

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

FORM 10-Q

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

For the quarterly period ended March 31, 2025

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: 001-39094

PHATHOM PHARMACEUTICALS, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

82-4151574
(I.R.S. Employer
Identification No.)

100 Campus Drive, Suite 102
Florham Park, New Jersey
(Address of principal executive offices)

07932
(Zip Code)

Registrant's telephone number, including area code: (877) 742-8466

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, \$0.0001 par value per share	PHAT	The Nasdaq Global Select Market

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

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

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

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

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

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

As of April 29, 2025, the registrant had 69,814,121 shares of common stock (\$0.0001 par value) outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

PHATHOM PHARMACEUTICALS, INC.
Condensed Balance Sheets
(Unaudited)

(in thousands, except share and par value amounts)

	March 31, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 212,315	\$ 297,263
Prepaid expenses and other current assets	13,055	20,866
Accounts receivable, net	36,364	38,797
Inventory	3,166	3,208
Total current assets	264,900	360,134
Property and equipment, net	1,354	1,476
Operating lease right-of-use assets	388	613
Restricted cash	2,862	2,862
Inventory, non-current	23,011	11,540
Other long-term assets	1,693	1,693
Total assets	<u>\$ 294,208</u>	<u>\$ 378,318</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 11,617	\$ 10,507
Accrued expenses	43,028	53,232
Accrued interest	1,803	1,711
Operating lease liabilities, current	316	501
Current portion of revenue interest financing liability	17,268	19,777
Total current liabilities	74,032	85,728
Long-term debt, net of discount	203,245	201,409
Revenue interest financing liability	343,807	333,261
Other long-term liabilities	11,500	11,500
Total liabilities	632,584	631,898
Commitments and contingencies (Note 3)		
Stockholders' deficit:		
Preferred stock, \$0.0001 par value; authorized shares — 40,000,000 at March 31, 2025 and December 31, 2024; no shares issued and outstanding at March 31, 2025 and December 31, 2024	—	—
Common stock, \$0.0001 par value; authorized shares — 400,000,000 at March 31, 2025 and December 31, 2024; issued and outstanding shares — 69,638,070 and 68,518,238 at March 31, 2025 and December 31, 2024, respectively	6	6
Treasury stock — 19 shares at March 31, 2025 and December 31, 2024	—	—
Additional paid-in capital	1,018,945	1,009,425
Accumulated deficit	(1,357,327)	(1,263,011)
Total stockholders' deficit	(338,376)	(253,580)
Total liabilities and stockholders' deficit	<u>\$ 294,208</u>	<u>\$ 378,318</u>

See accompanying notes.

PHATHOM PHARMACEUTICALS, INC.
Condensed Statements of Operations and Comprehensive Loss
(Unaudited)
(in thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2025	2024
Product revenue, net	\$ 28,519	\$ 1,912
Cost of revenue	3,724	426
Gross profit	24,795	1,486
Operating expenses:		
Research and development	9,184	9,430
Selling, general and administrative	94,474	62,010
Total operating expenses	103,658	71,440
Loss from operations	(78,863)	(69,954)
Other (expense) income:		
Interest income	2,640	4,313
Interest expense	(18,071)	(17,168)
Other expense, net	(22)	(43)
Total other expense	(15,453)	(12,898)
Net loss and comprehensive loss	\$ (94,316)	\$ (82,852)
Net loss per share, basic and diluted	\$ (1.31)	\$ (1.42)
Weighted-average shares of common stock outstanding, basic and diluted	71,969,411	58,371,480

See accompanying notes.

