site inspection by the FDA or, if the FDA considers such an inspection to be necessary, the FDA is able to validate the data through an on-site inspection or other appropriate means. Many foreign regulatory bodies have similar requirements. In addition, such foreign studies would be subject to the applicable local laws of the foreign jurisdictions where the studies are conducted. There can be no assurance the FDA or applicable foreign regulatory authorities will accept data from trials conducted outside of the U.S. or the applicable home country. If the FDA or applicable foreign regulatory authority does not accept such data, it would likely result in the need for additional clinical trials, which would be costly and time-consuming and delay aspects of our business plan.

We may face product liability exposure, and if successful claims are brought against us, we may incur substantial liability if our insurance coverage for those claims is inadequate.

We face an inherent risk of product liability or similar causes of action as a result of the clinical testing (and use) of our product candidates and will face an even greater risk if we commercialize any products. This risk exists even if a product is approved for commercial sale by the FDA and is manufactured in facilities licensed and regulated by the FDA or an applicable foreign regulatory authority and notwithstanding that we comply with applicable laws on promotional activity. Our products and product candidates are designed to affect important bodily functions and processes. Any side effects, manufacturing defects, misuse, or abuse associated with our product candidates could result in actual or perceived injury to a patient that may or may not be reversible or potentially even cause death. We cannot offer any assurance that we will not face product liability or other similar suits in the future or that we will be successful in defending them, nor can we assure that our insurance coverage will be sufficient to cover our liability under any such cases.

In addition, a liability claim may be brought against us even if our product candidates merely appear to have caused an injury. Product liability claims may be brought against us by consumers, healthcare providers, pharmaceutical companies, or others selling or otherwise coming into contact with our product candidates, among others, and under some circumstances even government agencies. If we cannot successfully defend against product liability or similar claims, we will incur substantial liabilities, reputational harm, and possibly injunctions and punitive actions. In addition, regardless of merit or eventual outcome, product liability claims may result in:

- withdrawal or delay of recruitment or decreased enrollment rates of clinical trial participants;
- termination or increased government regulation of clinical trial sites or entire trial programs;
- the inability to commercialize, or restrictions on commercializing, our product candidates;
- decreased demand for our product candidates;
- impairment of our business reputation;
- product recall or withdrawal from the market or labeling, marketing, or promotional restrictions;
- substantial costs of any related litigation or similar disputes;
- distraction of management’s attention and other resources from our primary business;
- significant delay in product launch;
- debarment of our clinical trial investigators or other related healthcare practitioners working with our company;
- substantial monetary awards to patients or other claimants against us that may not be covered by insurance;
- withdrawal of reimbursement or formulary inclusion; or
- loss of revenue.

We have obtained product liability insurance coverage for our clinical trials. Large judgments have been awarded in class action or individual lawsuits based on drugs that had unanticipated side effects. Our insurance

coverage may not be sufficient to cover all of our product liability-related expenses or losses and may not cover us for any expenses or losses we may suffer. Moreover, insurance coverage is becoming increasingly expensive, restrictive, and narrow, and, in the future, we may not be able to maintain adequate insurance coverage at a reasonable cost, or through self-insurance, in sufficient amounts or upon adequate terms to protect us against losses due to product liability or other similar legal actions. We will need to increase our product liability coverage if any of our product candidates receive regulatory approval, which will be costly, and we may be unable to obtain this increased product liability insurance on commercially reasonable terms or at all and for all geographies in which we wish to launch. A successful product liability claim or series of claims brought against us could, if judgments exceed our insurance coverage, decrease our cash, expose us to liability and harm our business, financial condition, operating results, and prospects.

We may be subject to risks related to pre-approval promotion or off-label use, or unauthorized direct-to-consumer advertising, of our product candidates.

In the U.S., the FDA strictly regulates the advertising and promotion of drug products, and drug products may only be marketed or promoted for their FDA-approved uses, consistent with the product's approved labeling and to appropriate patient populations. Advertising and promotion of any product candidate that obtains approval in the U.S. will be heavily scrutinized by the FDA, the Department of Justice, the Office of Inspector General of the Department of Health and Human Services ("HHS"), state attorneys general, members of Congress, the public, and others. Violations, including promotion of our products for unapproved or off-label uses, or inappropriate direct-to-consumer advertising, are subject to enforcement letters, inquiries and investigations, and civil, criminal, and/or administrative sanctions by the FDA and other government agencies or tribunals and lawsuits by competitors, healthcare practitioners, consumers, investors, or other plaintiffs. Additionally, advertising and promotion of any product candidate that obtains approval outside of the U.S. will be heavily scrutinized by relevant foreign regulatory authorities.

Even if we or our partners obtain regulatory approval for product candidates, the FDA or comparable foreign regulatory authorities may require labeling changes or impose significant restrictions on a product's indicated uses or marketing, or impose ongoing requirements for potentially costly post-approval studies or post-market surveillance.

In the U.S., engaging in impermissible promotion of our product candidates for off-label uses, or engaging in pre-approval promotion of an unapproved drug candidate, also can subject us to false claims litigation under federal and state statutes, which can lead to civil, criminal and/or administrative penalties and fines and agreements, such as a corporate integrity agreement, that materially restrict the manner in which we promote or distribute our product candidates. If we do not lawfully promote our products once they have received regulatory approval, we may become subject to such litigation and, if we are not successful in defending against such actions, those actions could expose us to liability and could have a material adverse effect on our business, financial condition, operating results, and prospects and even result in having an independent compliance monitor assigned to audit our ongoing operations at our cost for a lengthy period of time.

As a result of the restatement of our interim financial statements for the quarter ended June 30, 2022, we identified a material weakness in our internal control over financial reporting and determined that our disclosure controls and procedures were ineffective as of June 30, 2022. This material weakness had not been remediated as of September 30, 2022. In the future, we may identify additional material weaknesses or otherwise fail to maintain an effective system of internal control over financial reporting or adequate disclosure controls and procedures, which may result in material errors in our financial statements.

In connection with the restatement of our interim financial statements for the quarter ended June 30, 2022, our management concluded that our disclosure controls and procedures were not effective as of June 30, 2022. Our management identified a material weakness in our internal control over financial reporting as of June 30, 2022 due to a design deficiency in the controls over the accounting treatment and disclosure requirements of

subsequent events. This material weakness had not been remediated as of September 30, 2022, and therefore, our disclosure controls and procedures were not effective as of September 30, 2022.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. The material weakness that we identified will not be considered remediated until management operates the specifically identified controls for a sufficient period of time for management to conclude through testing that these controls are effective. We cannot provide any assurances that the measures that we are taking will be sufficient to remediate our existing material weakness or prevent future material weaknesses from occurring. We also cannot assure that we have identified all of our existing material weaknesses.

Material weaknesses and ineffective internal controls and disclosure controls could adversely impact our ability to report our financial results on a timely and accurate basis and could cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock.

Healthcare reform measures, including price controls or restricted access, could hinder or prevent the commercial success of our product candidates.

The enactment of any new healthcare initiatives or pharmaceutical industry regulations could have significant impacts on our ability to advance the development of our product candidates and eventually to commercialize them, if at all. Specifically, on August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022, which, among other things, includes policies that are designed to have a direct impact on drug prices and reduce drug spending by the federal government, which shall take effect in 2023. Under the Inflation Reduction Act, Congress authorized Medicare beginning in 2026 to negotiate lower prices for certain costly single-source drug and biologic products that do not have competing generics or biosimilars. This provision is limited in terms of the number of pharmaceuticals whose prices can be negotiated in any given year and it only applies to drug products that have been approved for at least nine years and biologics that have been licensed for at least 13 years. Drugs and biologics that have been approved for a single rare disease or condition are categorically excluded from price negotiation. Further, the new legislation provides that if pharmaceutical companies raise prices in Medicare faster than the rate of inflation, they must pay rebates back to the government for the difference. The new law also caps Medicare out-of-pocket drug costs at an estimated $3,250 a year in 2024 and, thereafter beginning in 2025, at $2,000 a year. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our product candidates if approved or additional pricing pressures.

There are also calls to severely curtail or ban all direct-to-consumer advertising of pharmaceuticals or restrict activities by pharmaceutical sales representatives to have access to prescribers, which would limit our ability to market our product candidates. With regard to marketing directly to consumers and patients, the U.S. is in a minority of jurisdictions that even allow this kind of advertising, and its removal could limit the potential reach of a marketing campaign.

We are and may be subject to strict healthcare laws, regulation, and enforcement, and our failure to comply with those laws could expose us to liability or adversely affect our business, financial condition, operating results, and prospects.

Certain federal and state healthcare laws and regulations pertaining to fraud and abuse and patients' rights and privacy are and will be applicable to our business. We are subject to regulation by both the federal government and the states in which we or our partners conduct business. The healthcare laws and regulations that may affect our ability to operate include: the Federal Food, Drug and Cosmetic Act, as amended; Title 21 of the Code of Federal Regulations Part 202 (21 CFR Part 202); the 21st Century Cures Act, the federal Anti-Kickback Statute;

federal civil and criminal false claims laws and civil monetary penalty laws; the federal Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act; the Prescription Drug Marketing Act (for sampling of drug product); the federal Best Price Act and Medicaid drug rebate program; the federal physician sunshine reporting requirements under the Affordable Care Act and state disclosure laws; the Foreign Corrupt Practices Act as it applies to activities both inside and outside of the U.S.; the federal Right-to-Try legislation; and state law equivalents of many of the above federal laws.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws. In addition, healthcare reform legislation has strengthened these laws. For example, the Affordable Care Act, among other things, amended the intent requirement of the federal Anti-Kickback Statute and certain criminal healthcare fraud statutes. A person or entity no longer needs to have actual knowledge of the statute or specific intent to violate it. In addition, the Affordable Care Act provides that the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal civil False Claims Act.

Achieving and sustaining compliance with these laws may prove costly. In addition, any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business and result in reputational damage. If our operations are found to be in violation of any of the laws described above or any other governmental laws or regulations that apply to us, we may be subject to penalties, including administrative, civil, and criminal penalties, damages, including punitive damages, fines, disgorgement, the exclusion from participation in federal and state healthcare programs, individual imprisonment or corporate criminal liability, or the curtailment or restructuring of our operations, and injunctions, any of which could expose us to liability and could adversely affect our business, financial condition, operating results, and prospects.

We may seek orphan drug exclusivity for some of our product candidates, and we may be unsuccessful.

Regulatory authorities in some jurisdictions, including the United States and Europe, may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act, the FDA may designate a product as an orphan drug if it is a drug intended to treat a rare disease or condition, which is generally defined as a disease with a patient population of fewer than 200,000 individuals in the United States.

Generally, if a product with an orphan drug designation subsequently receives the first marketing approval for the indication for which it has such designation, the product is entitled to a period of marketing exclusivity, which precludes the European Medicines Agency (the "EMA") or the FDA from approving another marketing application for the same drug for the same indication during the period of exclusivity. The applicable period is seven years in the United States and ten years in Europe. The European exclusivity period can be reduced to six years if a drug no longer meets the criteria for orphan drug designation or if the drug is sufficiently profitable so that market exclusivity is no longer justified. Orphan drug exclusivity may be lost if the FDA or EMA determines that the request for designation was materially defective, or if the manufacturer is unable to assure sufficient quantity of the drug to meet the needs of patients with the rare disease or condition.

Even if we obtain orphan drug exclusivity for a product candidate, that exclusivity may not effectively protect the product candidate from competition because different drugs can be approved for the same condition. Even after an orphan drug is approved, the FDA can subsequently approve a different drug for the same condition if the FDA concludes that the later drug is clinically superior in that it is shown to be safer, more effective or makes a major contribution to patient care.

Our employees, independent contractors, principal investigators, other clinical trial staff, consultants, vendors, CROs, and any partners with which we may collaborate may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We are exposed to the risk that our employees, officers, directors, independent contractors, principal investigators, other clinical trial staff, consultants, advisors, vendors, CROs, and any partners with which we may collaborate may engage in fraudulent or other illegal or unethical activity. Misconduct by these persons could include intentional, reckless, gross or negligent misconduct or unauthorized activity that violates: laws or regulations, including those laws requiring the reporting of true, complete, and accurate information to the FDA or foreign regulatory authorities; product sampling; manufacturing standards; federal, state and foreign healthcare fraud and abuse laws and data privacy; anticorruption laws, anti-kickback and Medicare/Medicaid rules, debarment laws, promotional laws, securities laws, and/or laws that require the true, complete and accurate reporting of financial information or data, books, and records. If any such or similar actions are instituted against us and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative and punitive penalties, damages, monetary fines, possible exclusion from participation in Medicare, Medicaid, and other federal or state healthcare programs, debarments, contractual damages, reputational harm, diminished profits and future earnings, injunctions, and curtailment or cessation of our operations, any of which could expose us to liability and adversely affect our business, financial condition, operating results, and prospects.

We incur costs and demands upon management as a result of complying with the laws and regulations affecting public companies.

We incur significant legal, accounting, and other expenses to operate as a public company, including costs associated with public company reporting and other SEC requirements. We also incur costs associated with corporate governance requirements, including requirements under the Sarbanes-Oxley Act, as well as rules implemented by the SEC and Nasdaq. These rules and regulations have, and are expected to continue to, increase our legal and financial compliance costs and to make some activities more time-consuming and costly. These rules and regulations may also make it expensive for us to operate our business.

Risks Related to Strategic Matters

We intend to continue to in-license and acquire product candidates and may engage in other strategic transactions, which could impact our liquidity, increase our expenses, and present significant distractions to our management.

One of our ongoing strategies is to in-license and acquire additional product candidates, and we may engage in other strategic transactions. Additional potential transactions that we may consider include a variety of different business arrangements, including mergers and acquisitions, spin-offs, strategic partnerships, joint ventures, co-marketing, co-promotion, distributorships, development and co-development, royalty monetization, restructurings, divestitures, business combinations, contract sales forces, out-licensing or divesture of existing products, and investments on a global basis. Any such transaction(s) may require us to incur non-recurring or other charges, may increase our near- and long-term expenditures, and may cause us to grow and expand rapidly, putting pressure on current resources and capabilities, and may pose significant integration challenges or disrupt our management or business, which could adversely affect our operations and financial results. Further, any such transaction(s) may require us to obtain additional financing, which may not be available to us on favorable terms or at all. Accordingly, there can be no assurance that we will undertake or successfully complete future transactions of the nature described above, and any transaction that we do complete could expose us to liability, delays, and implementation obstacles that could harm our business, financial condition, operating results, and prospects. We have no current commitment or obligation to enter into any transaction described above other than ones to which we are already committed.

We may choose not to continue developing or commercializing any of our product candidates at any time during development or after approval, or we may sell and assign our rights, which would reduce or eliminate our potential return on investment for those product candidates.

At any time, we may decide to discontinue the development or commercialization of any of our early-stage or licensed rights to product candidates, or sell and assign our rights, for a variety of reasons, including the appearance of new technologies that make our product obsolete or significantly impact the ability to commercialize the affected product successfully, competition from a competing product including entry of generics, supply chain considerations, intellectual property right impacts, ability to price or changes in or failure to comply with applicable regulatory requirements, inability or difficulty to generate financing to commercialize a product, market reaction to the market potential for any product asset, or constraints on obtaining additional financing and capital. If we terminate, exit, or assign a program in which we have invested significant resources, we either likely will not receive any return, or only a partial return, on our investment, and we may have missed an opportunity to have allocated those resources to potentially more productive uses.

Our failure to in-license, acquire, develop, and market successfully additional product candidates or approved products would impair our ability to grow our business.

We have, and intend to continue to, in-license, acquire, develop, and market additional products and product candidates. Because our internal research and development capabilities are limited, we may be dependent on pharmaceutical or other companies, investment groups or funds, academic or government scientists, and other researchers to sell or license products or technology to us. The success of this strategy depends partly on our ability to identify and select promising pharmaceutical product candidates and products, negotiate licensing or acquisition agreements with their current owners, and finance these arrangements.

The process of proposing, negotiating, and implementing a license or acquisition of a product candidate or approved product is lengthy and complex. Other companies, including some with substantially greater financial, marketing, sales, legal and other resources, may compete with us for the license or acquisition of product candidates and approved products. We have limited resources to identify and execute the acquisition or in-licensing of third-party products, businesses, and technologies and integrate them into our current infrastructure. Moreover, we may devote resources to potential acquisitions or licensing opportunities that are never completed, or we may fail to realize the anticipated benefits of such efforts. We may not be able to acquire the rights to additional product candidates on terms that we find acceptable or at all.

Further, any product candidate that we maintain rights to or acquire may require (or, in the case of the pipeline assets we licensed from Voronoi and Carna, do require) additional development efforts prior to commercial sale, including preclinical or clinical testing and approval by the FDA and applicable foreign regulatory authorities for the targeted use(s), or present with significant integration issues. All product candidates are prone to significant risks of failure typical of pharmaceutical product development, including the possibility that a product candidate will not be shown to be sufficiently safe and effective for approval by regulatory authorities. In addition, we cannot provide assurance that any approved products that we acquire will be manufactured or sold profitably, obtain reimbursement, be subject to patents and other intellectual property rights that provide any form of market or regulatory exclusivity, sustain historical levels of performance that made the acquisition initially attractive, or achieve/maintain market acceptance.

Risks Related to Our Dependence on Third Parties

We expect to rely on our collaboration with third-party partners for the successful development and commercialization of our product candidates.

We expect to rely upon the efforts of third-party partners for the successful development and commercialization of our current and future product candidates. The clinical, regulatory, and commercial success of our product

candidates may depend upon maintaining successful relationships with third-party partners which are subject to a number of significant risks, including the following:

- our partners' ability to execute their responsibilities in a timely, cost-efficient, and compliant manner and to maintain their supply chain systems and safeguard their IT operations and their and our data;
- reduced control over supply, delivery, and manufacturing schedules;
- price increases and product reliability;
- our ability to attract and retain the right partners;
- manufacturing deviations from internal or regulatory specifications;
- quality or integrity incidents;
- the failure of partners to perform their obligations for technical, market, legal, or other reasons;
- misappropriation of our current or future product candidates;
- ability of partners to comply with applicable laws or continue their own operations based on their unique situations; and
- other risks in potentially meeting our current and future product commercialization schedule or satisfying the requirements of our end-users.

We cannot assure that we will be able to establish or maintain third-party partner relationships to successfully develop and commercialize our product candidates.

We rely and expect to continue to rely on third-party contractors for supply, manufacture, and distribution of preclinical, clinical, and commercial supplies, and possibly sales and promotion, of any future product candidates.

We do not currently have, nor do we plan to acquire, the infrastructure or internal capability to supply, store, manufacture, or distribute preclinical, clinical, or commercial quantities of drug substances or products. Additionally, we have not entered into a long-term commercial supply agreement to provide us with such drug substances or products. As a result, our ability to develop our product candidates is dependent, and our ability to supply our products commercially will depend, in part, on our ability to obtain the APIs and other substances and materials used in our product candidates successfully from third parties and to have finished products manufactured by third parties in accordance with regulatory requirements and in sufficient quantities for preclinical and clinical testing and commercialization. If we fail to develop and maintain supply and other technical relationships with these third parties, or global conditions like the COVID-19 pandemic significantly and adversely impact such third parties, we may be unable to continue to develop or commercialize our products and product candidates.

We do not have direct control over whether our contract suppliers and manufacturers will maintain current pricing terms, be willing (or able) to continue supplying us with APIs and finished products, or maintain adequate capacity and capabilities to serve our needs, including quality control, quality assurance, and qualified personnel. We are dependent on our contract suppliers and manufacturers for day-to-day compliance with applicable laws and cGMPs for production of both APIs and finished products. If the safety or quality of any product or product candidate or component is compromised due to a failure to adhere to applicable laws or for

other reasons, we may not be able to commercialize or obtain regulatory approval for the affected product or product candidate successfully, and we may be held liable for injuries sustained as a result.

In order to conduct larger or late-stage clinical trials for our product candidates and supply sufficient commercial quantities of the resulting drug product and its components, if that product candidate is approved for sale, our contract manufacturers and suppliers will need to produce our drug substances and product candidates in larger quantities, more cost-effectively and, in certain cases, at higher yields than they currently achieve. If our third-party contractors are unable to scale up the manufacture of any of our product candidates successfully in sufficient quality and quantity and at commercially reasonable prices, or are shut down or put on clinical hold by government regulators, and we are unable to find one or more replacement suppliers or manufacturers capable of production at a substantially equivalent cost in substantially equivalent volumes and quality, and we are unable to transfer the processes successfully on a timely basis, the development of that product candidate and regulatory approval or commercial launch for any resulting products may be delayed, or there may be a shortage in supply, either of which could significantly harm our business, financial condition, operating results, and prospects.

We expect to continue to depend on third-party contract suppliers and manufacturers for the foreseeable future. Our supply and manufacturing agreements, if any, do not guarantee that a contract supplier or manufacturer will provide services adequate for our needs. In addition, inflation and/or global supply chain disruptions may have a negative impact on our third-party contract suppliers' and manufacturers' ability to acquire the materials necessary for our business, and we could incur higher costs for certain goods or services due to inflation or increased freight costs. Additionally, any damage to, destruction of, or threats to our third-party manufacturers' or suppliers' facilities, equipment, or systems, even by force majeure or by criminal acts, may significantly impair our ability to have our products and product candidates manufactured on a timely basis. Our reliance on contract manufacturers and suppliers further exposes us to the possibility that they, or third parties with access to their facilities and systems, will have access to and may misappropriate our trade secrets, clinical trial and other research data, or other proprietary information. In addition, the manufacturing facilities of certain of our suppliers may be located outside of the U.S. This may give rise to difficulties in importing our products or product candidates or their components into the U.S. or other countries, or otherwise protecting these assets.

Manufacturing and supply of the APIs and other substances and materials used in our product candidates and finished drug products is a complex and technically challenging undertaking, and there is potential for failure at many points in the manufacturing, testing, quality control and assurance, and distribution supply chain, as well as the potential for latent defects after products have been manufactured and distributed.

Manufacturing and supply of APIs, other substances and materials, and finished drug products are technically challenging. Changes beyond our direct control can impact the quality, volume, price, and successful delivery of our products and product candidates and can impede, delay, limit, or prevent the successful development and commercialization of our products and product candidates. Mistakes and mishandling, and/or disruptions in the supply chain, are not uncommon despite reasonable best efforts and can affect successful production and supply. Some of these risks include but are not limited to:

- failure of our manufacturers to follow cGMP or other legal requirements or mishandling of or adulterating product while in production or in preparation for transit;
- inability of our contract suppliers and manufacturers to efficiently and cost-effectively increase and maintain high yields and batch quality, consistency, and stability;
- difficulty in establishing optimal drug delivery substances and techniques, production and storage methods, and packaging and shipment processes;

- challenges in designing effective drug delivery substances and techniques, especially in light of competitor options;
- transportation and import/export risk, particularly given the global nature of our supply chain;
- delays in analytical results or failure of analytical techniques that we depend on for quality control/assurance and release of a product;
- natural disasters, strikes and labor disputes, epidemics or pandemics, war and terrorism, financial distress, lack of raw material supply, issues with facilities and equipment, third-party criminal threats such as IT malware and/or ransom attempts caused by holding systems hostage, or other forms of disruption to business operations of our contract manufacturers and suppliers; and
- latent defects that may become apparent after a product has been released and even sold and used and that may result in recall and destruction of the product.

Any of these factors could result in delays or higher costs in connection with our clinical trials, regulatory submissions, required approvals, or commercialization of our products, which could expose us to liability or harm our business, financial condition, operating results, and prospects.

Risks Related to Our Intellectual Property

We may not be able to obtain, afford, maintain, enforce, or protect our intellectual property rights covering our product candidates and related technologies that are of sufficient type, breadth, and term throughout the world.

Our success with respect to our autoimmune and inflammatory portfolio and other product candidates will depend, in part, on our ability to protect patent and other intellectual property protections in both the U.S. and other countries, to preserve our trade secrets, and to prevent third parties from infringing on our proprietary rights. Our ability to prevent unauthorized or infringing use of our autoimmune and inflammatory portfolio and other product candidates by third parties depends in substantial part on our ability to leverage valid and enforceable patents and other intellectual property rights around the world.

The patent application process, also known as patent prosecution, is expensive and time-consuming, and we and our current or future licensors and licensees may not be able to prepare, file, and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner in all the countries that may be desirable. It is also possible that we or our current licensors and licensees, or any future licensors or licensees, will fail to identify patentable aspects of inventions made in the course of development and commercialization activities before it is too late to obtain patent protection by others on them. Therefore, these and any of our patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business. Moreover, our competitors independently may develop equivalent knowledge, methods, and know-how or discover workarounds to our patents that would not constitute infringement. Our partners or licensees may inappropriately take or use our intellectual property and/or confidential information to infringe our patents or otherwise violate their contractual obligations to us related to protection of our intellectual property. Any of these outcomes could impair our ability to enforce the exclusivity of our patents effectively, which may have an adverse impact on our business, financial condition, operating results, and prospects.

Due to constantly shifting global legal standards relating to patentability, validity, enforceability, and claim scope of patents covering pharmaceutical inventions, our ability to protect patents in any jurisdiction is uncertain and involves complex legal and factual questions, especially across countries. Accordingly, rights under any applicable patents that apply to us may not cover our product candidates or may not provide us with sufficient protection for our product candidates to afford a sustainable commercial advantage against

competitive products or processes, including those from branded and generic pharmaceutical companies. In addition, we cannot guarantee that any patents or other intellectual property rights will issue from any pending or future patent or other similar applications related to us. Even if patents or other intellectual property rights have issued or will issue, we cannot guarantee that the claims of these patents and other rights are or will be held valid or enforceable by the courts or other legal authorities, through injunction or otherwise, or will provide us with any significant protection against competitive products or otherwise be commercially valuable to us in every country of commercial significance that we may target, or that a legislative or executive branch of government will not alter the rights and enforceability thereof at any time.

Competitors in the therapeutic areas of our strategic focus have created a substantial amount of prior art, including scientific publications, abstracts, posters, presentations, patents and patent applications, and other public disclosures, including on the Internet and various social media. Our ability to protect valid and enforceable patents and other intellectual property rights depends on whether the differences between our proprietary technology and the prior art allow our technology to be patentable over the prior art. We do not have outstanding issued patents covering all of the recent developments in our technology and are unsure of the patent protection that we will be successful in securing, if any. Even if the patents do issue successfully, third parties may design around or challenge the validity, enforceability, or scope of such issued patents or any other issued patents or intellectual property that apply to us, which may result in such patents and/or other intellectual property being narrowed, invalidated, or held unenforceable. If the breadth or strength of protection provided by the patents and other intellectual property we hold or pursue with respect to our product candidates is challenged, regardless of our future success, it could dissuade companies from collaborating with us to develop, or threaten our ability to commercialize or finance, our product candidates.

The laws of some foreign jurisdictions do not provide intellectual property rights to the same extent or duration as in the U.S., and many companies have encountered significant difficulties in acquiring, maintaining, protecting, defending, and especially enforcing such rights in foreign jurisdictions. If we encounter such difficulties in protecting, or are otherwise precluded from effectively protecting, our intellectual property in foreign jurisdictions, our business prospects could be substantially harmed, especially internationally.

Patents have a limited lifespan. In the U.S., the natural expiration of a patent is generally 20 years after it is filed, with patent term extensions granted in certain instances to compensate for part of the period in which the drug was under development and could not be commercialized while under the patent. Without patent protection for our product portfolio, we may be open to competition from generic versions of these assets. FRTX-02 is covered by a composition of matter patent issued in the U.S., Japan, China, and other key countries through at least 2038, subject to patent term extensions and adjustments that may be available depending on how this early-stage asset is developed, as well as a pending PCT application, and other foreign and U.S. applications for FRTX-02, as of the date of this Quarterly Report. We are evaluating the patent protection and strategy for the remainder of the assets in-licensed from Voronoi and Carna.

Proprietary trade secrets and unpatented know-how and confidential information are also important to our business. Although we have taken steps to protect our trade secrets, unpatented know-how, and confidential information by entering into confidentiality and nondisclosure agreements with third parties and intellectual property protection agreements with officers, directors, employees, and certain consultants and advisors, there can be no assurance that binding agreements will not be breached or enforced by courts or other legal authorities, that we would have adequate remedies for any breach, including injunctive and other equitable relief, or that our trade secrets, unpatented know-how, and confidential information will not otherwise become known, be inadvertently disclosed by us or our agents and representatives, or be independently discovered by our competitors. If trade secrets are independently discovered, we would not be able to prevent their use, and if we and our agents or representatives inadvertently disclose trade secrets, unpatented know-how, and/or confidential information, we may not be allowed to retrieve the inadvertently disclosed trade secret, unpatented know-how, and/or confidential information and maintain the exclusivity we previously enjoyed.

We may not be able to protect our intellectual property rights meaningfully throughout the world.

Filing, prosecuting, and defending patents on our product candidates do not guarantee exclusivity. The requirements for patentability differ in certain countries, particularly developing countries, and can change over time in the same country. In addition, the laws of some other countries do not protect intellectual property rights to the same extent as laws in the U.S., especially when it comes to granting use and other kinds of patents and what kind of enforcement rights will be allowed, especially injunctive relief in a civil infringement proceeding. Consequently, we may not be able to prevent third parties from practicing our inventions in countries outside the U.S. and even in launching an identical version of our product notwithstanding our having a valid patent or other intellectual property rights in that country. Competitors may use our technologies in jurisdictions where we, or our licensors or licensees, have not obtained patent or other protections to develop their own products, or produce copy products, and further, may export otherwise infringing products to territories where we have patent and other protections but enforcement against infringing activities is inadequate or where we have no patents or other intellectual property rights. These products may compete with our products, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from commercialization or other uses.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly in developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to pharmaceuticals, and the judicial and government systems are often corrupt, apathetic, or ineffective, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our intellectual property rights generally. Proceedings to enforce our intellectual property rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our global patents and other rights at risk of being invalidated or interpreted narrowly and our global patent applications at risk of not issuing, and could provoke third parties to assert claims against us. We may not prevail in any lawsuit that we initiate or infringement action brought against us, and the damages or other remedies awarded, if any, may not be commercially meaningful when we are the plaintiff. When we are the defendant, we may be required to post large bonds to stay in the market while we defend ourselves from an infringement action.

In addition, certain countries in Europe and certain developing countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties, especially if the patent owner does not enforce or use its patents over a protracted period of time. In some cases, the courts will force compulsory licenses on the patent holder even when finding the patentholder's patents are valid if the court believes it is in the best interests of the country to have widespread access to an essential product covered by the patent. Further, there is no guarantee that any country will not adopt or impose compulsory licensing in the future. In these situations, the royalty the court requires to be paid by the license holder receiving the compulsory license may not be calculated at fair market value and can be inconsequential, thereby disaffecting the patentholder's business. In these countries, we may have limited remedies if our patents are infringed or if we are compelled to grant a license to our patents to a third party, which could also materially diminish the value of those patents. This would limit our potential revenue opportunities. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we own or license, especially in comparison to what we enjoy from enforcing our intellectual property rights in the U.S. Finally, our ability to protect and enforce our intellectual property rights may be adversely affected by unforeseen changes in both U.S. and foreign intellectual property laws, or changes to the policies in various government agencies in these countries, including but not limited to the patent office issuing patents and the health agency issuing pharmaceutical product approvals. For example, in Brazil, pharmaceutical patents require prior initial approval from the Brazilian health agency, ANVISA. Finally, many countries have large backlogs in patent prosecution, and in some countries in Latin America, it can take years, even decades, just to get a pharmaceutical patent application reviewed notwithstanding the merits of the application.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment, and other requirements imposed by governmental patent and similar agencies, and our patent protection could be reduced or eliminated for noncompliance with these requirements.

Periodic maintenance, validation, and annuity fees on any issued patent are due to be paid to the U.S. Patent and Trademark Office ("USPTO") and foreign patent agencies in several stages over the lifetime of a patent. The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process. While an inadvertent lapse can, in many cases, be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction just for failure to know about and/or timely pay such fee. Noncompliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees in prescribed time periods, and failure to properly legalize and submit formal documents in the format and style the country requires. If we or our licensors fail to maintain the patents and patent applications covering our product candidates for any reason, our competitors might be able to otherwise enter the market, which would have an adverse effect on our business, financial condition, operating results, and prospects.

In addition, countries continue to increase the fees that are charged to acquire, maintain, and enforce patents and other intellectual property rights, which may become prohibitive to initiate or continue paying in certain circumstances.

If we fail to comply with our obligations under our intellectual property and related license agreements, we could lose license rights that are important to our business. Additionally, these agreements may be subject to disagreement over contract interpretation, which could narrow the scope of our rights to the relevant intellectual property or technology, or other key aspects of product development and/or commercialization, or increase our financial or other obligations to our licensors.

We have entered into in-license arrangements with respect to all of our product candidates. These license agreements impose various diligence, milestone, royalty, insurance, reporting, and other obligations on us. If we fail to comply with these obligations, the respective licensors may have the right to terminate or modify the license, or trigger other more disadvantageous contract clauses, in which event we may not be able to finance, develop or market the affected product candidate. The loss of such rights could expose us to liability and could materially adversely affect our business, financial condition, operating results, and prospects.

Our commercial success depends on our ability to develop, manufacture, market, and sell our product candidates and use our proprietary technologies without infringing the proprietary rights of third parties and do this in one or more countries. We cannot assure that marketing and selling such product candidates and using such technologies will not infringe existing or future patents or other intellectual property rights. Numerous U.S. and foreign-issued patents and pending patent applications owned by third parties exist in the fields relating to our product candidates. As the biotechnology and pharmaceutical industries expand and more patents and other intellectual property rights are issued, the risk increases that others may assert that our product candidates, technologies, or methods of delivery or use(s) infringe their patent or other intellectual property rights. Moreover, it is not always clear to industry participants, including us, which patents and other intellectual property rights cover various drugs, biologics, drug delivery systems and formulations, manufacturing processes, or their methods of use, and which of these patents may be valid and enforceable. Thus, because of the large number of patents issued and patent applications filed in our fields across many countries, there may be a risk that third parties may allege they have patent or other rights encompassing our product candidates, technologies, or methods.

In addition, there may be issued patents of third parties that are infringed or are alleged to be infringed by our product candidates or proprietary technologies notwithstanding the patents we may possess. Because some patent applications in the U.S. and other countries may be maintained in confidence until the patents are issued, because patent applications in the U.S. and many foreign jurisdictions are typically not published until eighteen (18) months or some other time after filing, and because publications in the scientific literature or other public disclosures often lag behind actual discoveries, we cannot be certain that others have not filed patent applications for technology covered by our patents or our pending applications. Our competitors may have filed, and may in the future file, patent applications covering our product candidates or technology similar to our technology. Any such patent application may have priority over our patent applications or patents, which could further require us to obtain rights to issued patents covering such technologies, which may mean paying significant licensing fees or royalties, or the like. If another party has filed a U.S. patent application on inventions similar to ours, we or the licensor may have to participate in the U.S. in an interference proceeding to determine priority of invention.

We may be exposed to, or threatened with, future litigation by third parties having patent or other intellectual property rights alleging that our product candidates or proprietary technologies infringe such third parties' intellectual property rights, including litigation resulting from filing in the U.S. under Paragraph IV of the Hatch-Waxman Act or other countries' laws similar to the Hatch-Waxman Act. These lawsuits could claim that there are existing patent rights for such drug, and this type of litigation can be costly and could adversely affect our operating results and divert the attention of managerial and technical personnel, even if we do not infringe such patents or the patents asserted against us are ultimately established as invalid. There is a risk that a court or other legal authority would decide that we are infringing the third party's patents and would order us to stop the activities covered by the patents. In addition, there is a risk that a court or other legal authority will order us to pay the other party significant damages for having violated the other party's patents or intellectual property rights.

Because we rely on certain third-party licensors, licensees, and partners and will continue to do so in the future, around the world, if one of our licensors, licensees, or partners is sued for infringing a third party's intellectual property rights, this could expose us to liability, and our business, financial condition, operating results, and prospects could suffer in the same manner as if we were sued directly. In addition to facing litigation risks, we have agreed to indemnify certain third-party licensors, licensees, and partners against claims of infringement caused by our proprietary technologies, and we have entered or may enter into cost-sharing agreements with some of our licensors, licensees, and partners that could require us to pay some of the costs of patent or other intellectual property rights litigation brought against those third parties whether or not the alleged infringement is caused by our proprietary technologies. In certain instances, these cost-sharing agreements could also require us to assume greater responsibility for infringement damages than would be assumed just on the basis of our technology.

The occurrence of any of the foregoing could expose us to liability or adversely affect our business, financial condition, operating results, and prospects at any time.

General Risk Factors

Provisions of Delaware law and our restated certificate of incorporation and amended and restated bylaws may discourage another company from acquiring us and may prevent attempts by our stockholders to replace or remove our current management.

Provisions of Delaware law and our restated certificate of incorporation and amended and restated bylaws may discourage, delay, or prevent a merger or acquisition that our stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it

more difficult for stockholders to replace or remove our board of directors. These provisions include, but are not limited to:

- authorizing the issuance of "blank check" preferred stock without any need for action by stockholders;
- providing for a classified board of directors with staggered terms;
- requiring supermajority stockholder voting to effect certain amendments to our current certificate of incorporation and bylaws;
- eliminating the ability of stockholders to call special meetings of stockholders; and
- establishing advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted on by stockholders at stockholder meetings.

Although we believe these provisions collectively provide for an opportunity to receive higher bids by requiring potential acquirers to negotiate with our board of directors, they would apply even if an offer may be considered beneficial by some stockholders. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management.

If we fail to attract and retain management and other key personnel and directors, we may be unable to continue to successfully develop or commercialize our product candidates or otherwise implement our business plan.

Our ability to compete in the highly competitive pharmaceuticals industry depends on our ability to attract and retain highly qualified managerial, scientific, medical, legal, regulatory and compliance, sales and marketing, business development, commercial and other personnel, and directors of our board of directors. We are highly dependent on our management, scientific personnel, and directors. The loss of the services of any of these individuals could impede, delay, or prevent the successful development of our product pipeline, completion of our current or planned clinical trials, commercialization of our product candidates, or in-licensing or acquisition of new assets and could impact negatively our ability to implement successfully our business plan in a way that complies with all applicable laws. If we lose the services of any of these individuals, we might not be able to find suitable diverse replacements on a timely basis or at all, and our business could be harmed as a result. We might not be able to attract or retain diverse qualified management and other key personnel or directors in the future due to the intense competition for qualified individuals among biotechnology, pharmaceutical, and other businesses. This risk is heightened recently for most employers by the global reaction to the emergence of the COVID-19 pandemic and its impact on worker availability and government regulation of workplace practices associated with public health and other factors.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Because we are filing this Quarterly Report on Form 10-Q within four business days after the triggering event, we are making the following disclosure under this Item 5 instead of filing a Current Report on Form 8-K under Item 1.01, Entry into a Material Definitive Agreement:

On November 10, 2022, the Company entered into an Acknowledgment and Agreement Related to Asset Purchase Agreement and Amended and Restated License Agreement (the "Acknowledgment") with Brickell Subsidiary, Botanix, Botanix Pharmaceuticals Limited ("Buyer Parent"), and Bodor. Pursuant to the Acknowledgment, the Company paid $1.0 million in cash to Bodor in full satisfaction of the Company's obligation to issue $1.0 million of shares of the Company's common stock upon a regulatory event related to sofpironium bromide, as originally provided for in that certain Amended and Restated License Agreement, dated as of February 17, 2020, among the Company, Brickell Subsidiary, Bodor and Dr. Nicholas S. Bodor (the "Amended and Restated License Agreement"). The Acknowledgment also included a general release of claims and covenant not to sue by Bodor in favor of each of the other parties.

Also on November 10, 2022, the Company entered into an Amendment to Rights Agreement (the "Amendment") with Brickell Subsidiary and Bodor to amend the Rights Agreement between the Company, Brickell Subsidiary, and Bodor entered into on May 3, 2022 (the "Rights Agreement") by revising the amounts and terms of the following payments the Company agreed to make to Bodor pursuant to the Rights Agreement: (i) 20% of the amount of each payment due to the Company from Botanix for upfront and milestone payments, subject to deductions, credits, or offsets applied under the Asset Purchase Agreement, dated May 3, 2022, among the Company, Brickell Subsidiary, Botanix and Buyer Parent (the "Asset Purchase Agreement"), as well as (ii) certain tiered payments, set as a percentage ranging from mid-single digits to mid-teen digits, of the amount of each applicable earnout payment due to the Company from Botanix after deductions, credits, or offsets applied under the Asset Purchase Agreement. The Rights Agreement was only amended based on the foregoing and the remainder continues in full force and effect without modification. Additional information regarding the Rights Agreement and the Asset Purchase Agreement is disclosed elsewhere in this Quarterly Report on Form 10-Q.

The Company determined to enter into the Acknowledgment and the Amendment in order to avoid the substantial dilution to its stockholders that would have resulted if it had issued the shares of common stock originally provided for in the Amended and Restated License Agreement.

The foregoing summaries of the Acknowledgment and the Amendment are qualified in their entirety by the full text of the Acknowledgment and the Amendment, copies of which are attached hereto as Exhibits 10.6 and 10.7, respectively, and incorporated herein by reference.

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit	Form	Date of Filing	Exhibit Number	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation, as amended through September 6, 2022	8-K	9/8/2022	3.2	
3.2	Amended and Restated Bylaws, as amended through September 6, 2022				×
10.1+	Fresh Tracks Therapeutics, Inc. 2020 Omnibus Long-Term Incentive Plan, as amended on May 17, 2022				×
10.2	Fresh Tracks Therapeutics, Inc. Employee Stock Purchase Plan				×
10.3+	Form of Restricted Stock Unit Award Agreement under the Fresh Tracks Therapeutics, Inc. 2020 Omnibus Long-Term Incentive Plan				×
10.4+	Form of Incentive Stock Option Award Agreement under the Fresh Tracks Therapeutics, Inc. 2020 Omnibus Long-Term Incentive Plan				×
10.5+	Form of Non-Qualified Stock Option Award Agreement under the Fresh Tracks Therapeutics, Inc. 2020 Omnibus Long-Term Incentive Plan				×
10.6†	Acknowledgment and Agreement Related to Asset Purchase Agreement and Amended and Restated License Agreement, dated as of November 10, 2022, by and among Fresh Tracks Therapeutics, Inc., Brickell Subsidiary, Inc., Botanix SB Inc., Botanix Pharmaceuticals Limited and Bodor Laboratories, Inc.				×
10.7†	Amendment to Rights Agreement, dated as of November 10, 2022, by and among Fresh Tracks Therapeutics, Inc., Brickell Subsidiary, Inc. and Bodor Laboratories, Inc.				×
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended				×
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended				×
32.1*	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				×
101.INS	Inline XBRL Instance Document				×
101.SCH	Inline XBRL Taxonomy Extension Schema Document				×
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				×
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				×
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				×
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				×
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				×

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+ Indicates a management contract or compensatory plan.

† Certain confidential information contained in this agreement has been omitted because it is both not material and is the type that the registrant treats as private or confidential.

* This certification is being furnished pursuant to 18 U.S.C. Section 1350 and is not being filed for purposes of Section 18 of the Exchange Act and is not to be incorporated by reference into any filing of the Registrant, whether made before or after the date hereof.

SIGNATURES

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

Fresh Tracks Therapeutics, Inc.

Date: November 10, 2022

By: /s/ Robert. B. Brown

Robert B. Brown
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Albert N. Marchio, II

Albert N. Marchio, II
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

AMENDED AND RESTATED BYLAWS OF FRESH TRACKS THERAPEUTICS, INC.

ARTICLE I

MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. All meetings of the stockholders shall be held at such place within or outside the State of Delaware as may be fixed from time to time by the Board of Directors or the chief executive officer, or if not so designated, at the registered office of the corporation.

Section 2. Annual Meeting. An annual meeting of stockholders shall be held at such date, time and place as designated by the Board of Directors or the chief executive officer and stated in the notice of meeting. At the annual meeting the stockholders shall elect by a plurality vote those directors to hold office based on the number of directors in the class whose terms are expiring and do so for a term of three (3) years until the annual meeting of stockholders coinciding with the end of such term.