PHATHOM PHARMACEUTICALS, INC.
Condensed Statements of Stockholders' Deficit
(Unaudited)
(in thousands, except share amounts)

	Common Stock		Treasury Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares			
Balance at December 31, 2024	68,518,238	\$ 6	19	\$ 1,009,425	\$ (1,263,011)	\$ (253,580)
401(k) matching contribution	290,165	—	—	2,127	—	2,127
Vesting of restricted stock units	508,568	—	—	—	—	—
Stock-based compensation	—	—	—	5,540	—	5,540
ESPP shares issued	321,099	—	—	1,853	—	1,853
Net loss	—	—	—	—	(94,316)	(94,316)
Balance at March 31, 2025	69,638,070	\$ 6	19	\$ 1,018,945	\$ (1,357,327)	\$ (338,376)

	Common Stock		Treasury Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares			
Balance at December 31, 2023	57,970,044	\$ 5	19	\$ 855,921	\$ (928,685)	\$ (72,759)
401(k) matching contribution	93,736	—	—	712	—	712
Vesting of restricted stock units	340,542	—	—	—	—	—
Stock-based compensation	—	—	—	5,626	—	5,626
ESPP shares issued	119,779	—	—	770	—	770
Net loss	—	—	—	—	(82,852)	(82,852)
Balance at March 31, 2024	58,524,101	\$ 5	19	\$ 863,029	\$ (1,011,537)	\$ (148,503)

See accompanying notes.

PHATHOM PHARMACEUTICALS, INC.
Condensed Statements of Cash Flows
(Unaudited)
(in thousands)

	Three Months Ended March 31,	
	2025	2024
Cash flows from operating activities		
Net loss	\$ (94,316)	\$ (82,852)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	177	214
Stock-based compensation	5,540	5,626
Issuance of PIK interest debt	1,141	806
Accrued interest on revenue interest financing liability	8,037	12,079
Amortization of debt discount	696	474
Inventory reserve	899	—
Other	1,810	1,654
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	7,810	447
Accounts receivable, net	2,433	(2,243)
Accounts payable and accrued expenses	(6,961)	(5,015)
Accrued interest	92	161
Operating right-of-use assets and lease liabilities	40	45
Inventory	(12,328)	(416)
Net cash used in operating activities	(84,930)	(69,020)
Cash flows from investing activities		
Cash paid for property and equipment	(18)	(40)
Net cash used in investing activities	(18)	(40)
Cash flows from financing activities		
Net proceeds from issuance of debt	—	9,900
Net cash provided by financing activities	—	9,900
Net decrease in cash and cash equivalents and restricted cash	(84,948)	(59,160)
Cash and cash equivalents and restricted cash – beginning of period	300,125	384,256
Cash and cash equivalents and restricted cash – end of period	\$ 215,177	\$ 325,096
Supplemental disclosure of cash flow information		
Interest paid	\$ 5,226	\$ 3,740
Supplemental disclosure of noncash investing and financing activities:		
Property and equipment purchases included in accounts payable and accrued expenses	\$ 44	\$ 7
Settlement of ESPP liability in common stock	\$ 1,853	\$ 770
Settlement of 401(k) liability in common stock	\$ 2,127	\$ 712

See accompanying notes.

PHATHOM PHARMACEUTICALS, INC.
Notes to Condensed Unaudited Financial Statements

1. Organization, Basis of Presentation and Summary of Significant Accounting Policies

Organization

Phathom Pharmaceuticals, Inc., or the Company or Phathom, was incorporated in the state of Delaware in January 2018. The Company is a biopharmaceutical company focused on developing and commercializing novel treatments for gastrointestinal diseases.

On October 27, 2023, the U.S. Food and Drug Administration, or FDA, approved the prior approval supplements to the Company's new drug applications, or NDAs, for VOQUEZNA TRIPLE PAK and VOQUEZNA DUAL PAK. Additionally, on November 1, 2023, the FDA approved the Company's NDA for VOQUEZNA tablets. The Company initiated commercial launch for VOQUEZNA for both the Erosive GERD and *H. pylori* indications, and VOQUEZNA TRIPLE PAK and VOQUEZNA DUAL PAK for treatment of *H. pylori* infection in the fourth quarter of 2023. Additionally, on July 17, 2024, the FDA approved VOQUEZNA 10 mg tablets for the relief of heartburn associated with Non-Erosive GERD.

Liquidity and Capital Resources

From inception to March 31, 2025, the Company has devoted substantially all of its efforts to organizing and staffing the Company, business planning, raising capital, in-licensing its initial and approved product candidate, vonoprazan, meeting with regulatory authorities, managing the clinical trials of vonoprazan, preparing for commercialization of its initial products containing vonoprazan, commercially launching its approved products, and providing other selling, general and administrative support for these operations. The Company has a limited operating history as a commercial company, has generated limited product revenue to date, and the sales and income potential of its business remains uncertain. The Company has incurred net losses and negative cash flows from operating activities since its inception and expects to continue to incur additional net losses in the future. The Company has funded its operations primarily through commercial bank debt, the revenue interest financing debt and various equity offerings, including the Company's at-the-market, or ATM, offerings. From inception through March 31, 2025, the Company sold 34,737,032 shares of common stock and 2,608,922 pre-funded warrants, generating net proceeds of approximately \$543.3 million, after deducting underwriting discounts, commissions and offering costs.

The accompanying unaudited condensed financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business, and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or amounts and classification of liabilities in accordance with U.S. generally accepted accounting principles, or GAAP. Management is required to perform a two-step analysis over the Company's ability to continue as a going concern. Management must first evaluate whether there are conditions and events that raise substantial doubt about the Company's ability to continue as a going concern (Step 1). If management concludes that substantial doubt is raised, management is also required to consider whether its plans alleviate that doubt (Step 2).

Management believes that it has sufficient working capital on hand to fund operations through at least the next twelve months from the date these unaudited condensed financial statements were issued. There can be no assurance that the Company will be successful in acquiring additional funding, if needed, that the Company's projections of its future working capital needs will prove accurate, or that any additional funding would be sufficient to continue operations in future years.

Basis of Presentation

The unaudited condensed financial statements included herein have been prepared by the Company in accordance with GAAP, and pursuant to the rules and regulations of the Securities and Exchange Commission, or the SEC. In the opinion of management, the accompanying unaudited interim condensed financial statements include all adjustments, consisting of normal recurring adjustments, which are necessary to present fairly the Company's financial position, results of operations, and cash flows. The interim results of operations are not necessarily indicative of the results that may occur for the full fiscal year. Certain information in the footnote disclosures of the financial statements has been condensed or omitted where it substantially duplicates information provided in the Company's latest audited financial statements, in accordance with the rules and regulations of the SEC. These unaudited condensed financial statements should be read in conjunction with the Company's audited financial statements and

footnotes included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2024, or the 2024 Form 10-K, filed with the SEC on March 7, 2025.

During the three months ended March 31, 2025, there were no significant changes to the Company's summary of significant accounting policies contained in the Company's 2024 Form 10-K. The Company's complete listing of significant accounting policies is set forth in Note 1 of the notes to the audited financial statements in the Company's 2024 Form 10-K. Selected significant accounting policies are discussed in detail below.

Use of Estimates

The preparation of the Company's unaudited condensed interim financial statements requires management to make estimates and assumptions that impact the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in the Company's unaudited condensed interim financial statements and accompanying notes. The most significant estimates in the Company's unaudited condensed interim financial statements relate to accruals for net product revenues and the valuation for the revenue interest financing liability. In addition, management's assessment of the Company's ability to continue as a going concern involves the estimation of the amount and timing of future cash inflows and outflows. Although these estimates are based on the Company's knowledge of current events and actions it may undertake in the future, actual results could differ materially from those estimates and assumptions.

Fair Value Measurements

The accounting guidance defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or non-recurring basis. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the accounting guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets.

Level 2: Inputs, other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The carrying amounts of the Company's financial instruments, including cash and cash equivalents, are classified within the Level 1 designation discussed above, while accounts receivable, prepaid and other current assets, accounts payable, and accrued liabilities, approximate fair value due to their short maturities.

The Company has no financial assets measured at fair value on a recurring basis. None of the Company's non-financial assets or liabilities are recorded at fair value on a non-recurring basis. No transfers between levels have occurred during the periods presented.