At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business either (i) must be specified in a written notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors or the chief executive officer or secretary of the corporation, (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (iii) otherwise properly brought before the meeting by a stockholder. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the secretary of the corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at one of the principal executive office(s) of the corporation, not less than ninety (90) calendar days nor more than one-hundred and twenty (120) calendar days prior to the annual meeting; provided, however, that in the event that less than forty-five (45) calendar days' notice or prior public disclosure of the date of the annual meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the tenth (10^{th}) business day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. A stockholder's notice to the secretary of the corporation shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual

meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class and number of shares of the corporation which are beneficially owned by the stockholder and (iv) any material interest of the stockholder in such business. In no event shall the adjournment or postponement of an annual meeting commence a new notice time period (or extend any notice time period).

Notwithstanding anything in these bylaws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Section 2 by any stockholder of any business properly brought before the annual meeting in accordance with said procedure.

The chairperson of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 2, or is otherwise not compliant with these bylaws, and if the chairperson should so determine, the chairperson shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

Section 3. Special Meetings. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the corporation's certificate of incorporation, may be called but only by the chief executive officer at his or her discretion, or by a resolution adopted by the affirmative vote of a majority of the Board of Directors. Business transacted at any special meeting shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

Section 4. Notice of Meetings. Except as otherwise provided by law, written notice of each meeting of stockholders, annual or special, stating the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given not less than ten (10) nor more than sixty (60) calendar days before the date of the meeting, to each stockholder entitled to vote at such meeting. Without limiting the manner by which notices of meetings otherwise may be given to stockholders, any such notice may be given by electronic transmission in the manner provided in the Delaware General Corporation Law. Notice of any meeting need not be given to any stockholder who, either before or after the meeting, shall submit a waiver of notice or who shall attend such meeting, except when the stockholder attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Any stockholder so waiving notice of the meeting shall be bound by the proceedings of the meeting in all respects as if due notice thereof had been given.

Section 5. Voting List. The officer responsible for the stock ledger of the corporation shall prepare and make, at least ten (10) calendar days before every meeting of stockholders, a

complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder limited to any purpose germane to the meeting for a period of at least ten (10) calendar days before the meeting: (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list was provided with the notice of the meeting; (b) during ordinary business hours, at the principal place of business of the corporation; or (c) either at a place within the city or town where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list also shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. Except as provided by applicable law, the stock ledger of the corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger and the list of stockholders or to vote in person or by proxy at any meeting of stockholders.

Section 6. Quorum. The holders of one-third (1/3) of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of stockholders for transaction of business, except as otherwise provided by statute, the certificate of incorporation or these bylaws. A quorum, once established, shall not be broken by subsequent withdrawal of enough votes to leave less than a quorum.

Section 7. Adjournments. Any meeting of stockholders may be adjourned from time to time, whether or not there is a quorum, to any other time and/or any other place at which a meeting of stockholders may be held under these bylaws, which time and place shall be announced at the meeting, by the chair of such meeting or by any officer entitled to act as corporate secretary of such meeting, without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) calendar days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 8. Action at Meetings. When a quorum is present at any meeting, the vote of the holders of a majority of the stock present in person or represented by proxy and entitled to vote on the question shall decide any question brought before such meeting, unless the question is one upon which by express provision of law, the corporation's certificate of incorporation or these bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 9. Voting and Proxies. Unless otherwise provided in the corporation's certificate of incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote, in person or by proxy, for each share of capital stock having voting power held of record by such stockholder. Each stockholder entitled to vote at a meeting of stockholders, or to express consent or dissent to corporate action in writing without a meeting, may authorize another person or persons to act for such stockholder by proxy; provided that the instrument authorizing such proxy to act shall have been executed in writing (which shall include telegraphing, cabling or other means of electronically transmitted written copy) and signed and dated by the stockholder personally or by the stockholder's duly authorized attorney in fact. No such proxy shall be voted or acted upon after three (3) years from its effective date, unless the proxy expressly provides for a longer period.

Section 10. Action by Consent. Unless otherwise restricted by the corporation's certificate of incorporation or these bylaws, any action required or permitted to be taken at any annual or special meeting of the stockholders of the corporation may be taken without a meeting, if a majority of the stockholders of the corporation consent thereto in writing or by electronic transmission.

ARTICLE II
DIRECTORS

Section 1. Number, Election, Tenure and Qualification. The number of directors which shall constitute the whole board shall not be less than four (4) nor more than nine (9). Within and according to such limit, the actual number of directors shall be determined by resolution of the Board of Directors, or by the stockholders at the annual, or at any special meeting of stockholders. The directors shall be elected at the annual meeting or at any special meeting of the stockholders, except as provided in Section 3 of this Article, and each director elected shall hold office until such director's successor is elected and qualified or until the director's earlier death, resignation, disqualification, or removal. Directors need not be stockholders. The directors shall be divided into three (3) classes as nearly equal in size as is practicable, designated Class I, Class II and Class III. If the number of directors is changed, any newly created directorships or decrease in directorships shall be so apportioned among the classes as to make all classes as nearly equal in number as is practicable.

Section 2. Enlargement. The number of the Board of Directors may be increased at any time by vote of a majority of the directors then in office.

Section 3. Nominations. Subject to the rights of holders of any class or series of stock having a preference over the common stock as to dividends or upon liquidation,

nominations for election to the Board of Directors of the corporation at a meeting of stockholders may be made on behalf of the board by the nominating committee appointed by the board, or by any stockholder of the corporation entitled to vote for the election of directors at such meeting. Such nominations, other than those made by the nominating committee on behalf of the board, shall be made by notice in writing delivered or mailed by first class United States mail or a nationally recognized courier service, postage prepaid, to the secretary or assistant secretary of the corporation, and received by such officer not less than one hundred-twenty (120) calendar days prior to any meeting of stockholders called for the election of directors; provided, however, that if less than ninety (90) calendar days' notice of the meeting is given to stockholders, such nomination shall have been mailed or delivered to the secretary or the assistant secretary of the corporation not later than the close of business on the seventh (7^{th}) calendar day following the day on which the notice of meeting was mailed. Such notice shall set forth as to each proposed nominee who is not an incumbent director (i) the name, age, business address and, if known, residence address of each nominee proposed in such notice, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of stock of the corporation which are owned beneficially by each such nominee and by the nominating stockholder, (iv) any other information concerning the nominee that must be disclosed of nominees in proxy solicitations regulated by Regulation 14A of the Securities Exchange Act of 1934, as amended, and (v) a written questionnaire with respect to the background and qualification of such nominee (which questionnaire shall be provided by the corporate secretary upon written request) and a written statement and agreement executed by each such nominee acknowledging that such person consents to being named in the corporation's proxy statement as a nominee and to serving as a director if elected.

The chairperson of the meeting, if the facts warrant, may determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if the chairperson should so determine, the chairperson shall so declare the meeting and the defective nomination shall be disregarded.

Section 4. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election at which the term of the class to which they have been elected expires and until their successors are duly elected and shall qualify or until the director's earlier death, resignation, disqualification, or removal. If there are no directors in office, then an election of directors may be held in the manner provided by statute. In the event of a vacancy in the Board of Directors, the remaining directors, except as otherwise provided by law or these bylaws, may exercise the powers of the full board until the vacancy is filled.

Section 5. Resignation and Removal. Any director may resign at any time for any reason upon giving written or electronic notice to the corporation at its principal place of business or to the chief executive officer or the secretary of the corporation. Such resignation shall be effective upon receipt of such notice by any of the foregoing unless the notice specifies such resignation to be effective at some other time or upon the happening of some other event. Any director or the entire Board of Directors may be removed, but only for cause, by the holders of a majority of the shares then entitled to vote at an election of directors, unless otherwise specified by law or the certificate of incorporation of the corporation.

Section 6. General Powers. The business and affairs of the corporation shall be managed by its Board of Directors, which may exercise all powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these bylaws directed or required to be exercised or done solely by the stockholders.

Section 7. Chairperson of the Board. If the Board of Directors appoints a chairperson of the board, such chairperson, when present, shall preside at all meetings of the stockholders and the Board of Directors. The chairperson shall perform such duties and possess such powers as are customarily vested in the office of the chairperson of a board or as may be vested in the chairperson by the Board of Directors.

Section 8. Place of Meetings. The Board of Directors may hold meetings, both regular and special, either within or outside the State of Delaware to the extent held in the United States of America.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the board; provided that any director who is absent when such a determination is made shall be given prompt written notice of such determination. A regular meeting of the Board of Directors may be held without notice immediately after and at the same place as the annual meeting of stockholders. Notwithstanding the foregoing, the board shall meet at a minimum frequency of quarterly.

Section 10. Special Meetings. Special meetings of the board may be called by the chief executive officer, secretary of the corporation, or on the written request of three (3) or more directors, or by one (1) director in the event that there is only one (1) director in office. Four (4) hours' notice to each director, either personally or by e-mail or other electronic transmission, commercial delivery service or similar means sent to such director's business or home address, or three (3) calendar days' notice by written notice deposited in the mail or delivered by a nationally recognized courier service, shall be given to each director by the secretary of the

corporation or by the officer or one of the directors calling the meeting. A notice or waiver of notice of a meeting of the Board of Directors need not specify the purposes of the meeting.

Section 11. Quorum, Action at Meeting, Adjournments. At all meetings of the board, a majority of directors then in office, but in no event less than one third (1/3) of the entire board, shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be provided otherwise specifically by law or by the corporation's certificate of incorporation. For purposes of this Section 11, the term "entire board" shall mean the number of directors last fixed by the stockholders or directors, as the case may be, in accordance with law and these bylaws; provided, however, that if less than all the number so fixed of directors were elected, the "entire board" shall mean the greatest number of directors so elected to hold office at any one time pursuant to such authorization. If a quorum shall not be present at any meeting of the Board of Directors, a majority of the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 12. Action by Consent. Unless otherwise restricted by the certificate of incorporation or these bylaws, or applicable law, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or transmission or transmissions are filed with the minutes of proceedings of the board or committee.

Section 13. Telephonic Meetings. Unless otherwise restricted by the certificate of incorporation or these bylaws, or applicable law, members of the Board of Directors or of any committee thereof may participate in a meeting of the Board of Directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 14. Committees. The Board of Directors, by resolution passed by a majority of the whole board, may designate one or more committees of the board, each committee to consist of one or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the certificate of

incorporation of the corporation or these bylaws, adopting an agreement of merger, acquisition or consolidation of the corporation in its entirety, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution; and, unless the resolution designating such committee or the corporation's certificate of incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock or stock options or warrants. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Each committee shall keep regular minutes of its meetings and make such reports to the Board of Directors as the Board of Directors may request. Except as the Board of Directors may otherwise determine, any committee may make rules for the conduct of its business in compliance with applicable laws and these bylaws and the corporation's certificate of incorporation, but unless otherwise provided by the directors or in such rules, its business shall be conducted as nearly as possible in the same manner as is provided in these bylaws for the conduct of its business by the Board of Directors.

Section 15. Compensation. Unless otherwise restricted by the certificate of incorporation of this corporation or these bylaws, or applicable law, the Board of Directors shall have the authority to fix from time to time the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and the performance of their responsibilities as directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors and/or a stated salary as director. Payment may be by cash or by stock or stock option or warrant, as determined by the Board of Directors otherwise in accordance with these bylaws. No such payment shall preclude any director from serving the corporation or its parent or affiliate or subsidiary corporations thereof in any other capacity and receiving compensation therefor. The Board of Directors may also allow compensation for members of special or standing committees for service on such committees.

ARTICLE III

OFFICERS

Section 1. Enumeration. The officers of the corporation shall be chosen by the Board of Directors and shall be a president, a secretary and a treasurer and such other officers with such titles, terms of office and duties as the Board of Directors may from time to time determine, including, if desired, one or more vice-presidents, and one or more assistant secretaries and assistant treasurers. The chief executive officer is empowered to appoint in writing from time to time assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the certificate of incorporation or these bylaws or applicable laws otherwise provide.

Section 2. Election. The Board of Directors at its first meeting after each annual meeting of stockholders shall choose or re-affirm a president, a secretary and a treasurer. Other officers may be appointed by the Board of Directors at such meeting, at any other meeting, or by written consent.

Section 3. Tenure. The officers of the corporation shall hold office until their successors are chosen and qualify, unless a different term is specified in the vote choosing or appointing such officer, or until such officer's earlier death, resignation or removal. Any officer may be removed at any time by the affirmative vote of a majority of the Board of Directors or a committee of the board duly authorized to do so, except that any officer appointed by the chief executive officer also may be removed at any time by the chief executive officer. Any vacancy occurring in any office of the corporation may be filled by the Board of Directors, at its discretion. Any officer may resign by delivering such officer's written or electronic resignation to the corporation at its principal place of business or to the chief executive officer or the secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

Section 4. President. The president shall be the chief executive officer unless the Board of Directors otherwise provides. The president, unless the Board of Directors provides otherwise in a specific instance or generally, shall (i) conduct general and active management of the business of the corporation and (ii) be responsible that all orders and resolutions of the Board of Directors are implemented. The president further shall execute bonds, mortgages, and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the corporation.

Section 5. Vice-Presidents. In the absence of the president or in the event of the president's inability or refusal to act, the vice-president, or if there be more than one vice-president, the vice-presidents in the order designated by the Board of Directors or the chief executive officer (or in the absence of any designation, then in the order determined by their tenure in office) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice-presidents shall perform such other duties and have such other powers as the Board of Directors or the chief executive officer may from time to time prescribe.

Section 6. Secretary. The secretary shall have such powers and perform such duties as are incident to the office of secretary. The secretary or such other officer the secretary or chief executive officer may designate shall maintain a stock ledger and prepare lists of stockholders and their addresses as required and shall be the custodian of corporate records. The secretary

shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be from time to time prescribed by the Board of Directors or chief executive officer, under whose supervision the secretary shall be. The secretary shall have custody of the corporate seal of the corporation and the secretary, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the secretary's signature or by the signature of such assistant secretary. The Board of Directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by such officer's signature.

Section 7. Chief Financial Officer. The chief financial officer shall be the principal financial officer of the corporation and shall have such powers and perform such duties as may be assigned by the Board of Directors or the chief executive officer and as are customary for a principal financial officer.

Section 8. Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors or the chief executive officer.

Section 9. Delegation of Authority. The Board of Directors or the chief executive officer may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

ARTICLE IV

NOTICES

Section 1. Delivery. Whenever, under the provisions of law, or of the certificate of incorporation or these bylaws, written notice is required to be given by the corporation to any director, officer, stockholder or other person, such notice may be given by mail, addressed to such director, officer, stockholder or other person, at such person's address as it appears on the records of the corporation or as otherwise requested in writing to the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited by the corporation in the United States mail or delivered to a nationally recognized courier service. Unless written notice by mail is required by law, written notice may also be given by e-mail or electronic transmission, commercial delivery services or similar means, addressed to such director, officer, stockholder or other person at such person's e-mail or address

as it appears on the records of the corporation or as otherwise requested in writing to the corporation, in which case such notice shall be deemed to be given when delivered by the corporation into the control of the persons charged with effecting such transmission, the transmission charge to be paid by the corporation or the person sending such notice and not by the addressee. Oral notice or other in-hand delivery, in person or by telephone, shall be deemed given at the time it actually is given.

Section 2. Waiver of Notice. Whenever any notice is required to be given by the corporation under the provisions of law or of the certificate of incorporation or of these bylaws, a waiver thereof in writing, signed and dated by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V

INDEMNIFICATION

Section 1. Actions Other than by or in the Right of the Corporation. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, investigative or otherwise (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

Section 2. Actions by or in the Right of the Corporation. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, investigative or otherwise, by or in the right of the corporation to procure a judgment or legally binding decision in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a

director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence, fraud or misconduct in the performance of such person's duty or obligations to the corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery of the State of Delaware or such other court shall deem proper.

Section 3. Success on the Merits. To the extent that any person described in Section 1 or 2 of this Article V has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, such person shall be indemnified by the corporation against their expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Section 4. Specific Authorization. Any indemnification under Section 1 or 2 of this Article V (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because such person has met the applicable standards of conduct set forth in said Sections. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by a majority vote of a quorum of the stockholders of the corporation.

Section 5. Advance Payment. Expenses incurred in defending a civil, criminal, administrative, investigative or other action, suit or proceeding for which indemnification is appropriate under these bylaws may be paid by the corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the manner provided for in Section 4 of this Article V upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount unless it ultimately is determined that such person is entitled to indemnification by the corporation as authorized in this Article V.

Section 6. Non-Exclusivity. The indemnification provided by this Article V shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise, both as to action

in such person's official capacity and as to action in any other capacity while holding such office, and shall continue as to a person who has ceased to be director, officer, employee or agent of the corporation and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 7. Insurance. The Board of Directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance of any type and amount on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of this Article V or applicable law.

Section 8. Severability. If any word, clause or provision of this Article V or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not be affected otherwise thereby but shall remain in full force and effect.

Section 9. Intent of Article. The intent of this Article V is to provide for indemnification to the fullest extent permitted by section 145 of the General Corporation Law of Delaware or any other applicable law. To the extent that such Section or any successor section, or other applicable law, may be amended or supplemented from time to time, this Article V shall be amended automatically and construed so as to permit indemnification to the fullest extent from time to time permitted by the law.

ARTICLE VI

CAPITAL STOCK

Section 1. Certificates of Stock. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by, the chairperson or vice-chairperson of the Board of Directors, or the president or a vice-president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation, certifying the number of shares owned by such stockholder in the corporation. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. Certificates may be issued for partly paid shares and in such case upon the face

or back of the certificates issued to represent any such partly paid shares, the total amount of the consideration to be paid therefor, and the amount paid thereon shall be specified.

Section 2. Lost Certificates. The Board of Directors may direct a new stock certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed stock certificate or certificates, or such owner's legal representative, (i) to give reasonable evidence of such loss, theft or destruction, (ii) to advertise the same in such manner as it shall require, and/or (iii) to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed or the issuance of such new certificate.

Section 3. Transfer of Stock. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares, duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, and proper evidence of compliance with other conditions to rightful transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate, and record the transaction upon its books.

Section 4. Record Date for Action at a Meeting or for Other Purposes. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion, stock split, or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) calendar days nor less than ten (10) calendar days before the date of such meeting, nor more than sixty (60) calendar days prior to any other action to which such record date relates. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting. If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held. The record date for determining stockholders for any other purpose within this Section 4 of Article VI shall be at the close of business on the day on which the Board of Directors adopts the resolution relating to such purpose.

Section 5. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends

and any other rights related to ownership of these shares, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware or ordered by a court of competent jurisdiction.

ARTICLE VII

CERTAIN TRANSACTIONS

Section 1. Transactions with Interested Parties. No contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association or other organization in which one or more of the corporation's directors or officers also are directors or have a financial interest, shall be void or voidable solely for these reasons, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction, or solely because the vote or votes of such director or officer are counted for such purpose, if:

(a) the material facts as to such person's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee of the board, and the board or committee in good faith authorizes the contract or transaction by unanimous written consent or the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) the material facts as to such person's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction specifically is approved in good faith by written consent or a majority vote of a quorum of the stockholders; or

(c) the contract or transaction is fair and reasonable as to the corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the stockholders.

Section 2. Quorum. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction with interested parties covered by this Article VII.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the corporation, if any, may be declared by the Board of Directors at any regular or special meeting of the board or stockholders, or by unanimous written consent of the board, pursuant to applicable law. Dividends may be paid in cash, in property or in shares of the capital stock of the corporation, subject to the provisions of the certificate of incorporation thereof.

Section 2. Reserves. The directors may set apart out of any funds of the corporation available for dividends a reserve or reserves for any proper purpose and, separately, may abolish any such reserve.

Section 3. Checks. All checks or demands for money and notes of the corporation shall be signed either by the corporation's chief financial officer, chief accounting officer, controller, or such officer or officers, or such other person or persons, as the Board of Directors may from time to time designate in writing.

Section 4. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors and may change at the discretion of the board.

Section 5. Seal. The Board of Directors, by resolution, may adopt a corporate seal but is not required to do so. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization, and the word "Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced. The seal may be altered from time to time by the Board of Directors.

ARTICLE IX

AMENDMENTS

The Board of Directors is expressly empowered to adopt, amend or repeal these bylaws; provided, however, that any adoption, amendment or repeal of these bylaws by the Board of Directors shall require the approval of at least sixty-six and two-thirds percent (66⅔%) of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any resolution providing for adoption, amendment or repeal is presented to the board). The stockholders also shall have power to adopt, amend or repeal these bylaws; provided, however, that in addition to any vote of the holders of any class or series of stock of this corporation required by law or by the certificate of incorporation of this corporation, the affirmative vote of the holders of at least sixty-six and two-thirds percent (66⅔%) of the voting power of all of the then outstanding shares of the stock of the corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required for such adoption, amendment or repeal by the stockholders of any provisions of these bylaws.

FRESH TRACKS THERAPEUTICS, INC.
2020 OMNIBUS LONG-TERM INCENTIVE PLAN,
AS AMENDED ON MAY 17, 2022

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FRESH TRACKS THERAPEUTICS, INC.
2020 OMNIBUS LONG-TERM INCENTIVE PLAN

SECTION 1
GENERAL

1.1. Purpose. The Fresh Tracks Therapeutics, Inc. 2020 Omnibus Long-Term Incentive Plan (the "Plan") has been established by Fresh Tracks Therapeutics, Inc., a Delaware corporation, (the "Company") to (i) attract and retain persons eligible to participate in the Plan; (ii) motivate Participants, by means of appropriate incentives, to achieve long-range goals; (iii) provide incentive compensation opportunities that are competitive with those of other similar companies; and (iv) further align the interests of Participants with those of the Company's other stockholders through compensation that is based on the Company's shares; and thereby promote the long-term financial interest of the Company and the Related Companies including the growth in value of the Company's shares and enhancement of long-term stockholder return. Capitalized terms in the Plan are defined in Section 2.

1.2. Participation. Subject to the terms and conditions of the Plan, the Committee shall determine and designate, from time to time, from among the Eligible Individuals, those persons who will be granted one or more Awards under the Plan, and thereby become "Participants" in the Plan.