As of March 31, 2025 and December 31, 2024, the estimated fair value of the Company's long-term debt approximated the carrying amount given its floating interest rate basis. The fair value of the Company's long-term debt was estimated for disclosure purposes only and was determined based on quoted market data for valuation, and thus categorized as Level 2 in the fair value hierarchy.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts and management believes that the Company is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

The Company is also subject to credit risk from our accounts receivable related to our product sales. The Company monitors exposure within accounts receivable and records an allowance for credit losses as necessary. The Company extends credit primarily to wholesale distributors. Customer creditworthiness is monitored and collateral is not required. The allowance for credit losses

reflects the best estimate of expected credit losses of the accounts receivable portfolio determined on the basis of historical experience, current information, and forecasts of future economic conditions. The Company determines its allowance methodology by pooling receivable balances at the customer level. The Company considers various factors, including its previous loss history, individual credit risk associated to each customer, and the current and future conditions of the general economy. These credit risk factors are monitored on a quarterly basis and updated as necessary. To the extent that any individual debtor is identified whose credit quality has deteriorated, the Company establishes allowances based on the individual risk characteristics of such customer. The Company makes concerted efforts to collect all outstanding balances due from customers; however, account balances are charged off against the allowance when management believes it is probable the receivable will not be recovered. The Company does not have any off-balance-sheet credit exposure related to customers.

As of March 31, 2025, three customers accounted for 87% of the accounts receivable balance, with each of these individual customers ranging from 27% to 30% of the accounts receivable balance. As of December 31, 2024, three customers accounted for 81% of the accounts receivable balance, with each of these individual customers ranging from 25% to 31% of the accounts receivable balance. For the three months ended March 31, 2025 and 2024, three customers accounted for 76% and 70% of the product sales in each period, with each of these individual customers ranging from 24% to 27% and 20% to 25% of the product revenues, respectively.

Net Loss Per Share

Basic net loss per share is computed by dividing the net loss by the weighted-average number of common shares outstanding and pre-funded warrants for the period, without consideration for other potentially dilutive securities. For the three months ended March 31, 2025, basic shares outstanding includes the weighted average effect of the Company's outstanding pre-funded warrants, the exercise of which requires little or no consideration for the delivery of shares of common stock. For the three months ended March 31, 2025 and 2024, the Company had no weighted-average unvested shares to exclude from the weighted-average number of common shares outstanding. Diluted net loss per share is computed by dividing the net loss by the weighted-average number of common shares and dilutive common stock equivalents outstanding for the period determined using the treasury-stock and if-converted methods. Dilutive common stock equivalents are comprised of unvested common stock, options and warrants. For the periods presented, there is no difference in the number of shares used to calculate basic and diluted shares outstanding as inclusion of the potentially dilutive securities (warrants, stock options, and restricted stock units) would be antidilutive.

Recently Adopted Accounting Standards

In December 2023, the FASB issued ASU 2023-09 – Income Taxes (Topic 740) – Improvements to Income Tax Disclosures, which improves income tax disclosures primarily relating to the rate reconciliation and income taxes paid information. This includes a tabular reconciliation using both percentages and reporting currency amounts, covering various tax and reconciling items, and disaggregated summaries of income taxes paid during the period. For public business entities, the guidance is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The update will be effective for the Company beginning with its 2025 annual financial statements. The Company currently expects that this standard will not have a material impact on the footnote disclosures to its annual financial statements.

Recently Issued Accounting Pronouncements

The Company assesses the adoption impacts of recently issued accounting standards by the Financial Accounting Standards Board or other standard setting bodies on the Company's financial statements as well as material updates to previous assessments, if any, from the Company's 2024 Form 10-K. There were no new material accounting standards issued in the first quarter of 2025 that impacted the Company.