1.3. Foreign Participants. In order to assure the viability of Awards granted to Participants who are subject to taxation in foreign countries, the Committee may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy, or custom. Moreover, the Committee may approve such appendixes, supplements to, or amendments, restatements, or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Plan as in effect for any other purpose; provided, however, that no such supplements, amendments, restatements, or alternative versions shall increase the share limitations contained in Section 3.1 of the Plan.

1.4. Operation and Administration. The operation and administration of the Plan, including the Awards made under the Plan, shall be subject to the provisions of Section 8 (relating to operation and administration).

1.5. History. The Plan was adopted by the Company on March 16, 2020, subject to approval by stockholders. To the extent not prohibited by Applicable Laws, Awards which are to use shares of Stock reserved under the Plan that

are contingent on the approval by the Company's stockholders may be granted prior to that meeting contingent on such approval. The Plan shall be unlimited in duration and, in the event of Plan termination, shall remain in effect as long as any Awards under it are outstanding; provided, however, that no Awards may be granted under the Plan after the ten-year anniversary of the date on which the stockholders approved the Plan.

SECTION 2
DEFINITIONS

2.1. "Administrator" means the Board or any of its Committees as will be administering the Plan, in accordance with Section 8.

2.2. "Applicable Laws" means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

2.3. "Award Agreement" means the written agreement, including an electronic agreement, setting forth the terms and conditions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

2.4. "Award" means any award or benefit granted under the Plan, including, without limitation, the grant of Options and Full Value Awards.

2.5. "Board" means the Board of Directors of the Company.

2.6. "Change in Control" means the first to occur of any of the following:

(a) the consummation of a purchase or other acquisition by any person, entity or group of persons (within the meaning of Section 13(d) or 14(d) of the Exchange Act or any comparable successor provisions, other than an acquisition by a trustee or other fiduciary holding securities under an employee benefit plan or similar plan of the Company or a Related Company), of "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either the outstanding shares of Stock or the combined voting power of the Company's then outstanding voting securities entitled to vote generally;

(b) the consummation of a reorganization, merger, consolidation, acquisition, share exchange or other corporate transaction of the Company, in each case, with respect

to which persons who were stockholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated company's then outstanding securities;

(c) the consummation of any plan of liquidation or dissolution of the Company providing for the sale or distribution of substantially all of the assets of the Company and its Subsidiaries or the consummation of a sale of substantially all of the assets of the Company and its Subsidiaries; or

(d) at any time during any period of two consecutive years, individuals who at the beginning of such period were members of the Board cease for any reason to constitute at least a majority thereof (unless the election, or the nomination for election by the Company's stockholders, of each new director was approved by a vote of at least two-thirds of the directors still in office at the time of such election or nomination who were directors at the beginning of such period).

2.7. "Code" means the United States Internal Revenue Code of 1986, as amended. A reference to any provision of the Code shall include reference to any successor provision of the Code.

2.8. "Committee" has the meaning set forth in Section 8.1.

2.9. "Common Stock" or "Stock" means the common stock of the Company.

2.10. "Company" has the meaning set forth in Section 1.1.

2.11. "Consultant" means any natural person engaged as a consultant or advisor by the Company or a Parent or Subsidiary or other Related Company (as determined by the Committee) to render bona fide services to such entity and such services are not in connection with the sale of shares of Stock in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the Company's securities.

2.12. "Director" means a member of the Board.

2.13. "Eligible Individual" means any Employee, Consultant or Director; provided, however, that to the extent required by the Code, an ISO may only be granted to an Employee of the Company or a Parent or Subsidiary. An Award may be granted to an Employee, Consultant or Director, in connection with hiring, retention or

otherwise, prior to the date the Employee, Consultant or Director first performs services for the Company or the Subsidiaries, provided that such Awards shall not become vested prior to the date the Employee, Consultant or Director first performs such services.

2.14. "Employee" means any person, including officers and Directors, employed by the Company or any Parent or Subsidiary of the Company or a Related Company (as determined by the Committee). Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute "employment" by the Company.

2.15. "Exchange Act" means the Securities Exchange Act of 1934, as amended.

2.16. "Exercise Price" of each Option granted under this Plan shall be established by the Committee or shall be determined by a method established by the Committee at the time the Option is granted.

2.17. "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(a) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq Stock Exchange, its Fair Market Value will be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the last previous trading day prior to such date of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a share of Stock will be the mean between the high bid and low asked prices for the Common Stock on the last previous trading day prior to such date of determination (or, if no bids and asks were reported on that date, as applicable, on the last trading date such bids and asks were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(c) In the absence of an established market for the Common Stock, the Fair Market Value will be determined in good faith by the Administrator.

2.18. A "Full Value Award" is a grant of one or more shares of Stock or a right to receive one or more shares of Stock in the future, with such grant subject to one or more conditions, as determined by the Committee.

2.19. An “Incentive Stock Option” or an “ISO” is an Option that is intended to satisfy the requirements applicable to an “incentive stock option” described in Section 422(b) of the Code.

2.20. A “Non-Qualified Option or an “NQO” is an Option that is not intended to be an “incentive stock option” as that term is described in Section 422(b) of the Code.

2.21. An “Option” entitles the Participant to purchase shares of Stock at an Exercise Price established by the Committee. Any Option granted under this Plan may be either an ISO or an NQO as determined in the discretion of the Committee.

2.22. “Outside Director” means a Director of the Company who is not an officer or employee of the Company or the Related Companies.

2.23. “Parent” means a parent corporation within the meaning of Section 424(e) of the Code.

2.24. “Participant” means the holder of an outstanding Award.

2.25. “Period of Restriction” means the period during which the transfer of shares of Stock are subject to restrictions and therefore, the shares of Stock are subject to a substantial risk of forfeiture. Such restrictions may be based on the passage of time, the achievement of target levels of performance, or the occurrence of other events as determined by the Administrator.

2.26. “Plan” has the meaning set forth in Section 1.1.

2.27. “Related Company” means any corporation, partnership, joint venture, limited liability company or other entity during any period in which a controlling interest in such entity is owned, directly or indirectly, by the Company (or by any entity that is a successor to the Company), and any other business venture designated by the Committee in which the Company (or any entity that is a successor to the Company) has, directly or indirectly, a significant interest (whether through the ownership of securities or otherwise), as determined in the discretion of the Committee.

2.28. “Securities Act” means the Securities Act of 1933, as amended.

2.29. “Subsidiary” means a “subsidiary corporation,” whether now or hereafter existing, as defined in Section 424(f) of the Code.

2.30. “Termination Date” means the date on which a Participant both ceases to be an employee of the Company and the Related Companies and ceases to

perform material services for the Company and the Related Companies (whether as a director or otherwise), regardless of the reason for the cessation; provided that a "Termination Date" shall not be considered to have occurred during the period in which the reason for the cessation of services is a leave of absence approved by the Company or the Related Company which was the recipient of the Participant's services; and provided, further that, with respect to an Outside Director, "Termination Date" means the date on which the Outside Director's service as an Outside Director terminates for any reason. If, as a result of a sale or other transaction, the entity for which the Participant performs services ceases to be a Related Company (and such entity is or becomes an entity separate from the Company), the occurrence of such transaction shall be the Participant's Termination Date. With respect to Awards that constitute deferred compensation subject to Section 409A of the Code, references to the Participant's termination of employment (including references to the Participant's employment termination, and to the Participant terminating employment, a Participant's separation from service, and other similar reference) and references to a Participant's termination as a Director (including separation from service and other similar references) shall mean the date that the Participant incurs a "separation from service" within the meaning of Section 409A of the Code.

SECTION 3
SHARES OF STOCK AND PLAN LIMITS

3.1. Shares of Stock and Other Amounts Subject to Plan. The shares of Stock for which Awards may be granted under the Plan shall be subject to the following:

(a) Subject to the following provisions of this Section 3.1, the maximum number of shares of Stock that may be delivered to Participants and their beneficiaries under the Plan shall be the sum of (i) 14,551,389 shares of Stock (which number includes all shares available for delivery under this Section 3.1(a) since the establishment of the Plan, determined in accordance with the terms of the Plan); and (ii) any shares granted previously under the Company's 2009 Equity Incentive Plan, as amended and the Amended and Restated Stock Incentive Plan of Vical Incorporated (the "Prior Plans") that are forfeited, expire or are canceled after the Effective Date without delivery of shares or which result in the forfeiture of the shares back to the Company to the extent that such shares would have been added back to the reserve under the terms of the Prior Plans, but not including shares that remained available for grant pursuant to the Prior Plans that were not previously granted. Shares of Stock issued by the Company in connection with awards that are assumed or substituted in connection with a reorganization, merger, consolidation, acquisition,

share exchange or other corporate transaction shall not be counted against the number of shares of Stock that may be issued with respect to Awards under the Plan.

(b) Only shares of Stock, if any, actually delivered to the Participant or beneficiary on an unrestricted basis with respect to an Award shall be treated as delivered for purposes of the determination under Section 3.1(a) above, regardless of whether the Award is denominated in shares of Stock or cash. Consistent with the foregoing:

(i) To the extent any shares of Stock covered by an Award are not delivered to a Participant or beneficiary because the Award is forfeited or cancelled, or the shares of Stock are not delivered on an unrestricted basis (including, without limitation, by reason of the Award being settled in cash), such shares of Stock shall not be deemed to have been delivered for purposes of the determination under Section 3.1(a) above.

(ii) Subject to the provisions of paragraph (i) above, the total number of shares of Stock covered by an Award will be treated as delivered for purposes of this paragraph (b) to the extent payments or benefits are delivered to the Participant with respect to such shares. Accordingly (A) if shares covered by an Award are used to satisfy the applicable tax withholding obligation or Exercise Price, the number of shares held back by the Company to satisfy such withholding obligation or Exercise Price shall be considered to have been delivered; (B) if the Exercise Price of any Option granted under the Plan is satisfied by tendering shares of Stock to the Company (by either actual delivery or by attestation, including shares of Stock that would otherwise be distributable upon the exercise of the Option), the number of shares tendered to satisfy such Exercise Price shall be considered to have been delivered; and (C) if shares of Stock are repurchased by the Company with proceeds received from the exercise of an option issued under this Plan, the total number of such shares repurchased shall be deemed delivered.

(c) The shares of Stock with respect to which Awards may be made under the Plan shall be: (i) shares currently authorized but unissued; (ii) to the extent permitted by Applicable Law, shares currently held or acquired by the Company as treasury shares, including shares purchased in the open market or in private transactions; or (iii) shares purchased in the open market by a direct or indirect wholly-owned subsidiary of the Company (as determined by the Chief Executive Officer or the Chief Financial Officer of the Company). The Company may contribute to the subsidiary or trust an amount sufficient to accomplish the purchase in the open

market of the shares of Stock to be so acquired (as determined by the Chief Executive Officer or the Chief Financial Officer of the Company).

3 . 2 . Adjustments. In the event of a corporate transaction involving the Company (including, without limitation, any share dividend, share split, extraordinary cash dividend, recapitalization, reorganization, merger, amalgamation, consolidation, share exchange, split-up, spin-off, sale of assets or subsidiaries, combination or exchange of shares), the Committee shall, in the manner it determines equitable in its sole discretion, adjust Awards to reflect the transactions. Action by the Committee may include: (i) adjustment of the number and kind of shares which may be delivered under the Plan; (ii) adjustment of the number and kind of shares subject to outstanding Awards; (iii) adjustment of the Exercise Price of outstanding Options; and (iv) any other adjustments that the Committee determines to be equitable (which may include, without limitation, (A) replacement of Awards with other Awards which the Committee determines have comparable value and which are based on shares of a company resulting from the transaction, and (B) cancellation of the Award in return for cash payment of the current value of the Award, determined as though the Award is fully vested at the time of payment, provided that in the case of an Option, the amount of such payment will be the excess of value of the shares of Stock subject to the Option at the time of the transaction over the Exercise Price). However, in no event shall this Section 3.2 be construed to permit a modification (including a replacement) of an Option if such modification either: (i) would result in accelerated recognition of income or imposition of additional tax under Section 409A of the Code; or (ii) would cause the Option subject to the modification (or cause a replacement Option) to be subject to Section 409A of the Code, provided that the restriction of this clause (ii) shall not apply to any Option that, at the time it is granted or otherwise, is designated as being deferred compensation subject to Section 409A of the Code.

3.3. Plan Limitations. Subject to Section 3.2, the following additional maximums are imposed under the Plan:

(a) The maximum number of shares of Stock that may be delivered to Participants and their beneficiaries with respect to ISOs granted under the Plan shall be 14,551,389 shares of Stock (which number includes all shares of Stock available for delivery under this Section 3.3(a) since the establishment of the Plan, determined in accordance with the terms of the Plan).

(b) Notwithstanding the provisions of Sections 4.5 and 5.4 of the Plan, the Committee may grant Awards that are not subject to the minimum vesting limitations of Sections 4.5 (with respect to Options) and of Section 5.4 (with respect to Full Value Awards) in certain circumstances as determined by the Committee in its sole

discretion; provided, however, that the aggregate number of shares of Stock subject to Options and Full Value Awards granted pursuant to the Plan that are not subject to the minimum vesting limitations of Sections 4.5 and 5.4 (excluding any such Awards to the extent that they have been forfeited or cancelled) may not exceed 5% of the limit imposed by subsection 3.1(a) (relating to the limit on shares of Stock granted under the Plan).

SECTION 4
OPTIONS

4.1. Grant of Options. Subject to the terms and conditions of the Plan, the Administrator, at any time and from time to time, may grant Options to an Eligible Individual in such amounts as the Administrator, in its sole discretion, will determine. Each Option will be designated in the Award Agreement as either an ISO or an NQO. Notwithstanding a designation for a grant of Options as ISOs, however, to the extent that the aggregate Fair Market Value of the shares of Stock with respect to which ISOs are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds $100,000, such Options will be treated as NQOs. For purposes of this Section 4.1, ISOs will be taken into account in the order in which they were granted, the Fair Market Value of the shares of Stock will be determined as of the time the Option with respect to such shares of Stock is granted, and calculation will be performed in accordance with Section 422 of the Code and Treasury Regulations promulgated thereunder.

4.2. Option Agreement. Each Award of an Option will be evidenced by an Award Agreement that will specify the date of grant of the Option, the Exercise Price, the term of the Option, the number of shares of Stock subject to the Option, the exercise restrictions, if any, applicable to the Option, including the dates upon which the Option is first exercisable in whole and/or part, and such other terms and conditions as the Administrator, in its sole discretion, may determine.

4.3. Term of Option. The term of each Option will be stated in the Award Agreement; provided, however, that the term will be no more than 10 years from the date of grant thereof. In the case of an ISO granted to a Participant who, at the time the ISO is granted, owns capital stock representing more than 10% of the total combined voting power of all classes of capital stock of the Company or any Parent or Subsidiary, the term of the ISO will be five years from the date of grant or such shorter term as may be provided in the Award Agreement.

4.4. Exercise Price. The Exercise Price shall not be less than 100% of the Fair Market Value of a share of Stock on the date of grant (or, if greater, the par

value, if any, of a share of Stock). In addition, in the case of an ISO granted to an Employee who owns capital stock representing more than 10% of the voting power of all classes of capital stock of the Company or any Parent or Subsidiary, the per share Exercise Price will be no less than 110% of the Fair Market Value per share of Stock on the date of grant. Notwithstanding the foregoing provisions of this Section 4.4, Options may be granted with a per share Exercise Price of less than 100% of the Fair Market Value per share of Stock on the date of grant pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code.

4.5. Minimum Vesting. Notwithstanding the foregoing, and subject to Section 3.3(b), in no event shall an Option granted to any Participant become exercisable or vested prior to the first anniversary of the date on which it is granted (subject to acceleration of exercisability and vesting, to the extent permitted by the Committee, in the event of the Participant's death, disability, Change in Control or involuntary termination).

4.6. Payment of Option Exercise Price. The payment of the Exercise Price of an Option granted under this Section 4 shall be subject to the following:

(a) Subject to the following provisions of this Section 4.6, the full Exercise Price for shares of Stock purchased upon the exercise of any Option shall be paid at the time of such exercise (except that, in the case of an exercise arrangement approved by the Committee and described in Section 4.6(c), payment may be made as soon as practicable after the exercise).

(b) Subject to Applicable Law, the full Exercise Price shall be payable in cash, by promissory note, or by tendering, by either actual delivery of shares or by attestation, shares of Stock acceptable to the Committee (including shares otherwise distributable pursuant to the exercise of the Option), and valued at Fair Market Value as of the day of exercise, or in any combination thereof, as determined by the Committee.

(c) Subject to Applicable Law, if shares are publicly traded, the Committee may permit a Participant to elect to pay the Exercise Price upon the exercise of an Option by irrevocably authorizing a third party to sell shares of Stock (or a sufficient portion of the shares of Stock) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the entire Exercise Price and any tax withholding resulting from such exercise.

4.7. No Repricing. Except for either adjustments pursuant to Section 3.2 (relating to the adjustment of shares of Stock), or reductions of the Exercise Price approved by the Company's stockholders, the Exercise Price for any outstanding Option

may not be decreased after the date of grant nor may an outstanding Option granted under the Plan be surrendered to the Company as consideration for the grant of a replacement Option with a lower Exercise Price. Except as approved by Company's stockholders, in no event shall any Option granted under the Plan be surrendered to Company in consideration for a cash payment or the grant of any other Award if, at the time of such surrender, the Exercise Price of the Option is greater than the then current Fair Market Value of a share of Stock. In addition, no repricing of an Option shall be permitted without the approval of Company's stockholders if such approval is required under the rules of any stock exchange on which Stock is listed.

SECTION 5
FULL VALUE AWARDS

5.1. Grant of Full Value Award . Subject to the terms and conditions of the Plan, the Administrator, at any time and from time to time, may grant Full Value Awards to Eligible Individuals in such amounts as the Administrator, in its sole discretion, will determine.

5.2. Full Value Award Agreement. Each Full Value Award will be evidenced by an Award Agreement that will specify the Period of Restriction, the number of shares of Stock granted, and such other terms and conditions as the Administrator, in its sole discretion, may determine.

5.3. Conditions. A Full Value Award may be subject to one or more of the following, as determined by the Committee:

(a) The grant shall be in consideration of a Participant's previously performed services, or surrender of other compensation that may be due.

(b) The grant shall be contingent on the achievement of performance or other objectives during a specified period.

(c) The grant shall be subject to a risk of forfeiture or other restrictions that will lapse upon the achievement of one or more goals relating to completion of service by the Participant, or achievement of performance or other objectives.

The grant of Full Value Awards may also be subject to such other conditions, restrictions and contingencies, as determined by the Committee.

5.4. Minimum Vesting.

(a) Notwithstanding the foregoing, and subject to Section 3.3(b), if a Participant's right to become vested in a Full Value Award is conditioned on the completion of a specified period of service with the Company or the Related Companies, without achievement of performance targets or other performance objectives (whether or not related to performance measures) being required as a condition of vesting, and without it being granted in lieu of other compensation, then the required period of service for vesting shall be not less than one year (subject, to the extent provided by the Committee, to acceleration of vesting in the event of the Participant's death, disability, Change in Control or involuntary termination). The foregoing requirements shall not apply to grants that are a form of payment of earned performance awards or other incentive compensation.

(b) Notwithstanding the foregoing, and subject to Section 3.3(b), if a Participant's right to become vested in a Full Value Award is conditioned on the achievement of performance targets or other performance objectives (whether or not related to performance measures and whether or not such Full Value Award is designated as "Performance-Based Compensation"), then the required performance period for determining the achievement of such performance targets or other performance objectives for vesting shall be not less than one year (subject, to the extent provided by the Committee, to acceleration of vesting in the event of the Participant's death, disability, Change in Control or involuntary termination).

SECTION 6
CASH INCENTIVE AWARDS

6.1. A Cash Incentive Award is the grant of a right to receive a payment of cash (or in the discretion of the Committee, Shares having value equivalent to the cash otherwise payable) that is contingent on achievement of performance or other objectives over a specified period established by the Committee. The grant of Cash Incentive Awards may also be subject to such other conditions, restrictions and contingencies, as determined by the Committee. Except as otherwise provided in the applicable plan or arrangement, distribution of any bonus awards by the Company or its Subsidiaries (whether granted this Plan or otherwise), for a performance period ending in a calendar year, shall be made to the participant between January 1 and March 15 of the following calendar year; provided, however, that for purposes of determining compliance with Code section 409A, a payment will be considered to satisfy the requirement of this sentence if distribution is made no later than the end of the calendar year following the end of the applicable performance period.

SECTION 7
CHANGE IN CONTROL

7.1. Change in Control. Subject to the provisions of Section 3.2 and the authority of the Committee to take the actions permitted pursuant to Section 7.2, the occurrence of a Change in Control shall have the effect, if any, with respect to any Award as set forth in the Award Agreement or, to the extent not prohibited by the Plan or the Award Agreement, as provided by the Committee.

7.2. Committee Actions On A Change in Control. On a Change in Control, if the Plan is terminated by the Company or its successor without provision for the continuation of outstanding Awards hereunder, the Committee may cancel any outstanding Awards in return for cash payment of the current value of the Award, determined with the Award fully vested at the time of payment, provided that in the case of an Option, the amount of such payment will be the excess of value of the shares of Stock subject to the Option at the time of the transaction over the Exercise Price; provided, further, that in the case of an Option, such Option will be cancelled with no payment if, as of the Change in Control, the value of the shares of Stock subject to the Option at the time of the transaction are equal to or less than the Exercise Price. However, in no event shall this Section 7.2 be construed to permit a payment if such payment would result in accelerated recognition of income or imposition of additional tax under Section 409A of the Code.

SECTION 8
COMMITTEE

8.1. Administration. The authority to control and manage the operation and administration of the Plan shall be vested in a committee (the "Committee") in accordance with this Section 8. The Committee shall be selected by the Board, and shall consist of two or more members of the Board. Unless otherwise provided by the Board, the Compensation Committee of the Board shall serve as the Committee. As a committee of the Board, the Committee is subject to the overview of the Board. If the Committee does not exist, or for any other reason determined by the Board, and to the extent not prohibited by Applicable Law, the Board may take any action under the Plan that would otherwise be the responsibility of the Committee.

8.2. Selection of Committee. So long as the Company is subject to Section 16 of the Exchange Act, the Committee shall be selected by the Board and shall consist of not fewer than two members of the Board or such greater number as may be required for compliance with Rule 16b-3 issued under the Exchange Act and shall be comprised of persons who are independent for purposes of applicable stock exchange

listing requirements and who would meet the requirements of a "non-employee director" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934.

8.3. Powers of Committee. The Committee's administration of the Plan shall be subject to the following:

(a) Subject to the provisions of the Plan, the Committee will have the authority and discretion to select individuals who shall be Eligible Individuals and who, therefore, are eligible to receive Awards under the Plan. The Committee shall have the authority to determine the time or times of receipt of Awards, to determine the types of Awards and the number of shares of Stock covered by the Awards, to establish the terms, conditions, performance targets, restrictions, and other provisions of such Awards, to cancel or suspend Awards, and to accelerate the exercisability or vesting of any Award under circumstances designated by it. In making such Award determinations, the Committee may take into account the nature of services rendered by the respective employee, the individual's present and potential contribution to the Company's or a Related Company's success and such other factors as the Committee deems relevant.

(b) To the extent that the Committee determines that the restrictions imposed by the Plan preclude the achievement of the material purposes of the Awards in jurisdictions outside the United States, the Committee will have the authority and discretion to modify those restrictions as the Committee determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside of the United States.

(c) The Committee will have the authority and discretion to interpret the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan, to determine the terms and conditions of any Award Agreement made pursuant to the Plan, and to make all other determinations that may be necessary or advisable for the administration of the Plan.

(d) Any interpretation of the Plan by the Committee and any decision made by it under the Plan is final and binding on all persons.

(e) In controlling and managing the operation and administration of the Plan, the Committee shall take action in a manner that conforms to applicable corporate law.

(f) Notwithstanding any other provision of the Plan, no benefit shall be distributed under the Plan to any person unless the Committee, in its sole discretion, determines that such person is entitled to benefits under the Plan.

8.4. Delegation by Committee. Except to the extent prohibited by Applicable Law, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time.

8.5. Information to be Furnished to Committee. The Company, Subsidiaries and any applicable Related Company shall furnish the Committee with such data and information as it determines may be required for it to discharge its duties. The records of the Company, Subsidiaries and any applicable Related Company as to an employee's or Participant's employment (or other provision of services), termination of employment (or cessation of the provision of services), leave of absence, reemployment and compensation shall be conclusive on all persons unless determined to be incorrect. Participants and other persons entitled to benefits under the Plan must furnish the Committee such evidence, data or information as the Committee considers desirable to carry out the terms of the Plan.

8.6. Liability and Indemnification of Committee. No member or authorized delegate of the Committee shall be liable to any person for any action taken or omitted in connection with the administration of the Plan unless attributable to his own fraud or willful misconduct; nor shall the Company or any Related Company be liable to any person for any such action unless attributable to fraud or willful misconduct on the part of a director or employee of the Company or Related Company. The Committee, the individual members thereof, and persons acting as the authorized delegates of the Committee under the Plan, shall be indemnified by the Company against any and all liabilities, losses, costs and expenses (including legal fees and expenses) of whatsoever kind and nature which may be imposed on, incurred by or asserted against the Committee or its members or authorized delegates by reason of the performance of a Committee function if the Committee or its members or authorized delegates did not act dishonestly or in willful violation of the law or regulation under which such liability, loss, cost or expense arises. This indemnification shall not duplicate but may supplement any coverage available under any applicable insurance.

SECTION 9
AMENDMENT AND TERMINATION

The Board may, at any time, amend or terminate the Plan, and the Board or the Committee may amend any Award Agreement, provided that no amendment or termination may, in the absence of written consent to the change by the affected Participant (or, if the Participant is not then living, the affected beneficiary), adversely affect the rights of any Participant or beneficiary under any Award granted under the Plan prior to the date such

amendment is adopted by the Board (or the Committee if applicable); and further provided that adjustments pursuant to Section 3.2 shall not be subject to the foregoing limitations of this Section 9; and further provided that the provisions of Section 4.7 (relating to Option repricing) cannot be amended unless the amendment is approved by the Company's stockholders. Approval by the Company's stockholders will be required for any material revision to the terms of the Plan, with the Committee's determination of "material revision" to take into account the exemptions under applicable stock exchange rules. No amendment or termination shall be adopted or effective if it would result in accelerated recognition of income or imposition of additional tax under Section 409A of the Code or, except as otherwise provided in the amendment, would cause amounts that were not otherwise subject to Section 409A of the Code to become subject to Section 409A of the Code.

SECTION 10
GENERAL PROVISIONS

10.1. General Restrictions. Delivery of shares of Stock or other amounts under the Plan shall be subject to the following:

(a) Notwithstanding any other provision of the Plan, the Company shall have no obligation to recognize an exercise of an Option or deliver any shares of Stock or make any other distribution of benefits under the Plan unless such exercise, delivery or distribution complies with all Applicable Laws (including, without limitation, the requirements of the United States Securities Act of 1933 and the securities laws of any other applicable jurisdiction), and the applicable requirements of any securities exchange or similar entity or other regulatory authority with respect to the issue of shares and securities by the Company.

(b) To the extent that the Plan provides for issuance of share certificates to reflect the issuance of shares of Stock, the issuance may be effected on a non-certificated basis, to the extent not prohibited by Applicable Law, the By-laws of the Company.

(c) To the extent provided by the Committee, any Award may be settled in cash rather than shares of Stock.

10.2. Tax Withholding. All distributions under the Plan are subject to withholding of all applicable taxes, and the Committee may condition the delivery of any shares of Stock or other benefits under the Plan on satisfaction of the applicable withholding obligations. Except as otherwise provided by the Committee and subject to Applicable Law, such withholding obligations may be satisfied (i) through cash payment by the Participant; (ii) through the surrender of shares of Stock which the Participant already owns; or (iii) through the surrender of shares of Stock to which the Participant is

otherwise entitled under the Plan (including shares otherwise distributable pursuant to the Award); provided, however, that such shares of Stock under this clause (iii) may be used to satisfy not more than the maximum individual tax rate for the Participant in applicable jurisdiction for such Participant (based on the applicable rates of the relevant tax authorities (for example, federal, state, and local), including the Participant's share of payroll or similar taxes, as provided in tax law, regulations, or the authority's administrative practices, not to exceed the highest statutory rate in that jurisdiction, even if that rate exceeds the highest rate that may be applicable to the specific Participant).

10.3. Grant and Use of Awards. In the discretion of the Committee, an Eligible Individual may be granted any Award permitted under the provisions of the Plan, and more than one Award may be granted to an Eligible Individual. Subject to Section 4.7 (relating to repricing), Awards may be granted as alternatives to or replacement of awards granted or outstanding under the Plan, or any other plan or arrangement of the Company or a Subsidiary or a Related Company (including a plan or arrangement of a business or entity, all or a portion of which is acquired by the Company or a Subsidiary or a Related Company). Subject to the overall limitation on the number of shares of Stock that may be delivered under the Plan, the Committee may use available shares of Stock as the form of payment for compensation, grants or rights earned or due under any other compensation plans or arrangements of the Company or a Subsidiary or a Related Company, including the plans and arrangements of the Company or a Subsidiary or a Related Company assumed in business combinations. Notwithstanding the provisions of Section 4.4, Options granted under the Plan in replacement for awards under plans and arrangements of the Company or a Subsidiary or a Related Company assumed in business combinations may provide for Exercise Prices that are less than the Fair Market Value of the shares of Stock at the time of the replacement grants, if the Committee determines that such Exercise Price is appropriate to preserve the economic benefit of the award. The provisions of this Section shall be subject to the provisions of Section 10.13.

10.4. Dividends and Dividend Equivalents. An Award (other than an Option) may provide the Participant with the right to receive dividend or dividend equivalent payments with respect to shares of Stock subject to the Award; provided, however, that no dividend or dividend equivalents granted in relation to Full Value Awards that are subject to vesting shall be settled prior to the date that such Full Value Award (or applicable portion thereof) becomes vested and is settled. Any such settlements, and any such crediting of dividends or dividend equivalents or reinvestment in shares of Stock, will be subject to the Company's By-laws as well as Applicable Law and further may be subject to such conditions, restrictions and contingencies as the Committee shall establish, including the reinvestment of such credited amounts in share

of Stock equivalents. The provisions of this Section shall be subject to the provisions of Section 10.13.

10.5. Settlement of Awards. The obligation to make payments and distributions with respect to Awards may be satisfied through cash payments, the delivery of shares of Stock, the granting of replacement Awards, or combination thereof as the Committee shall determine. Satisfaction of any such obligations under an Award, which is sometimes referred to as "settlement" of the Award, may be subject to such conditions, restrictions and contingencies as the Committee shall determine. The Committee may permit or require the deferral of any Award payment or distribution, subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest or dividend equivalents, and may include converting such credits into deferred share of Stock equivalents. Except for Options designated at the time of grant or otherwise as intended to be subject to Section 409A of the Code, this Section 10.5 shall not be construed to permit the deferred settlement of Options, if such settlement would result in deferral of compensation under Treas. Reg. §1.409A-1(b)(5)(i)(A)(3) (except as permitted in Sections (i) and (ii) of that section). Each Subsidiary shall be liable for payment of cash due under the Plan with respect to any Participant to the extent that such benefits are attributable to the services rendered for that Subsidiary by the Participant. Any disputes relating to liability of a Subsidiary for cash payments shall be resolved by the Committee. The provisions of this Section shall be subject to the provisions of Section 10.13.

10.6. Transferability. Except as otherwise provided by the Committee, Awards under the Plan are not transferable except as designated by the Participant by will or by the laws of descent and distribution.

10.7. Form and Time of Elections. Unless otherwise specified herein, each election required or permitted to be made by any Participant or other person entitled to benefits under the Plan, and any permitted modification, or revocation thereof, shall be in writing filed with the Committee at such times, in such form, and subject to such restrictions and limitations, not inconsistent with the terms of the Plan, as the Committee shall require.

10.8. Agreement With Company. An Award under the Plan shall be subject to such terms and conditions, not inconsistent with the Plan, as the Committee shall, in its sole discretion, prescribe. The terms and conditions of any Award to any Participant shall be reflected in such form of written (including electronic) document as is determined by the Committee. A copy of such document shall be provided to the Participant, and the Committee may, but need not require that the Participant sign a copy

of such document. Such document is referred to in the Plan as an "Award Agreement" regardless of whether any Participant signature is required.

10.9. Action by Company or Subsidiary. Any action required or permitted to be taken by the Company or any Subsidiary or Related Company shall be by resolution of its board of directors, or by action of one or more members of the board (including a committee of the board) who are duly authorized to act for the board, or (except to the extent prohibited by Applicable Law or applicable rules of any stock exchange) by a duly authorized officer of such company.

10.10. Gender and Number. Where the context admits, words in any gender shall include any other gender, words in the singular shall include the plural and the plural shall include the singular.

10.11. Limitation of Implied Rights.

(a) Neither a Participant nor any other person shall, by reason of participation in the Plan, acquire any right in or title to any assets, funds or property of the Company or any Subsidiary or Related Company whatsoever, including, without limitation, any specific funds, assets, or other property which the Company or any Subsidiary or Related Company, in its sole discretion, may set aside in anticipation of a liability under the Plan. A Participant shall have only a contractual right to the shares of Stock or amounts, if any, payable under the Plan, unsecured by any assets of the Company or any Subsidiary or Related Company, and nothing contained in the Plan shall constitute a guarantee that the assets of the Company or any Subsidiary or Related Company shall be sufficient to pay any benefits to any person.

(b) The Plan does not constitute a contract of employment, and selection as a Participant will not give any participating employee or other individual the right to be retained in the employ of the Company or any Subsidiary or Related Company or the right to continue to provide services to the Company or any Subsidiary or Related Company, nor any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan. Except as otherwise provided in the Plan, no Award under the Plan shall confer upon the holder thereof any rights as a stockholder of the Company prior to the date on which the individual fulfills all conditions for receipt of such rights and is registered in the Company's Register of share of stockholders.

(c) All Stock and shares issued under any Award or otherwise are to be held subject to the provisions of the Company's By-laws and each Participant is deemed to agree to be bound by the terms of the Company's By-laws as they stand at the time of issue of any shares of Stock under the Plan.

10.12. Evidence. Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information which the person acting on it considers pertinent and reliable, and signed, made or presented by the proper party or parties.

10.13. Limitations under Section 409A. The provisions of the Plan shall be subject to the following:

(a) Awards will be designed and operated in such a manner that they are either exempt from the application of, or comply with, the requirements of Section 409A of the Code, except as otherwise determined in the sole discretion of the Administrator. The Plan and each Award Agreement under the Plan is intended to meet the requirements of Section 409A of the Code and will be construed and interpreted in accordance with such intent, except as otherwise determined in the sole discretion of the Administrator. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Section 409A of the Code the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Section 409A of the Code, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A of the Code.

(b) Neither Section 10.3 nor any other provision of the Plan shall be construed to permit the grant of an Option if such action would cause the Option being granted or the option or stock appreciation right being replaced to be subject to Section 409A of the Code, provided that this Section (b) shall not apply to any Option (or option or stock appreciation right granted under another plan) being replaced that, at the time it is granted or otherwise, is designated as being deferred compensation subject to Section 409A of the Code.

(c) Except with respect to an Option that, at the time it is granted or otherwise, is designated as being deferred compensation subject to Section 409A of the Code, no Option shall condition the receipt of dividends with respect to an Option on the exercise of such Award, or otherwise provide for payment of such dividends in a manner that would cause the payment to be treated as an offset to or reduction of the Exercise Price of the Option pursuant Treas. Reg. §1.409A-1(b)(5)(i)(E).

(d) The Plan shall not be construed to permit a modification of an Award, or to permit the payment of a dividend or dividend equivalent, if such actions would result in accelerated recognition of taxable income or imposition of additional tax under Section 409A of the Code.

FRESH TRACKS THERAPEUTICS, INC.

EMPLOYEE STOCK PURCHASE PLAN

1. ***Purpose of the Plan***. The purpose of this Fresh Tracks Therapeutics, Inc. Employee Stock Purchase Plan (the "Plan") is to provide the employees of Fresh Tracks Therapeutics, Inc. (the "Company") and its participating subsidiaries with a convenient means of purchasing shares of Company common stock from time to time at a discount to market prices through the use of payroll deductions. The Company intends that the Plan shall qualify as an "employee stock purchase plan" under Code § 423. Accordingly, the Plan will be construed so as to extend and limit Plan participation in any Offering subject to Code § 423 in a uniform and nondiscriminatory basis consistent with the requirements of Code § 423.

2. ***Definitions***. The terms defined in this section are used (and capitalized) elsewhere in this Plan.

2.1. "*Affiliate*" means each domestic or foreign entity that is a "parent corporation" or "subsidiary corporation" of the Company, as defined in Code §§ 424(e) and 424(f) or any successor provisions.

2.2. "*Board*" means the Board of Directors of the Company.

2.3. "*Code*" means the Internal Revenue Code of 1986, as amended and in effect from time to time. For purposes of the Plan, references to sections of the Code shall be deemed to include any applicable regulations thereunder and any successor or similar statutory provisions.

2.4. "*Committee*" means the Compensation Committee of the Board (or such successor committee responsible for executive compensation matters).

2.5. "*Common Stock*" means the common stock, par value $0.01 per share, of the Company.

2.6. "*Company*" means Fresh Tracks Therapeutics, Inc., a Delaware corporation, or any successor corporation.

2.7. "*Corporate Transaction*" means (i) a merger, consolidation or other reorganization of the Company with or into another corporation, or (ii) the sale of all or substantially all of the assets of the Company.

2.8. "*Designated Affiliate*" means any Affiliate which has been expressly designated by the Committee as a corporation whose Eligible Employees may participate in the Plan.

2.9. "*Eligible Compensation*" shall be defined from time to time by the Committee in its sole discretion with respect to any Offering and Purchase Period. Except as otherwise defined by the Committee from time to time in its sole discretion, (i) Eligible Compensation means the base salary

amount paid by the Company or any Designated Affiliate to a Participant in accordance with the Participant's terms of employment, (ii) Eligible Compensation includes contributions made by the Participant by payroll deduction to any qualified cash or deferred arrangement that forms part of a plan maintained by the Company or an Affiliate (while it is an Affiliate), or to a cafeteria plan maintained by the Company or an Affiliate (while it is an Affiliate), or under any qualified transportation fringe benefit plan, and (iii) Eligible Compensation shall not include any commissions, overtime earnings, bonuses, employer contributions to a 401(k) or other retirement plan, amounts deferred to a non-qualified deferred compensation plan, any expense reimbursements or allowances, vacation pay in lieu of time off, coverage provided or amounts paid under any welfare benefit plan (unless provided above), amounts paid by an insurance company, amounts paid in a form other than cash and other fringe benefits, or any income (whether paid in Shares or cash) realized by the Participant as a result of participation in any equity-based compensation plan of the Company or an Affiliate.

2.10. "*Eligible Employee*" means any employee of the Company or a Designated Affiliate, except for any employee who, immediately after a right to purchase is granted under the Plan, would be deemed, for purposes of Code § 423(b)(3), to own stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or any Affiliate. Notwithstanding the foregoing, with respect to any Offering, the Committee may provide for the exclusion of certain employees within the limitations described in Treasury Regulations §1.423-2(e)(1), (2) and (3).

2.11. "*Enrollment Period*" means the period of time prior to a Purchase Period during which Eligible Employees may elect to participate in the Plan as determined by the Committee for an Offering.

2.12. "*Fair Market Value*" of a Share of Common Stock as of any date means the closing sale price for a Share on the principal securities market on which the Shares trade on said date.

2.13. "*Offering*" means the right provided to Participants to purchase Shares under the Plan with respect to a Purchase Period.

2.14. "*Offering Date*" means the first Trading Day of a Purchase Period.

2.15. "*Participant*" means an Eligible Employee who has elected to participate in the Plan in the manner set forth in Section 4 and whose participation has not ended pursuant to Section 8.1 or Section 9.

2.16. "*Plan*" means this Fresh Tracks Therapeutics, Inc. Employee Stock Purchase Plan, as it may be amended from time to time.

2.17. "*Purchase Date*" means the last Trading Day of a Purchase Period.

2.18. "*Purchase Period*" means a period of time during which offers to purchase Common Stock are outstanding under the Plan. The Committee shall determine the length of each Purchase Period, which need not be uniform; provided that no Purchase Period shall exceed twenty-seven (27) months in length. A Purchase Period shall commence on such date as may be established by the Committee. Unless the Committee determines otherwise, the Purchase Period will be a period of six months beginning either (i) on January 1 of each calendar year and ending on the next June 30, or (ii) on July 1 in each calendar year and ending on the next December 31.

2.19. "*Recordkeeping Account*" means the account maintained in the books and records of the Company (or its agent) recording the amount contributed to the Plan by each Participant through payroll deductions.

2.20. "*Shares*" means shares of Common Stock.

2.21. "*Trading Day*" means a day on which the national stock exchanges in the United States are open for trading.

3. ***Shares Available.*** Subject to adjustment as provided in Section 14.1, the maximum number of Shares that may be sold by the Company to Eligible Employees under the Plan shall be 2,600,000 Shares. If the purchases by all Participants in an Offering would otherwise cause the aggregate number of Shares to be sold under the Plan to exceed the number specified in this Section 3, the Company shall make to each Participant in that Offering a pro rata allocation in a uniform and nondiscriminatory manner of the remaining number of Shares which may be sold under the Plan.

4. ***Eligibility and Participation***. To be eligible to participate in the Plan for a given Purchase Period, an employee must be an Eligible Employee on the first day of such Purchase Period. An Eligible Employee may elect to participate in the Plan by filing an election form with the Company (or its agent) before the Offering Date for a Purchase Period that authorizes regular payroll deductions from Eligible Compensation beginning with the first payday in such Purchase Period and continuing until the Plan is terminated or the Eligible Employee withdraws from the Plan, modifies his or her authorization, or ceases to be an Eligible Employee, as hereinafter provided.

5. ***Amount of Common Stock Each Eligible Employee May Purchase***.

5.1. *Purchase Amounts and Limitations*. Subject to the provisions of this Plan, each Participant shall be offered the right to purchase on the Purchase Date the maximum number of whole Shares that can be purchased with the balance in the Participant's Recordkeeping Account at the per Share price specified in Section 5.2. Notwithstanding the foregoing, no Participant shall be entitled to:

(a) the right to purchase Shares under this Plan and all other employee stock purchase plans (within the meaning of Code § 423(b)), if any, of the Company and its Affiliates that accrues at a rate which in the aggregate exceeds $25,000 of Fair Market Value (determined on the Offering Date of a Purchase Period when the right is granted) for each calendar year in which such right is outstanding at any time; or

(b) purchase Shares in excess of 25,000 Shares per Offering (or such other maximum Share limit as established by the Committee in its sole discretion), with such limit subject to adjustment from time to time as provided in Section 14.1.

5.2. *Purchase Price*. Unless a different purchase price is established by the Committee for an Offering prior to the commencement of the applicable Purchase Period, the purchase price of each Share sold pursuant to this Plan will be the lesser of (i) 85% of the Fair Market Value of such Share on the Offering Date of the applicable Purchase Period, or (ii) 85% of the Fair Market Value of such Share on the Purchase Date (such lesser price, the "Purchase Price"). In no event shall the Purchase Price be less than the lesser of (i) 85% of the Fair Market Value of such Share on the Offering Date of the applicable Purchase Period, or (ii) 85% of the Fair Market Value of such Share on the Purchase Date.

6. ***Method of Participation***.

6.1. *Notice and Date of Grant*. The Company shall give notice to each Eligible Employee of the opportunity to purchase Shares pursuant to this Plan and the terms and conditions of such Offering. The Company contemplates that for tax purposes, the Offering Date for a Purchase Period will be considered the date of the grant of the right to purchase such Shares.

6.2. *Contribution Elections*. Each Eligible Employee who desires to participate in the Plan for a Purchase Period shall signify his or her election to do so by completing an election with the Company (or its agent) in a manner approved by the Committee. An Eligible Employee may elect to have any whole percent of Eligible Compensation (that is, 1%, 2%, 3%, etc.) withheld as a payroll deduction, but not exceeding 10% per pay period (or such other maximum percentage as the Committee may establish from time to time prior to the commencement of an Offering). An election to participate in the Plan and to authorize payroll deductions as described herein must be made prior to the Offering Date of a Purchase Period in accordance with the rules set by the Committee for the Purchase Period, and shall be effective beginning with the first payday in the Purchase Period immediately following the filing of such election. Any election submitted shall remain in effect until the Plan is terminated or such Participant withdraws from the Plan, modifies his or her authorization, or ceases to be an Eligible Employee, as hereinafter provided.