2. Balance Sheet Details

Accrued Expenses

Accrued expenses consist of the following (in thousands):

	March 31, 2025	December 31, 2024
Accrued compensation expenses	\$ 8,949	\$ 16,659
Accrued professional & consulting expenses	627	1,203
Accrued research and development expenses	426	2,339
Accrued revenue allowances	30,213	29,987
Accrued other	2,813	3,044
Total accrued expenses	<u>\$ 43,028</u>	<u>\$ 53,232</u>

Inventory

Inventory consist of the following (in thousands):

	March 31, 2025	December 31, 2024
Finished goods	\$ 1,725	\$ 1,479
Raw materials	1,441	1,729
Total inventory, current	3,166	3,208
Raw materials, non-current	23,011	11,540
Total inventory	<u>\$ 26,177</u>	<u>\$ 14,748</u>

Raw materials consist of materials, including active pharmaceutical ingredients, to be consumed in the production of inventory related to FDA-approved products. Inventory that is used for clinical development purposes is expensed to research and development expense when consumed. Inventory, noncurrent includes inventory expected to remain on-hand beyond one year from the balance sheet dates presented.

3. Commitments and Contingencies

License Agreement

On May 7, 2019, the Company entered into a license agreement with Takeda pursuant to which it was granted an exclusive license to commercialize vonoprazan fumarate in the United States, Canada and Europe, or the Takeda License. The Company also has the right to sublicense its rights under the agreement, subject to certain conditions. The agreement will remain in effect, on a country-by-country and product-by-product basis, until the later of (i) the expiration of the last to expire valid patent claim covering vonoprazan fumarate alone or in combination with at least one other therapeutically active ingredient, (ii) the expiration of the applicable regulatory exclusivity and (iii) 15 years from the date of first commercial sale, unless earlier terminated. The Company may terminate the Takeda License upon six months' written notice. The Company and Takeda may terminate the Takeda License in the case of the other party's insolvency or material uncured breach. Takeda may terminate the Takeda License if the Company challenges, or assists in challenging, licensed patents.

In consideration of the Takeda License, the Company (i) paid Takeda \$25 million in cash, (ii) issued Takeda 1,084,000 shares of its common stock at a fair value of \$5.9 million, (iii) issued the Takeda Warrant to purchase 7,588,000 shares of its common stock at an exercise price of \$0.00004613 per share at an initial fair value of \$47.9 million, and (iv) issued a right to receive an additional common stock warrant, or the Takeda Warrant Right, should Takeda's fully-diluted ownership of the Company represent less than a certain specified percentage of the fully-diluted capitalization, including shares issuable upon conversion of then outstanding convertible promissory notes, calculated immediately before the closing of the Company's initial public offering, or IPO, with a nominal initial fair value due to the low probability of issuance. The Takeda Warrant Right expired without effect since no fair value had been allocated to it upon completion of the IPO, and no additional warrant was issued. In addition, the Company is obligated to pay Takeda up to an aggregate of \$250 million in sales milestones upon the achievement of specified levels of product sales, and a low double-digit royalty rate on aggregate net sales of licensed products, subject to certain adjustments. The Takeda Warrant had an

exercise price of \$0.00004613 per share, and was to expire on May 7, 2029 and became exercisable upon the consummation of the IPO. All Takeda Warrants were exercised by March 2022.

During the three months ended March 31, 2025 and 2024, the Company recorded \$2.9 million and \$0.2 million, respectively, of royalty expense under the Takeda License, of which \$2.9 million is included within accrued expenses as of March 31, 2025.

Purchase Commitments

In December 2020, the Company entered into a supply agreement with Sandoz pursuant to which Sandoz will supply commercial quantities of amoxicillin capsules and clarithromycin tablets, package these antibiotics with vonoprazan, and provide in finished convenience packs. The supply agreement commits the Company to a minimum purchase obligation of €2.9 million, or approximately \$3.2 million, in the first 24-month period following the launch of the final product. The Company incurred \$0.1 million and no expenses under the agreement during the three months ended March 31, 2025 and 2024, respectively. As of March 31, 2025, €1.7 million, or approximately \$1.9 million, remains of the minimum purchase obligation and the Company has not recorded any liability related to the minimum purchase obligation.