6.3 *Additional Contributions*. If specifically provided by the Committee in connection with an Offering (including for purposes of complying with applicable local law), in addition to or instead of making contributions by payroll deductions, a Participant may make additional contributions to his or her Recordkeeping Account through the payment by cash or check prior to a Purchase Date. A Participant may make such additional contributions into his or her Recordkeeping Account only if the Participant has not already had the maximum permitted amount withheld during the Offering through payroll deductions, subject to the limitations set forth in Section 5.1.

6.4. *Offering Terms and Conditions*. Each Offering shall consist of a single Purchase Period and shall be in such form and shall contain such terms and conditions as the Committee shall deem

appropriate, consistent with the terms of the Plan. The Committee may provide for separate Offerings for different Designated Affiliates, and the terms and conditions of the separate Offerings, including the applicable Purchase Period, need not be consistent. Any Offering shall comply with the requirement of Code § 423 that all Participants shall have the same rights and privileges for such Offering. The terms and conditions of any Offering shall be incorporated by reference into the Plan and treated as part of the Plan.

7. ***Recordkeeping Accounts***.

7.1. *Crediting Payroll Deduction Contributions*. The Company (or its agent) shall maintain a Recordkeeping Account for each Participant. Payroll deductions pursuant to Section 6 will be credited to such Recordkeeping Accounts on or within a reasonable amount of time following each payday.

7.2. *No Interest Payable*. No interest will be credited to a Participant's Recordkeeping Account (unless required under local law).

7.3. *No Segregation of Accounts*. The Recordkeeping Account is established solely for accounting purposes, and all amounts credited to the Recordkeeping Account will remain part of the general assets of the Company and need not be segregated from other corporate funds (unless required under local law).

7.4. *Additional Contributions*. A Participant may not make any separate cash payment into a Recordkeeping Account, except as may be permitted in accordance with Section 6.3, and any such additional contributions will be credited to the Recordkeeping Accounts within a reasonable amount of time following receipt by the Company.

8. ***Right to Adjust Participation; Withdrawals from Recordkeeping Account***.

8.1. *Withdrawal from Plan*. A Participant may at any time withdraw from the Plan by complying with the rules set by the Committee. If a Participant withdraws from the Plan, the Company will pay to the Participant in cash the entire balance in such Participant's Recordkeeping Account and no further deductions will be made from the Participant's Eligible Compensation during such Purchase Period. A Participant who withdraws from the Plan will not be eligible to reenter the Plan until the next succeeding Purchase Period, and any such reentry shall be through the enrollment process described in Section 6.2.

8.2. *Adjusting Level of Participation*. A Participant may adjust his or her rate of payroll deduction contributions to the Plan as follows:

(a) A Participant may, by written notice during an Enrollment Period, direct the Company to increase or decrease his or her rate of payroll deduction contributions, with such change to be effective as of the first day of the next Purchase Period.

(b) A Participant may, by written notice that complies with the rules set by the Committee, direct the Company to decrease his or her rate of payroll deduction contributions during a Purchase Period to 0%, which shall be considered a suspension of contributions and shall become effective as soon as reasonably practicable. Any Participant who has decreased his or her rate of payroll deductions to 0% and does not increase such rate of payroll deductions from 0% to at least 1% in accordance with Section 8.2(a) during the next Enrollment Period will be withdrawn from the Plan effective as of the first day of that next Purchase Period.

8.3. *Submission of Notices*. Notification of a Participant's election to withdraw from the Plan as provided in Section 8.1 or to change his or her rate of payroll deductions as provided in Section 8.2 shall be made by completing an updated election or notice with the Company (or its agent) in a manner approved by the Committee. The Committee may promulgate rules regarding the time and manner for submitting any such updated election or notice, which may include a requirement that the election or notice be on file for a reasonable period before it will be effective.

8.4. *Adjustments by the Company*. To the extent necessary to comply with Code § 423(b)(8) or Section 5.1, a Participant's payroll deduction contributions to the Plan may be decreased by the Company to 0% at any time during a Purchase Period.

9. ***Termination of Employment***.

9.1. *Refund of Recordkeeping Account.* If the employment of a Participant is terminated for any reason, including death, disability, or retirement, the entire balance in the Participant's Recordkeeping Account will be refunded in cash to the Participant within 30 days after the date of termination of employment. For purposes of the Plan, a Participant will not be deemed to have terminated employment while the Participant is on sick leave, military leave or other leave of absence approved by the Company. Where the period of leave exceeds 90 days and the Participant's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the ninety-first day of such leave. Unless determined otherwise by the Committee in a manner that is permitted by, and in compliance with Code § 423, a Participant whose employment transfers between entities through a termination with an immediate rehire (with no break in service) by the Company or a Designated Affiliate shall not be treated as a termination under the Plan.

9.2. *Designation of Beneficiary.* If permitted by the Committee, a Participant may file a beneficiary designation for who is to receive the Participant's Recordkeeping Account or Share subaccount, if any, following the death of a Participant. If no beneficiary is named, the beneficiary shall be the Participant's spouse, or if none, the Participant's estate. All beneficiary designations will be in such form and manner as the Committee may designate from time to time.

10. ***Purchase of Shares***.

10.1. *Number of Shares Purchased*. As of each Purchase Date, the balance in each Participant's Recordkeeping Account will be used to purchase the maximum number of whole Shares (subject to the limitations of Section 5.1) at the Purchase Price determined in accordance with Section 5.2, unless the Participant has filed an appropriate form with the Company in advance of that date to withdraw from the Plan in accordance with Section 8.1. Any amount remaining in a Participant's Recordkeeping Account that represents the Purchase Price for any fractional share will be carried over in the Participant's Recordkeeping Account to the next Purchase Period. Any amount remaining in a Participant's Recordkeeping Account that represents the Purchase Price for any whole Shares that could not be purchased by reason of the limitations of Section 5.1 or under the circumstances described in Section 3 will be refunded to the Participant.

10.2. *Conversion of Foreign Currency*. In circumstances where payroll deductions have been taken from a Participant's Eligible Compensation in a currency other than United States dollars, Shares shall be purchased by converting the balance in the Participant's Recordkeeping Account to United States dollars at the exchange rate in effect for payroll purposes for the month in which the Purchase Date occurs as determined by the Company's finance department or at such other exchange rate determined by the Committee or its delegate for this purpose, and such dollar amount shall be used to purchase Shares as of the Purchase Date.

10.3. *Crediting of Shares*. Promptly after the end of each Purchase Period, the number of Shares purchased by all Participants as of the applicable Purchase Date shall be issued and delivered to an agent selected by the Company. Delivery of the shares to the agent shall be effected by an appropriate book-entry in the stock register maintained by the Company's transfer agent or delivery of a certificate. The agent will hold the Shares for the benefit of all Participants who have purchased Shares and will maintain a Share subaccount for each Participant reflecting the number of Shares credited to each Participant. Each Participant will be entitled to direct the voting by the agent of all Shares credited to such Participant's Share subaccount, and the agent may reinvest any dividends paid on Shares credited to a Participant's Share subaccount in additional Shares in accordance with such rules as the Committee may prescribe. Each Participant may also direct the agent to sell any or all of the Shares credited to the Participant's Share subaccount and distribute the net proceeds of such sale to the Participant.

10.4 *Withdrawal of Shares from Share Subaccount*. Except for sales through the agent as provided in Section 10.3, a Participant may not withdraw Shares or otherwise transfer Shares from the Participant's Share subaccount.

11. ***Rights as a Shareholder***. A Participant shall not be entitled to any of the rights or privileges of a shareholder of the Company with respect to Shares offered for purchase under the Plan, including the right to vote or direct the voting or to receive any dividends that may be declared by the Company, until (i) the Participant actually has paid the Purchase Price for such Shares and (ii) such Shares have been issued and delivered, as provided in Section 10.3.

12. ***Rights Not Transferable.*** A Participant's rights under this Plan are exercisable only by the Participant during his or her lifetime, and may not be sold, pledged, assigned, transferred or disposed of in any manner other than by will or the laws of descent and distribution. Any attempt to sell, pledge, assign, transfer or dispose of the same shall be void and without effect. The amounts credited to a Recordkeeping Account may not be sold, pledged, assigned, transferred or disposed of in any way, and any attempted sale, pledge, assignment, transfer or other disposition of such amounts will be void and without effect.

13. ***Administration of the Plan.***

13.1. *Authority of the Committee*. This Plan shall be administered by the Committee. Subject to the express provisions of the Plan and applicable law, and in addition to other express powers and authorizations conferred on the Committee by the Plan, the Committee shall have full power and authority to:

(a) Determine when each Purchase Period under this Plan shall occur, and the terms and conditions of each related Offering (which need not be identical);

(b) Designate from time to time which Affiliates of the Company shall be eligible to participate in the Plan;

(c) Construe and interpret the Plan and establish, amend and revoke rules, regulations and procedures for the administration of the Plan. The Committee may, in the exercise of this power, correct any defect, omission or inconsistency in the Plan, in such manner and to the extent it may deem necessary, desirable or appropriate to make the Plan fully effective;

(d) Exercise such powers and perform such acts as the Committee may deem necessary, desirable or appropriate to promote the best interests of the Company and its Designated Affiliates and to carry out the intent that the Offerings made under the Plan are treated as qualifying under Code § 423(b);

(e) As more fully described in Section 18, to adopt such rules, procedures and sub-plans as may be necessary, desirable or appropriate to permit participation in the Plan by employees who are foreign nationals or employed outside the United States by a non-U.S. Designated Affiliate, and to achieve tax, securities law and other compliance objectives in particular locations outside the United States; and

(f) Adopt and amend, as the Committee deems appropriate, a Plan rule specifying that Shares purchased by a Participant during a Purchase Period may not be sold by the Participant for a specified period of time after the Purchase Date on which the Shares were purchased by the Participant, and establish such procedures as the Committee may deem necessary to implement such rule.

13.2. *Interpretations and Decisions by the Committee*. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive, and binding upon all persons, including the Company, any Affiliate, any Participant and any Eligible Employee.

13.3. *Delegation by the Committee*. Subject to the terms of the Plan and applicable law, the Committee may delegate ministerial duties associated with the administration of the Plan to such of the Company's officers, employees or agents as the Committee may determine.

13.4. *Indemnification*. No member of the Board or Committee shall be liable for any action taken or determination made in good faith with respect to the Plan. In addition to such other rights of indemnification as they may have as members of the Board or officers or employees of the Company or a Designated Affiliate, members of the Board and Committee and any officers or employees of the Company or Designated Affiliate to whom authority to act for the Committee is delegated shall be indemnified by the Company from and against any and all liabilities, costs and expenses incurred by such persons as a result of any act or omission to act in connection with the performance of such person's duties, responsibilities and obligations under the Plan if such person has acted in good faith and in a manner that he or she reasonably believes to be in, or not opposed to, the best interests of the Company.

14. ***Changes in Capitalization and Corporate Transactions***.

14.1. *Adjustments*. In the event of any change in the Common Stock of the Company by reason of a stock dividend, stock split, reverse stock split, corporate separation, recapitalization, merger, consolidation, combination, exchange of shares and the like, the Committee shall make such equitable adjustments as it deems appropriate in the aggregate number and class of Shares or other securities available under this Plan, the Share limitation referred to in Section 5.1(b) of the Plan, and the number, class and Purchase Price of Shares or other securities subject to purchase under any pending Offering.

14.2. *Corporate Transactions*. In the event of a Corporate Transaction, each right to acquire Shares on any Purchase Date that is scheduled to occur after the date of the consummation of the Corporate Transaction may be continued or assumed or an equivalent right may be substituted by the surviving or successor corporation or a parent or subsidiary of such corporation. If such surviving or successor corporation or parent or subsidiary thereof refuses to continue, assume or substitute for such outstanding rights, then the Board may, in its discretion, either terminate the Plan or shorten the Purchase Period then in progress by setting a new Purchase Date for a specified date before the date of the consummation of the Corporate Transaction. Each Participant shall be notified in writing, prior to any new Purchase Date, that the Purchase Date for the existing Offering has been changed to the new Purchase Date and that the Participant's right to acquire Shares will be exercised automatically on the new Purchase Date unless prior to such date the Participant's employment has been terminated

or the Participant has withdrawn from the Plan. In the event of a dissolution or liquidation of the Company, any Offering and Purchase Period then in progress will terminate immediately prior to the consummation of such action, unless otherwise provided by the Board.

15. ***Amendment or Suspension of Plan***. The Committee, in its sole discretion, may at any time suspend this Plan or amend it in any respect, but no such amendment may, without shareholder approval, increase the number of shares reserved under this Plan, or effect any other change in the Plan that would require shareholder approval under applicable law or regulations or the rules of any securities exchange on which the Shares may then be listed, or to maintain compliance with Code § 423. No such amendment or suspension shall adversely affect the rights of Participants pursuant to Shares previously acquired under the Plan. During any suspension of the Plan, no new Offering or Purchase Period shall begin and no Eligible Employee shall be offered any new right to purchase Shares under the Plan or any opportunity to elect to participate in the Plan, and any existing payroll deduction authorizations shall be suspended, but any such right to purchase Shares previously granted for a Purchase Period that began prior to the Plan suspension shall remain subject to the other provisions of this Plan and the discretion of the Board and the Committee with respect thereto.

16. ***Effective Date and Term of Plan***. The Plan will become effective on the date it is approved by the shareholders of the Company, which approval must be within 12 months of the date the Plan is adopted by the Board. The Plan and all rights of Participants hereunder shall terminate (i) at any time, at the discretion of the Committee, or (ii) upon the completion of any Offering under which the limitation on the total number of Shares to be issued during the entire term of the Plan, as determined in accordance with Section 3, has been reached. Except as otherwise determined by the Board, upon termination of this Plan, the Company shall pay to each Participant cash in an amount equal to the entire remaining balance in such Participant's Recordkeeping Account.

17. ***Governmental Regulations and Listing***. All rights granted or to be granted to Eligible Employees under this Plan are expressly subject to all applicable laws and regulations and to the approval of all governmental authorities required in connection with the authorization, issuance, sale or transfer of the Shares reserved for this Plan, including, without limitation, there being a current registration statement of the Company under the Securities Act of 1933, as amended, covering the Shares purchasable on the Purchase Date applicable to such Shares. If applicable, all such rights hereunder are also similarly subject to effectiveness of an appropriate listing application to a national securities exchange covering the Shares issuable under the Plan upon official notice of issuance.

18. ***Rules for Foreign Jurisdictions***. The Committee may adopt rules, procedures or subplans relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules and procedures regarding handling of payroll deductions, payment of interest, conversion of local currency, payroll tax, the definition of Eligible Compensation, withholding procedures and handling of stock certificates that vary with local requirements.

19. ***Miscellaneous***.

19.1. *Effect on Employment Status*. This Plan shall not be deemed to constitute a contract of employment between the Company or any Designated Affiliate and any Participant, nor shall it interfere with the right of the Company (or any Affiliate) to terminate the employment of any Participant and treat him or her without regard to the effect that such treatment might have upon him or her under this Plan.

19.2. *Governing Law*. This Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Delaware.

19.3. *Electronic Documentation and Signatures*. Any reference in the Plan to election or enrollment forms, notices, authorizations or any other document to be provided in writing shall include the provision of any such form, notice, authorization or document by electronic means, including through the Company's intranet or with the Company's agent, and any reference in the Plan to the signing of any document shall include the authentication of any such document provided in electronic form, in each case in accordance with procedures established by the Committee.

19.4. *Book-Entry and Electronic Transfer of Shares.* Any reference in this Plan to the issuance or transfer of a stock certificate evidencing Shares shall be deemed to include, in the Committee's discretion, the issuance or transfer of such Shares in book-entry or electronic form. Uncertificated Shares shall be deemed delivered for all purposes of this Plan when the Company or its agent shall have provided to the recipient of the Shares a notice of issuance or transfer by electronic mail (with proof of receipt) or by United States mail, and have recorded the issuance or transfer in its records.

19.5. *Registration of Share Accounts and Certificates.* Any Share account contemplated by Section 10.3 and certificate to be issued to a Participant shall be registered in the name of the Participant, or jointly in the name of the Participant and another person, as the Participant may direct on an appropriate form filed with the Company or the agent.

19.6. *Code § 409A*. The Plan is exempt from the application of Code § 409A and any ambiguities herein will be interpreted to so be exempt from Code § 409A. In furtherance of the foregoing and notwithstanding any provision in the Plan to the contrary, if the Committee determines that an option granted under the Plan may be subject to Code § 409A or that any provision in the Plan would cause an option under the Plan to be subject to Code § 409A, the Committee may amend the terms of the Plan and/or of an outstanding Offering under the Plan, or take such other action as the Committee determines is necessary or appropriate, in each case, without the Participant's consent, to exempt any outstanding option or future option that may be granted under the Plan from or to allow any such options to comply with Code § 409A, but only to the extent any such amendments or actions by the Committee would not violate Code § 409A. Notwithstanding the foregoing, the Company and the Committee shall have no liability to a Participant or any other party if the option to purchase Shares under the Plan that is intended to be exempt from or compliant with Code § 409A is not exempt or compliant or for any action taken by the Committee with respect thereto. The Company

makes no representations that the option to purchase Shares under the Plan is compliant with Code § 409A.

19.7. *Severability*. If any provision of the Plan is or becomes or is deemed to be invalid, illegal, or unenforceable for any reason in any jurisdiction or as to any Participant, such invalidity, illegality or unenforceability shall not affect the remaining parts of the Plan and the Plan shall be construed and enforced as to such jurisdiction or Participant as if the invalid, illegal or unenforceable provision had not been included.

Exhibit 10.3

FRESH TRACKS THERAPEUTICS, INC.
2020 OMNIBUS LONG-TERM INCENTIVE PLAN

Restricted Stock Unit Award Agreement

Fresh Tracks Therapeutics, Inc. (the "Company"), pursuant to its 2020 Omnibus Long-Term Incentive Plan (the "Plan"), hereby grants an award of Restricted Stock Units to you, the Participant named below. The terms and conditions of this Award are set forth in this Restricted Stock Unit Award Agreement (the "Agreement"), consisting of this cover page and the Terms and Conditions on the following pages, and in the Plan document, a copy of which has been provided to you. Any capitalized term that is used but not defined in this Agreement shall have the meaning assigned to it in the Plan as it currently exists or as it is amended in the future.

Name of Participant: [_____]	
Number of Restricted Stock Units: [_____]	Grant Date: _____, 20__
Vesting Schedule:	
Scheduled Vesting Dates	Number of Restricted Stock Units that Vest

By signing below or otherwise evidencing your acceptance of this Agreement in a manner approved by the Company, you agree to all of the terms and conditions contained in this Agreement and in the Plan document. You acknowledge that you have received and reviewed these documents and that they set forth the entire agreement between you and the Company regarding this Award of Restricted Stock Units, except as set forth in any separate employment (or similar) agreement or severance plan to which you are a party or a participant.

PARTICIPANT:

_____

FRESH TRACKS THERAPEUTICS, INC.

By:_____
Title:_____

FRESH TRACKS THERAPEUTICS, INC.
2020 Omnibus Long-Term Incentive Plan
Restricted Stock Unit Award Agreement

Terms and Conditions

1. **Grant of Restricted Stock Units**. The Company hereby confirms the grant to you, as of the Grant Date and subject to the terms and conditions in this Agreement and the Plan, of the number of Restricted Stock Units specified on the cover page of this Agreement (the "Units"). Each Unit represents the right to receive one share of the Company's Common Stock. Prior to their settlement or forfeiture in accordance with the terms of this Agreement, the Units granted to you will be credited to an account in your name maintained by the Company. This account shall be unfunded and maintained for book-keeping purposes only, with the Units simply representing an unfunded and unsecured contingent obligation of the Company.

2 . **Restrictions Applicable to Units**. Neither this Award nor the Units subject to this Award may be sold, assigned, transferred, exchanged or encumbered, voluntarily or involuntarily, other than a transfer upon your death in accordance with your will or by the laws of descent and distribution. Following any such transfer, this Award shall continue to be subject to the same terms and conditions that were applicable to this Award immediately prior to its transfer. Any attempted transfer in violation of this Section 2 shall be void and without effect. The Units and your right to receive shares of Common Stock ("Shares") in settlement of the Units under this Agreement shall be subject to forfeiture as provided in Section 5 until satisfaction of the vesting conditions set forth in Section 4.

3. **No Stockholder Rights**. The Units subject to this Award do not entitle you to any rights of a holder of Common Stock. You will not have any of the rights of a stockholder of the Company in connection with the grant of Units subject to this Agreement unless and until Shares are issued to you upon settlement of the Units as provided in Section 6.

4. **Vesting of Units**. For purposes of this Agreement, "Vesting Date" means any date, including the Scheduled Vesting Dates specified in the Vesting Schedule on the cover page of this Agreement, on which Units subject to this Agreement vest as provided in this Section 4.

(a) Scheduled Vesting. If you remain a Service Provider (which is defined as an individual who has not experienced a Termination Date) continuously from the Grant Date specified on the cover page of this Agreement, then the Units will vest in the amounts and on the Scheduled Vesting Dates specified in the Vesting Schedule.

(b) Accelerated Vesting. The vesting of outstanding Units will be accelerated under the circumstances provided below:

(1) *Death or Disability*. If your service to the Company or Related Companies terminates prior to the final Scheduled Vesting Date due to your death or Disability, then a pro rata portion (based on the number of days during which you were a Service Provider since the most recent Scheduled Vesting Date (or since the Grant Date if there was no previous Scheduled Vesting Date) as a percentage of the total number of days between such date and the next Scheduled Vesting Date) of the Units scheduled to vest as of the next Scheduled Vesting Date shall vest as of such Termination Date.

(2) *Change in Control*. If a Change in Control occurs while you continue to be a Service Provider and prior to the final Scheduled Vesting Date, the following provisions shall apply:

(a) If, within 24 months after a Change of Control (A) described in Section 2.6(a) or Section 2.6(d) of the Plan or (B) described in Section 2.6(b) of the Plan and in connection with which the surviving or acquiring entity (or its parent entity) has continued, assumed or replaced this Award, you cease to be a Service Provider due either to an involuntary termination for reasons other than Cause (as defined in Section 7 below) or a resignation for Good Reason (as defined in Section 7 below), then all unvested Units shall immediately vest in full.

(b) If this Award is not continued, assumed or replaced in connection with a Change in Control pursuant to Section 2.6(b) of the Plan, then all unvested Units shall immediately vest in full upon the occurrence of the Change in Control in accordance with Section 7.2 of the Plan.

(c) In the event of a Change of Control described in Section 2.6(c) of the Plan, then all unvested Units shall immediately vest in full upon the occurrence of the Change in Control.

(3) *Other Agreements or Plans.* Unvested Units shall also vest as provided in any separate employment (or similar) agreement or severance plan to which you are a party or a participant.

5. **Effect of Termination of Service**. Except as otherwise provided in accordance with Section 4(b) above, if you cease to be a Service Provider, you will forfeit all unvested Units.

6. **Settlement of Units**. After any Units vest pursuant to Section 4, the Company shall, as soon as practicable (but no later than the 15 th day of the third calendar month following the Vesting Date), cause to be issued and delivered to you (or to your personal representative or your designated beneficiary or estate in the event of your death, as applicable) one Share in payment and settlement of each vested Unit. Delivery of the Shares shall be effected by the issuance of a stock certificate to you, by an appropriate entry in the stock register maintained by the Company's transfer agent with a notice of issuance provided to you, or by the electronic delivery of the Shares to a brokerage account you designate, and shall be subject to the tax withholding provisions of Section 8 and compliance with all applicable legal requirements as provided in the Plan, and shall be in complete satisfaction and settlement of such vested Units. The Company will pay any original issue or transfer taxes with respect to the issue and transfer of Shares to you pursuant to this Agreement, and all fees and expenses incurred by it in connection therewith. If the Units that vest include a fractional Unit, the Company shall round the number of vested Units to the nearest whole Unit prior to issuance of Shares as provided herein.

7. **Definitions**.

(a) Cause. "Cause" shall, if you have an employment agreement with the Company, have the meaning set forth in your employment agreement. If you do not have an employment agreement with the

Company, "Cause" means: (i) an action or omission of the Participant which constitutes a willful and material breach of, or failure or refusal (other than by reason of his Disability) to perform his duties under any agreement between the Participant and the Company or the Related Companies which is not cured within fifteen (15) days after receipt by the Participant of written notice of same; (ii) fraud, embezzlement, misappropriation of funds or breach of trust in connection with his services to the Company or the Related Companies; (iii) conviction of any crime which involves dishonesty or a breach of trust; or (iv) gross negligence in connection with the performance of the Participant's duties, which is not cured within fifteen (15) days after written receipt by the Participant of written notice of same.

(b) Disability. "Disability" means (i) any permanent and total disability under any long-term disability plan or policy of the Company or the Related Companies that covers the Participant, or (ii) if there is no such long-term disability plan or policy, "total and permanent disability" within the meaning of Code Section 22(e)(3).

(c) Good Reason. "Good Reason" shall, if you have an employment agreement with the Company, have the meaning set forth in your employment agreement. If you do not have an employment agreement with the Company, "Good Reason" means: (i) the assignment to the Participant of any duties inconsistent in any respect with the Participant's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Participant; (ii) any failure by the Company to comply with any of the compensation-related provisions of any employment agreement to which the Participant is a party, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Participant; *provided however*, that in order to effect resignation for Good Reason all of the following must occur: (x) Participant must provide the Company with written notice within the sixty-day period following the event(s) giving rise to Participant's intent to voluntarily resign his employment for Good Reason (y) such event is not remedied by within thirty (30) days following the Company's receipt of such written notice; and (z) Participant's resignation is effective not later than thirty (30) days after the expiration of such thirty (30) day cure period.

8. **Tax Consequences and Withholding**. No Shares will be delivered to you in settlement of vested Units unless you have made arrangements acceptable to the Company for payment of any federal, state, local or foreign withholding taxes that may be due as a result of the delivery of the Shares. You hereby authorize the Company (or the Related Companies) to withhold from payroll or other amounts payable to you any sums required to satisfy such withholding tax obligations, and otherwise agree to satisfy such obligations in accordance with the provisions of Section 10.2 of the Plan. You may elect to satisfy such withholding tax obligations by having the Company withhold a number of Shares that would otherwise be issued to you in settlement of the Units and that have a fair market value equal to the amount of such withholding tax obligations by notifying the Company of such election prior to the Vesting Date.

9. **Notices**. Every notice or other communication relating to this Agreement shall be in writing and shall be mailed to or delivered (including electronically) to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided. Unless and until some other address is so designated, all notices or communications by you to the Company shall be mailed or delivered to the Company, to the attention of its Chief Financial Officer, at its office at 5777 Central Ave., Suite 102, Boulder, CO 80301, and all notices or

communications by the Company to you may be given to you personally or may be mailed or, if you are still a Service Provider, emailed to you at the address indicated in the Company's records as your most recent mailing or email address.

10. **Additional Provisions**.

(a) No Right to Continued Service. This Agreement does not give you a right to continued service with the Company or the Related Companies, and the Company and the Related Companies may terminate your service at any time and otherwise deal with you without regard to the effect it may have upon you under this Agreement.

(b) Governing Plan Document. This Agreement and the Award are subject to all the provisions of the Plan, and to all interpretations, rules and regulations which may, from time to time, be adopted and promulgated by the Committee pursuant to the Plan. If there is any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan will govern. If there is any conflict between this Agreement or the Plan and any separate employment (or similar) agreement or severance plan to which you are a party or a participant, the provisions of the other agreement or plan will govern.

(c) Choice of Law. This Agreement will be interpreted and enforced under the laws of the state of Delaware (without regard to its conflicts or choice of law principles).

(d) Severability. The provisions of this Agreement shall be severable and if any provision of this Agreement is found by any court to be unenforceable, in whole or in part, the remainder of this Agreement shall nevertheless be enforceable and binding on the parties. You also agree that any trier of fact may modify any invalid, overbroad or unenforceable provision of this Agreement so that such provision, as modified, is valid and enforceable under applicable law.

(e) Binding Effect. This Agreement will be binding in all respects on your heirs, representatives, successors and assigns, and on the successors and assigns of the Company.

(f) Section 409A of the Code. The award of Units as provided in this Agreement and any issuance of Shares or payment pursuant to this Agreement are intended to be exempt from Section 409A of the Code under the short-term deferral exception specified in Treas. Reg. § 1.409A-l(b)(4).

(g) Electronic Delivery and Acceptance. The Company may deliver any documents related to this Restricted Stock Unit Award by electronic means and request your acceptance of this Agreement by electronic means. You hereby consent to receive all applicable documentation by electronic delivery and to participate in the Plan through an on-line (and/or voice activated) system established and maintained by the Company or the Company’s third-party stock plan administrator.

By signing the cover page of this Agreement or otherwise accepting this Agreement in a manner approved by the Company, you agree to all the terms and conditions described above and in the Plan document.

Exhibit 10.4

FRESH TRACKS THERAPEUTICS, INC.
2020 OMNIBUS LONG-TERM INCENTIVE PLAN

Incentive Stock Option Award Agreement

Fresh Tracks Therapeutics, Inc. (the "Company"), pursuant to its 2020 Omnibus Long-Term Incentive Plan (the "Plan"), hereby grants an Option to purchase shares of the Company's common stock to you, the Participant named below. The terms and conditions of the Option Award are set forth in this Incentive Stock Option Award Agreement (the "Agreement"), consisting of this cover page and the Terms and Conditions on the following pages, and in the Plan document, a copy of which has been provided to you. Any capitalized term that is used but not defined in this Agreement shall have the meaning assigned to it in the Plan as it currently exists or as it is amended in the future.

Name of Participant: [_____]	
Number of Shares Covered: [_____]	Grant Date: _____, 20__
Exercise Price Per Share: $[_____]	Expiration Date: _____, 20__
Vesting and Exercise Schedule:	
Scheduled Vesting Dates	Portion of Shares as to Which Option Becomes Vested and Exercisable

By signing below or otherwise evidencing your acceptance of this Agreement in a manner approved by the Company, you agree to all of the terms and conditions contained in this Agreement and in the Plan document. You acknowledge that you have received and reviewed these documents and that they set forth the entire agreement between you and the Company regarding your right to purchase shares of the Company's common stock pursuant to this Option, except as set forth in any separate employment (or similar) agreement or severance plan to which you are a party or a participant.

PARTICIPANT:

_____

FRESH TRACKS THERAPEUTICS, INC.

By: _____

Title: _____

FRESH TRACKS THERAPEUTICS, INC.
2020 Omnibus Long-Term Incentive Plan
Incentive Stock Option Award Agreement

Terms and Conditions

1. **Incentive Stock Option**. This Option is intended to be an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code (the "Code") and will be interpreted accordingly. To the extent that, for any reason, the Option does not qualify as an incentive stock option under Code Section 422, the Option will be treated as a non-statutory stock option, subject to the tax consequences applicable to such options.

2. **Vesting and Exercisability of Option**.

(a) Scheduled Vesting. This Option will vest and become exercisable as to the number of shares of Common Stock ("Shares") and on the dates specified in the Vesting and Exercise Schedule on the cover page to this Agreement, so long as you remain a Service Provider (which is defined as an individual who has not experienced a Termination Date) on such dates. The Vesting and Exercise Schedule is cumulative, meaning that to the extent the Option has not already been exercised and has not expired or been terminated or cancelled, you or the person otherwise entitled to exercise the Option as provided in this Agreement may at any time purchase all or any portion of the Shares subject to the vested portion of the Option.

(b) Accelerated Vesting. The vesting of outstanding Options will be accelerated under the circumstances provided below:

(1) *Death or Disability*. If your service to the Company or Related Companies terminates prior to the final Scheduled Vesting Date due to your death or Disability, then a pro rata portion (based on the number of days during which you were a Service Provider since the most recent Scheduled Vesting Date (or since the Grant Date if there was no previous Scheduled Vesting Date) as a percentage of the total number of days between such date and the next Scheduled Vesting Date) of the Options scheduled to vest as of the next Scheduled Vesting Date shall vest as of such Termination Date.

(2) *Change in Control*. If a Change in Control occurs while you continue to be a Service Provider and prior to the final Scheduled Vesting Date, the following provisions shall apply:

(a) If, within 24 months after a Change of Control (A) described in Section 2.6(a) or Section 2.6(d) of the Plan or (B) described in Section 2.6(b) of the Plan and in connection with which the surviving or acquiring entity (or its parent entity) has continued, assumed or replaced this Award, you cease to be a Service Provider due either to an involuntary termination for reasons other than Cause (as defined in Section 11 below) or a resignation for Good Reason (as defined in Section 11 below), then all unvested Options shall immediately vest in full.

(b) If this Award is not continued, assumed or replaced in connection with a Change in Control pursuant to Section 2.6(b) of the Plan, then all unvested Options shall

immediately vest in full upon the occurrence of the Change in Control and paid out in accordance with Section 7.2 of the Plan.

(c) In the event of a Change of Control described in Section 2.6(c) of the Plan, then all unvested Options shall immediately vest in full upon the occurrence of the Change in Control and paid out in accordance with Section 7.2 of the Plan.

(3) *Other Agreements or Plans.* Unvested Options shall also vest as provided in any separate employment (or similar) agreement or severance plan to which you are a party or a participant.

3. **Expiration**. This Option will expire and will no longer be exercisable at 5:00 p.m. Eastern Time on the earliest of:

(a) The expiration date specified on the cover page of this Agreement;

(b) Upon your Termination Date if you are terminated for Cause;

(c) Upon the expiration of any applicable period specified in Sections 2 and 4 of this Agreement during which this Option may be exercised after your termination of service; or

(d) The date (if any) fixed for termination or cancellation of this Option pursuant to Section 7.2 of the Plan.

4. **Service Requirement.** Except as otherwise provided below or in Section 2 of this Agreement, this Option may be exercised only while you continue to provide service to the Company or Related Companies, and only if you have continuously provided such service since the Grant Date of this Option. If your service with the Company and all the Related Companies terminates, the following provisions shall apply:

(a) Upon termination of service for Cause, all unexercised Options shall be immediately forfeited without consideration.

(b) Upon termination of service for any other reason, all unexercisable portions of the Options shall be immediately forfeited without consideration.

(c) Upon termination of service for any reason other than Cause, death or Disability, the currently vested and exercisable portion of the Options may be exercised for a period of three months after the date of such termination. However, if a Participant thereafter dies during such three-month period, the vested and exercisable portion of the Options may be exercised for a period of one year after the date of such termination.

(d) Upon termination of service due to death or Disability, the currently vested and exercisable portion of the Options may be exercised for a period of one year after the date of such termination.

5. **Exercise of Option**. Subject to Section 4, the vested and exercisable portion of this Option may be exercised in whole or in part at any time during the Option term by delivering a written or electronic notice of exercise to the person or entity designated by the Company, and by providing for payment of the exercise price of the Shares being acquired and any related withholding taxes. The notice of exercise must

be in a form approved by the Company and state the number of Shares to be purchased, the method of payment of the aggregate exercise price and the directions for the delivery of the Shares to be acquired, and must be signed or otherwise authenticated by the person exercising the Option. If you are not the person exercising the Option, the person submitting the notice also must submit appropriate proof of his/her right to exercise the Option.

6 . **Payment of Exercise Price**. When you submit your notice of exercise, you must include payment of the exercise price of the Shares being purchased through one or a combination of the following methods:

(a) Cash or by promissory note;

(b) By means of a broker-assisted cashless exercise in which you irrevocably instruct your broker to deliver proceeds of a sale of all or a portion of the Shares to be issued pursuant to the exercise to the Company in payment of the exercise price of such Shares; or

(c) By delivery to the Company of Shares (by actual delivery or attestation of ownership in a form approved by the Company) already owned by you that are not subject to any security interest and that have an aggregate Fair Market Value on the date of exercise equal to the exercise price of the Shares being purchased.

7. **Tax Consequences**. You hereby acknowledge that if any Shares received pursuant to the exercise of any portion of this Option are sold within two years from the Grant Date or within one year from the effective date of exercise of this Option, or if certain other requirements of the Code are not satisfied, such Shares will be deemed under the Code not to have been acquired by you pursuant to an "incentive stock option" as defined in the Code. You agree to promptly notify the Company if you sell any Shares received upon the exercise of this Option within the time periods specified in the previous sentence. The Company shall not be liable to you if this Option for any reason is deemed not to be an "incentive stock option" within the meaning of the Code.

8. **Delivery of Shares.** As soon as practicable after the Company receives the notice of exercise and payment of the exercise price as provided above, and has determined that all other conditions to exercise, including compliance with applicable laws, have been satisfied, it shall deliver to the person exercising the Option, in the name of such person, the Shares being purchased, as evidenced by issuance of a stock certificate or certificates, electronic delivery of such Shares to a brokerage account designated by such person, or book-entry registration of such Shares with the Company's transfer agent. The Company shall pay any original issue or transfer taxes with respect to the issue or transfer of the Shares and all fees and expenses incurred by it in connection therewith. All Shares so issued shall be fully paid and nonassessable.

9. **Transfer of Option**. During your lifetime, only you may exercise this Option except in the case of a transfer described below. You may not assign or transfer this Option except for a transfer upon your death in accordance with your will or by the laws of descent and distribution. The Option held by any such transferee will continue to be subject to the same terms and conditions that were applicable to the Option immediately prior to its transfer and may be exercised by such transferee as and to the extent that the Option has become exercisable and has not terminated in accordance with the provisions of the Plan and this Agreement.

10. **No Stockholder Rights Before Exercise**. Neither you nor any permitted transferee of this Option will have any of the rights of a stockholder of the Company with respect to any Shares subject to this

Option until a certificate evidencing such Shares has been issued, electronic delivery of such Shares has been made to your designated brokerage account, or an appropriate book entry in the Company's stock register has been made. No adjustments shall be made for dividends or other rights if the applicable record date occurs before your stock certificate has been issued, electronic delivery of your Shares has been made to your designated brokerage account, or an appropriate book entry in the Company's stock register has been made, except as otherwise described in the Plan.

11. **Definitions**.

(a) Cause. "Cause" shall, if you have an employment agreement with the Company, have the meaning set forth in your employment agreement. If you do not have an employment agreement with the Company, "Cause" means: (i) an action or omission of the Participant which constitutes a willful and material breach of, or failure or refusal (other than by reason of his disability) to perform his duties under any agreement between the Participant and the Company or the Related Companies which is not cured within fifteen (15) days after receipt by the Participant of written notice of same; (ii) fraud, embezzlement, misappropriation of funds or breach of trust in connection with his services to the Company or the Related Companies; (iii) conviction of any crime which involves dishonesty or a breach of trust; or (iv) gross negligence in connection with the performance of the Participant's duties, which is not cured within fifteen (15) days after written receipt by the Participant of written notice of same.

(b) Disability. "Disability" means (i) any permanent and total disability under any long-term disability plan or policy of the Company or the Related Companies that covers the Participant, or (ii) if there is no such long-term disability plan or policy, "total and permanent disability" within the meaning of Code Section 22(e)(3).

(c) Good Reason. "Good Reason" shall, if you have an employment agreement with the Company, have the meaning set forth in your employment agreement. If you do not have an employment agreement with the Company, "Good Reason" means (i) the assignment to the Participant of any duties inconsistent in any respect with the Participant's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Participant; (ii) any failure by the Company to comply with any of the compensation-related provisions of any employment agreement to which the Participant is a party, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Participant; *provided however*, that in order to effect resignation for Good Reason all of the following must occur: (x) Participant must provide the Company with written notice within the sixty-day period following the event(s) giving rise to Participant's intent to voluntarily resign his employment for Good Reason (y) such event is not remedied by within thirty (30) days following the Company's receipt of such written notice; and (z) Participant's resignation is effective not later than thirty (30) days after the expiration of such thirty (30) day cure period.

12. **Additional Provisions**.

(a) No Right to Continued Service. This Agreement does not give you a right to continued service with the Company or the Related Companies, and the Company and the Related Companies may terminate your service at any time and otherwise deal with you without regard to the effect it may have upon you under this Agreement.

(b) Governing Plan Document. This Agreement and Option are subject to all the provisions of the Plan, and to all interpretations, rules and regulations which may, from time to time, be adopted and promulgated by the Committee pursuant to the Plan. If there is any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan will govern. If there is any conflict between this Agreement or the Plan and any separate employment (or similar) agreement or severance plan to which you are a party or a participant, the provisions of the other agreement or plan will govern.

(c) Choice of Law. This Agreement will be interpreted and enforced under the laws of the state of Delaware (without regard to its conflicts or choice of law principles).

(d) Severability. The provisions of this Agreement shall be severable and if any provision of this Agreement is found by any court to be unenforceable, in whole or in part, the remainder of this Agreement shall nevertheless be enforceable and binding on the parties. You also agree that any trier of fact may modify any invalid, overbroad or unenforceable provision of this Agreement so that such provision, as modified, is valid and enforceable under applicable law.

(e) Binding Effect. This Agreement will be binding in all respects on your heirs, representatives, successors and assigns, and on the successors and assigns of the Company.

(f) Other Agreements. You agree that in connection with the exercise of this Option, you will execute such documents as may be necessary to become a party to any stockholder, voting or similar agreements as the Company may require.

(g) Electronic Delivery and Acceptance. The Company may deliver any documents related to this Option Award by electronic means and request your acceptance of this Agreement by electronic means. You hereby consent to receive all applicable documentation by electronic delivery and to participate in the Plan through an on-line (and/or voice activated) system established and maintained by the Company or the Company's third-party stock plan administrator.

By signing the cover page of this Agreement or otherwise accepting this Agreement in a manner approved by the Company, you agree to all the terms and conditions described above and in the Plan document.

Exhibit 10.5

FRESH TRACKS THERAPEUTICS, INC.
2020 OMNIBUS LONG-TERM INCENTIVE PLAN

Non-Qualified Stock Option Award Agreement

Fresh Tracks Therapeutics, Inc. (the "Company"), pursuant to its 2020 Omnibus Long-Term Incentive Plan (the "Plan"), hereby grants an Option to purchase shares of the Company's common stock to you, the Participant named below. The terms and conditions of the Option Award are set forth in this Non-Qualified Stock Option Award Agreement (the "Agreement"), consisting of this cover page and the Terms and Conditions on the following pages, and in the Plan document, a copy of which has been provided to you. Any capitalized term that is used but not defined in this Agreement shall have the meaning assigned to it in the Plan as it currently exists or as it is amended in the future.

Name of Participant: [_____]	
Number of Shares Covered: [_____]	Grant Date: _____, 20__
Exercise Price Per Share: $[_____]	Expiration Date: _____, 20__
Vesting and Exercise Schedule: Scheduled Vesting Dates	Portion of Shares as to Which Option Becomes Vested and Exercisable

By signing below or otherwise evidencing your acceptance of this Agreement in a manner approved by the Company, you agree to all of the terms and conditions contained in this Agreement and in the Plan document. You acknowledge that you have received and reviewed these documents and that they set forth the entire agreement between you and the Company regarding your right to purchase shares of the Company's common stock pursuant to this Option, except as set forth in any separate employment (or similar) agreement or severance plan to which you are a party or a participant.

PARTICIPANT:

_____

FRESH TRACKS THERAPEUTICS, INC.

By:_____
Title:_____

FRESH TRACKS THERAPEUTICS, INC.
2020 Omnibus Long-Term Incentive Plan
Non-Qualified Stock Option Award Agreement

Terms and Conditions

1. **Non-Qualified Stock Option**. This Option is not intended to be an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code and will be interpreted accordingly.

2. **Vesting and Exercisability of Option**.

(a) Scheduled Vesting. This Option will vest and become exercisable as to the number of shares of Common Stock ("Shares") and on the dates specified in the Vesting and Exercise Schedule on the cover page to this Agreement, so long as you remain a Service Provider (which is defined as an individual who has not experienced a Termination Date) on such dates. The Vesting and Exercise Schedule is cumulative, meaning that to the extent the Option has not already been exercised and has not expired or been terminated or cancelled, you or the person otherwise entitled to exercise the Option as provided in this Agreement may at any time purchase all or any portion of the Shares subject to the vested portion of the Option.

(b) Accelerated Vesting. The vesting of outstanding Options will be accelerated under the circumstances provided below:

(1) *Death or Disability*. If your service to the Company or Related Companies terminates prior to the final Scheduled Vesting Date due to your death or Disability, then a pro rata portion (based on the number of days during which you were a Service Provider since the most recent Scheduled Vesting Date (or since the Grant Date if there was no previous Scheduled Vesting Date) as a percentage of the total number of days between such date and the next Scheduled Vesting Date) of the Options scheduled to vest as of the next Scheduled Vesting Date shall vest as of such Termination Date.

(2) *Change in Control*. If a Change in Control occurs while you continue to be a Service Provider and prior to the final Scheduled Vesting Date, the following provisions shall apply:

(a) If, within 24 months after a Change of Control (A) described in Section 2.6(a) or Section 2.6(d) of the Plan or (B) described in Section 2.6(b) of the Plan and in connection with which the surviving or acquiring entity (or its parent entity) has continued, assumed or replaced this Award, you cease to be a Service Provider due either to an involuntary termination for reasons other than Cause (as defined in Section 11 below) or a resignation for Good Reason (as defined in Section 11 below), then all unvested Options shall immediately vest in full.

(b) If this Award is not continued, assumed or replaced in connection with a Change in Control pursuant to Section 2.6(b) of the Plan, then all unvested Options shall immediately vest in full upon the occurrence of the Change in Control and paid out in accordance with Section 7.2 of the Plan.

(c) In the event of a Change of Control described in Section 2.6(c) of the Plan, then all unvested Options shall immediately vest in full upon the occurrence of the Change in Control and paid out in accordance with Section 7.2 of the Plan.

(3) *Other Agreements or Plans.* Unvested Options shall also vest as provided in any separate employment (or similar) agreement or severance plan to which you are a party or a participant.

3. **Expiration**. This Option will expire and will no longer be exercisable at 5:00 p.m. Eastern Time on the earliest of:

(a) The expiration date specified on the cover page of this Agreement;

(b) Upon your Termination Date if you are terminated for Cause;

(c) Upon the expiration of any applicable period specified in Sections 2 and 4 of this Agreement during which this Option may be exercised after your termination of service; or

(d) The date (if any) fixed for termination or cancellation of this Option pursuant to Section 7.2 of the Plan.

4. **Service Requirement.** Except as otherwise provided below or in Section 2 of this Agreement, this Option may be exercised only while you continue to provide service to the Company or Related Companies, and only if you have continuously provided such service since the Grant Date of this Option. If your service with the Company and all the Related Companies terminates, the following provisions shall apply:

(a) Upon termination of service for Cause, all unexercised Options shall be immediately forfeited without consideration.

(b) Upon termination of service for any other reason, all unexercisable portions of the Options shall be immediately forfeited without consideration.

(c) Upon termination of service for any reason other than Cause, death or Disability, the currently vested and exercisable portion of the Options may be exercised for a period of three months after the date of such termination. However, if a Participant thereafter dies during such three-month period, the vested and exercisable portion of the Options may be exercised for a period of one year after the date of such termination.

(d) Upon termination of service due to death or Disability, the currently vested and exercisable portion of the Options may be exercised for a period of one year after the date of such termination.

5. **Exercise of Option**. Subject to Section 4, the vested and exercisable portion of this Option may be exercised in whole or in part at any time during the Option term by delivering a written or electronic notice of exercise to the person or entity designated by the Company, and by providing for payment of the exercise price of the Shares being acquired and any related withholding taxes. The notice of exercise must be in a form approved by the Company and state the number of Shares to be purchased, the method of payment of the aggregate exercise price and the directions for the delivery of the Shares to be acquired, and must be signed or otherwise authenticated by the person exercising the Option. If you are not the

person exercising the Option, the person submitting the notice also must submit appropriate proof of his/her right to exercise the Option.

6 . **Payment of Exercise Price**. When you submit your notice of exercise, you must include payment of the exercise price of the Shares being purchased through one or a combination of the following methods:

(a) Cash or by promissory note;

(b) By means of a broker-assisted cashless exercise in which you irrevocably instruct your broker to deliver proceeds of a sale of all or a portion of the Shares to be issued pursuant to the exercise to the Company in payment of the exercise price of such Shares; or

(c) By delivery to the Company of Shares (by actual delivery or attestation of ownership in a form approved by the Company) already owned by you that are not subject to any security interest and that have an aggregate Fair Market Value on the date of exercise equal to the exercise price of the Shares being purchased; or

(d) By authorizing the Company to retain, from the total number of Shares as to which the Option is being exercised, that number of Shares having a Fair Market Value on the date of exercise equal to the exercise price for the total number of Shares as to which the Option is being exercised.

7. **Withholding Taxes**. You may not exercise this Option in whole or in part unless you make arrangements acceptable to the Company for payment of any federal, state, local or foreign withholding taxes that may be due as a result of the exercise of this Option. You hereby authorize the Company (or the Related Companies) to withhold from payroll or other amounts payable to you any sums required to satisfy such withholding tax obligations, and otherwise agree to satisfy such obligations in accordance with the provisions of Section 10.2 of the Plan. You may satisfy such withholding tax obligations by delivering Shares you already own or by having the Company retain a portion of the Shares being acquired upon exercise of the Option, provided you notify the Company in advance of any exercise of your desire to pay withholding taxes in this manner. Delivery of Shares upon exercise of this Option is subject to the satisfaction of applicable withholding tax obligations.

8. **Delivery of Shares.** As soon as practicable after the Company receives the notice of exercise and payment of the exercise price as provided above, and has determined that all other conditions to exercise, including satisfaction of any withholding tax obligations and compliance with applicable laws, have been satisfied, it shall deliver to the person exercising the Option, in the name of such person, the Shares being purchased, as evidenced by issuance of a stock certificate or certificates, electronic delivery of such Shares to a brokerage account designated by such person, or book-entry registration of such Shares with the Company's transfer agent. The Company shall pay any original issue or transfer taxes with respect to the issue or transfer of the Shares and all fees and expenses incurred by it in connection therewith. All Shares so issued shall be fully paid and nonassessable.

9. **Transfer of Option**. During your lifetime, only you may exercise this Option except in the case of a transfer described below. You may not assign or transfer this Option except for a transfer upon your death in accordance with your will or by the laws of descent and distribution. The Option held by any such transferee will continue to be subject to the same terms and conditions that were applicable to the Option immediately prior to its transfer and may be exercised by such transferee as and to the extent that the Option has become exercisable and has not terminated in accordance with the provisions of the Plan and this Agreement.

10. **No Stockholder Rights Before Exercise**. Neither you nor any permitted transferee of this Option will have any of the rights of a stockholder of the Company with respect to any Shares subject to this Option until a certificate evidencing such Shares has been issued, electronic delivery of such Shares has been made to your designated brokerage account, or an appropriate book entry in the Company's stock register has been made. No adjustments shall be made for dividends or other rights if the applicable record date occurs before your stock certificate has been issued, electronic delivery of your Shares has been made to your designated brokerage account, or an appropriate book entry in the Company's stock register has been made, except as otherwise described in the Plan.

11. **Definitions**.

(a) Cause. "Cause" shall, if you have an employment agreement with the Company, have the meaning set forth in your employment agreement. If you do not have an employment agreement with the Company, "Cause" means: (i) an action or omission of the Participant which constitutes a willful and material breach of, or failure or refusal (other than by reason of his disability) to perform his duties under any agreement between the Participant and the Company or the Related Companies which is not cured within fifteen (15) days after receipt by the Participant of written notice of same; (ii) fraud, embezzlement, misappropriation of funds or breach of trust in connection with his services to the Company or the Related Companies; (iii) conviction of any crime which involves dishonesty or a breach of trust; or (iv) gross negligence in connection with the performance of the Participant's duties, which is not cured within fifteen (15) days after written receipt by the Participant of written notice of same.

(b) Disability. "Disability" means (i) any permanent and total disability under any long-term disability plan or policy of the Company or the Related Companies that covers the Participant, or (ii) if there is no such long-term disability plan or policy, "total and permanent disability" within the meaning of Code Section 22(e)(3).

(c) Good Reason. "Good Reason" shall, if you have an employment agreement with the Company, have the meaning set forth in your employment agreement. If you do not have an employment agreement with the Company, "Good Reason" means (i) the assignment to the Participant of any duties inconsistent in any respect with the Participant's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Participant; (ii) any failure by the Company to comply with any of the compensation-related provisions of any employment agreement to which the Participant is a party, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Participant; *provided however*, that in order to effect resignation for Good Reason all of the following must occur: (x) Participant must provide the Company with written notice within the sixty-day period following the event(s) giving rise to Participant's intent to voluntarily resign his employment for Good Reason (y) such event is not remedied by within thirty (30) days following the Company's receipt of such written notice; and (z) Participant's resignation is effective not later than thirty (30) days after the expiration of such thirty (30) day cure period.

12. **Additional Provisions**.

(a) No Right to Continued Service. This Agreement does not give you a right to continued service with the Company or the Related Companies, and the Company and the Related Companies may

terminate your service at any time and otherwise deal with you without regard to the effect it may have upon you under this Agreement.

(b) Governing Plan Document. This Agreement and Option are subject to all the provisions of the Plan, and to all interpretations, rules and regulations which may, from time to time, be adopted and promulgated by the Committee pursuant to the Plan. If there is any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan will govern. If there is any conflict between this Agreement or the Plan and any separate employment (or similar) agreement or severance plan to which you are a party or a participant, the provisions of the other agreement or plan will govern.

(c) Choice of Law. This Agreement will be interpreted and enforced under the laws of the state of Delaware (without regard to its conflicts or choice of law principles).

(d) Severability. The provisions of this Agreement shall be severable and if any provision of this Agreement is found by any court to be unenforceable, in whole or in part, the remainder of this Agreement shall nevertheless be enforceable and binding on the parties. You also agree that any trier of fact may modify any invalid, overbroad or unenforceable provision of this Agreement so that such provision, as modified, is valid and enforceable under applicable law.

(e) Binding Effect. This Agreement will be binding in all respects on your heirs, representatives, successors and assigns, and on the successors and assigns of the Company.

(f) Other Agreements. You agree that in connection with the exercise of this Option, you will execute such documents as may be necessary to become a party to any stockholder, voting or similar agreements as the Company may require.

(g) Electronic Delivery and Acceptance. The Company may deliver any documents related to this Option Award by electronic means and request your acceptance of this Agreement by electronic means. You hereby consent to receive all applicable documentation by electronic delivery and to participate in the Plan through an on-line (and/or voice activated) system established and maintained by the Company or the Company's third-party stock plan administrator.

By signing the cover page of this Agreement or otherwise accepting this Agreement in a manner approved by the Company, you agree to all the terms and conditions described above and in the Plan document.

Exhibit 10.6

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL

ACKNOWLEDGMENT AND AGREEMENT RELATED TO
ASSET PURCHASE AGREEMENT AND
AMENDED AND RESTATED LICENSE AGREEMENT

THIS ACKNOWLEDGMENT AND AGREEMENT (this " Agreement") is entered into as of November 10, 2022 by and among Fresh Tracks Therapeutics, Inc. (formerly known as Brickell Biotech, Inc.), a Delaware corporation ("Fresh Tracks"), Brickell Subsidiary, Inc., a Delaware corporation ("Brickell Sub" and, together with Fresh Tracks, " Sellers"), Botanix SB Inc., a Delaware corporation ("Buyer"), Botanix Pharmaceuticals Limited, an Australian company ("Buyer Parent"), and Bodor Laboratories, Inc., a Florida corporation ("Bodor"). Fresh Tracks, Brickell Sub, Buyer, Buyer Parent and Bodor are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties."

BACKGROUND

A. Sellers, Buyer and, solely for limited purposes, Buyer Parent are parties to an Asset Purchase Agreement dated as of May 3, 2022 (the "Purchase Agreement"). Bodor, Nicholas S. Bodor, and Buyer (as assignee of Sellers) are parties to an Amended and Restated License Agreement dated as of February 17, 2020 (the "License Agreement").

B. In accordance with the Purchase Agreement, Sellers sold to Buyer certain assets and assigned to Buyer the License Agreement.

C. Section 3.1.2 of the License Agreement provides that Fresh Tracks shall issue to Bodor certain restricted securities of Fresh Tracks upon the occurrence of the two milestone events set forth therein.

D. In connection with Sellers' assignment of the License Agreement to Buyer, and pursuant to Section 2.18 of the Purchase Agreement, Fresh Tracks agreed to cause the securities required to be issued under Section 3.1.2 of the License Agreement to be issued to Bodor as and when due in accordance with the License Agreement.

E. Prior to Sellers' assignment of the License Agreement to Buyer, Fresh Tracks fully satisfied its obligation with respect to the First Issuance (as defined in the License Agreement).

F. Buyer, Sellers and Bodor desire for Fresh Tracks to issue a cash payment to Bodor, in lieu of any securities or other equity interests, and pre-pay this amount in full satisfaction of the remaining obligations of each Party under (i) Section 3.1.2 of the License Agreement and (ii) Section 2.18 of the Purchase Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound hereby, agree as follows:

1. Payment. Concurrently with the execution of this Agreement and notwithstanding whether any applicable remaining milestone under Section 3.1.2 of the License Agreement has been achieved, Fresh Tracks shall pay to Bodor, by wire transfer of immediately available funds to the account designated by Bodor in writing, $1,000,000 (the "Payment"). In consideration of the Payment, and upon receipt of the Payment by Bodor, (a) Bodor hereby agrees that all obligations under Section 3.1.2 of the License Agreement have been fully satisfied and further irrevocably waives any requirement with respect to the issuance of any securities to Bodor pursuant to the License Agreement, and (b) Buyer and Buyer

Parent hereby agree that all obligations under Section 2.18 of the Purchase Agreement have been fully satisfied and further irrevocably waive any requirement with respect to the issuance of any securities to Bodor pursuant to the Purchase Agreement.

2. Acknowledgment. Bodor acknowledges that (a) Bodor and Fresh Tracks have entered into that certain Mutual Nondisclosure Agreement, dated as of [***] (the "Nondisclosure Agreement"), (b) Fresh Tracks has provided certain material non-public information relating to Fresh Tracks and its securities to Bodor (the "Confidential Information"), [***] and (c) Bodor has taken the Confidential Information into account when considering whether to execute this Agreement and to accept the Payment in lieu of Bodor's right to receive Fresh Tracks securities pursuant to Section 3.1.2 of the License Agreement. Bodor acknowledges and agrees that (i) the value of Fresh Tracks securities is uncertain and may increase or decrease over time, and (ii) it has determined to accept the Payment in lieu of securities issuable under Section 3.1.2 of the License Agreement notwithstanding its consideration of the Confidential Information and how the securities may fluctuate in value over time.

3. Release of Claims; Covenant Not to Sue. In consideration of the Payment and as a material inducement to Fresh Tracks agreeing to make the Payment, effective upon Bodor's receipt of the Payment, Bodor, on behalf of itself and its current and former employees, officers, directors, stockholders, owners and affiliates, forever unconditionally, fully, irrevocably and absolutely releases, waives and forever discharges each of Fresh Tracks, Brickell Sub, Buyer and Buyer Parent, as well as any other present or former employees, officers, directors, stockholders, agents, attorneys, affiliates (defined as entities under common ownership or control with a person), subsidiaries, predecessors and successors, assigns, insurers, and all other agents or representatives of each other, including but not limited to any other persons or entities acting by, through, under, or in concert with any of the persons or entities just described (collectively, the "Released Parties"), from any and all known and unknown causes of action, promises, judgments, liens, indebtedness, damages, losses, claims (including attorneys' fees and costs), debts, liabilities and demands or similar rights of any type of whatsoever kind and character that Bodor may have against the Released Parties, now or hereafter, related to any obligation to issue any securities pursuant to the License Agreement or the receipt of the Payment in lieu thereof (the "Released Claims"). Bodor covenants, agrees and represents, to the fullest extent permitted by law, that it will not initiate or file a lawsuit or proceeding of any kind to assert any Released Claims, or have instituted on its behalf any of the foregoing, and that it has no such lawsuit, administrative or equitable action, or civil complaint, currently pending. If any such action covered by this paragraph is brought by or for Bodor against any other Party, this Agreement will constitute an affirmative defense thereto, and the Released Parties named in such action shall be entitled to recover from the Party violating this paragraph their reasonable costs and attorneys' fees incurred in defending against any Released Claims.

4. Litigation over this Agreement. The prevailing Party in any litigation to enforce this Agreement shall be entitled to reasonable costs and attorneys' fees incurred in such litigation payable by the losing Party/ies.

5. Full Force and Effect. The obligations and rights of the applicable Parties under the Purchase Agreement and License Agreement are modified only as expressly provided in this Agreement and shall otherwise continue in full force and effect. Except as explicitly set forth herein, this Agreement does not modify, supersede or cancel any other agreement by or among any of the Parties, including the Nondisclosure Agreement. This Agreement shall inure to the benefit of and shall be binding and enforceable by all of the Released Parties.

6. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida other than conflict of laws principles thereof directing the application of any law other than that of Florida.

7. Counterparts. This Agreement may be executed and delivered (including by facsimile or portable document format transmission) in two or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

[Signature Page Follows]

In witness whereof, the undersigned have caused this Agreement to be executed as of the date first written above.

Fresh Tracks Therapeutics, Inc.

By: /s/ Robert B. Brown
Name: Robert B. Brown
Title: Chief Executive Officer

Brickell Subsidiary, Inc.

By: /s/ Robert B. Brown
Name: Robert B. Brown
Title: Chief Executive Officer

Botanix SB Inc.

By: /s/ Vince Ippolito
Name: Vince Ippolito
Title: Executive Chairman

Botanix Pharmaceuticals Limited

By: /s/ Vince Ippolito
Name: Vince Ippolito
Title: Executive Chairman

Bodor Laboratories, Inc.

By: /s/ Nicholas S. Bodor
Name: Dr. Nicholas S. Bodor
Title: Chief Executive Officer

Exhibit 10.7

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL

AMENDMENT TO RIGHTS AGREEMENT

This Amendment to Rights Agreement (this "Amendment") is entered into as of November 10, 2022 by and among (a) Bodor Laboratories, Inc. ("BLI"), a Florida corporation having its principal place of business located at 4400 Biscayne Blvd., Miami, Florida 33137, (b) Brickell Subsidiary, Inc., d/b/a Brickell Biotech, Inc. ("Brickell Sub"), a Delaware corporation having its principal place of business located at 5777 Central Avenue, Boulder, Colorado 80301, and (c) Fresh Tracks Therapeutics, Inc. (formerly known as Brickell Biotech, Inc.), the parent of Brickell Sub ("Brickell Parent" and, together with Brickell Sub, collectively as "FRTX"). Capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings given to such terms in that certain Rights Agreement, effective as of May 3, 2022 (the "Rights Agreement"), by and among BLI, Brickell Sub and Brickell Parent. BLI and FRTX also shall be known individually as a "Party" or together as the "Parties", according to the context.

WHEREAS, the Rights Agreement provides that it may be modified or amended only by written agreement executed by officers or other authorized representatives of the Parties.

WHEREAS, the Parties desire to amend certain provisions of the Rights Agreement effective as of the date hereof, as set forth below.

NOW, THEREFORE, in consideration of the foregoing, the mutual promises of the Parties contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and fully intending to be legally, finally, and completely bound hereby, the Parties stipulate and agree as follows:

Payments to BLI

The subsections of the Payments to BLI section of the Rights Agreement entitled "Upfront Consideration and Milestone Payments" and "Earnout Payments" are hereby amended and restated in their entirety, effective as of the date hereof and only for payments after the date hereof, as follows:

Upfront Consideration and Milestone Payments

Pursuant to this Rights Agreement, FRTX agrees to pay BLI Twenty Percent (20.0%) of the amount of each payment due to FRTX from Botanix for Upfront Consideration and Milestone Payments, subject to deductions, credits, or offsets applied under the APA.

Earnout Payments

Pursuant to this Rights Agreement, FRTX agrees to pay BLI the incremental portion of Earnout Payments as described in the table below (that percentage hereafter known as the "BLI Earnout Share"), multiplied by the actual amount of each applicable Earnout Payment due to Brickell from Botanix after deductions, credits, or offsets applied under the APA:

Portion of Net Sales of Products in the Territory Per Calendar Year	BLI Earnout Share
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

Full Force and Effect

The Rights Agreement is amended only as expressly provided in this Amendment and shall otherwise continue in full force and effect.

Governing Law and Jurisdiction

This Amendment shall be governed and construed in accordance with the laws of the State of Florida. The Parties consent to the exclusive jurisdiction of the United States District Court for the Southern District of Florida to resolve any disputes between the Parties in relation to this Rights Agreement.

Counterparts

This Amendment may be executed by the Parties in one or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same Amendment.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have each caused this Amendment to be executed by a duly authorized officer as shown below.

FRESH TRACKS THERAPEUTICS, INC.

/s/ Robert B. Brown

Name: Robert B. Brown
Title: Chief Executive Officer

BRICKELL SUBSIDIARY, INC.

/s/ Robert B. Brown

Name: Robert B. Brown
Title: Chief Executive Officer

BODOR LABORATORIES, INC.

/s/ Nicholas S. Bodor

Name: Dr. Nicholas S. Bodor
Title: Chief Executive Officer

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Robert. B. Brown, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Fresh Tracks Therapeutics, Inc., a Delaware corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2022

By: /s/ Robert. B. Brown
Robert. B. Brown
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Albert N. Marchio, II, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Fresh Tracks Therapeutics, Inc., a Delaware corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2022

By: /s/ Albert N. Marchio, II
Albert N. Marchio, II
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

SECTION 1350 CERTIFICATION

Each of the undersigned, Robert. B. Brown, Chief Executive Officer of Fresh Tracks Therapeutics, Inc., a Delaware corporation (the "Company"), and Albert N. Marchio, II, Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert. B. Brown

Robert B. Brown
Chief Executive Officer
(Principal Executive Officer)
Date: November 10, 2022

/s/ Albert N. Marchio, II

Albert N. Marchio, II
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)
Date: November 10, 2022

This certification accompanies and is being "furnished" with this Report, shall not be deemed "filed" by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that Section and shall not be deemed to be incorporated by reference into any filing of the Company 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 this Report, irrespective of any general incorporation language contained in such filing. A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.