Sandoz has notified the Company of a potential disruption in the supply of VOQUEZNA TRIPLE PAKs. The Company has not experienced any commercial disruptions to date, nor does it anticipate any material impact to revenues or operations if a supply disruption to the VOQUEZNA TRIPLE PAK occurs. VOQUEZNA DUAL PAK is not impacted.

Contingencies

In the event the Company becomes subject to claims or suits arising in the ordinary course of business, the Company would accrue a liability for such matters when it is probable that future expenditures will be made and such expenditures can be reasonably estimated.

4. Lease Commitments

As of March 31, 2025, the Company had operating leases for office space in both Buffalo Grove, Illinois and Florham Park, New Jersey, with weighted average remaining lease terms of 0.1 years and 0.4 years, respectively. All operating leases contain an option to extend the term for one additional five year period, which was not considered in the determination of the right-of-use asset or lease liability as the Company did not consider it reasonably certain that it would exercise such options.

The total rent expense for each of the three months ended March 31, 2025 and 2024 was \$0.3 million. Total short-term lease costs relating to leased vehicles was approximately \$1.8 million and \$2.2 million for the three months ended March 31, 2025 and 2024, respectively.

As of March 31, 2025, the future minimum annual lease payments under the operating leases were as follows (in thousands):

Year ending December 31:		
2025	\$	321
Total minimum lease payments		321
Less: amount representing interest		(5)
Present value of operating lease liabilities		316
Less: operating lease liabilities, current		(316)
Operating lease liabilities, non-current	\$	—
Weighted-average remaining lease term (in years)		0.39
Weighted-average incremental borrowing rate		8.35%

Operating cash flows for each of the three months ended March 31, 2025 and 2024 included cash payments for operating leases of approximately \$0.2 million.

5. Debt

Total debt consists of the following (in thousands):

	March 31, 2025	December 31, 2024
Long-term debt, current portion	\$ —	\$ —
Long-term debt, non-current portion	212,972	211,831
Unamortized debt discount	(9,727)	(10,422)
Total debt, net of debt discount	<u>\$ 203,245</u>	<u>\$ 201,409</u>

On September 17, 2021, or the Closing Date, the Company entered into a Loan and Security Agreement, or, the Loan Agreement, with Hercules Capital, Inc., in its capacity as administrative agent and collateral agent and as a lender, or, in such capacity, the Agent or Hercules, and the other financial institutions that from time to time become parties to the Loan Agreement as lenders, or, collectively, the Lenders.

The Loan Agreement provides for term loans in an aggregate principal amount of up to \$200 million, or the Term Loan, under multiple tranches. The tranches consist of (i) a first tranche consisting of term loans in an aggregate principal amount of \$100 million, all of which was funded on the Closing Date, or the First Advance, (ii) a second tranche consisting of up to an additional \$50 million, (iii) a third and fourth tranches consisting of an additional total \$50 million, which became available in May 2022.

On September 27, 2022, the Company entered into an amendment to the Loan Agreement, or the Second Loan Amendment, pursuant to which the date the second tranche of funding of \$50 million was available to the Company and has been moved until May 15, 2023, rather than December 15, 2022.

On May 9, 2023, the Company entered into the Third Amendment to Loan and Security Agreement, or the Third Loan Amendment, with the lenders, pursuant to which, among other things, (i) the second tranche availability was extended from through May 15, 2023, to through December 15, 2023, and became available on October 1, 2023, (ii) the third tranche availability was extended from through September 30, 2023, to through December 15, 2023, and became available on October 1, 2023, (iii) the effective date of the performance covenants was amended to provide an option to extend the covenant trigger date to May 15, 2024, subject to the achievement of the FDA approval of vonoprazan for Erosive GERD or the EE Milestone, prior to February 15, 2024, and (iv) the warrant agreement with Hercules was amended as described below. On November 1, 2023, the EE Milestone was achieved and the covenant trigger date was extended to May 15, 2024. In connection with the Third Loan Amendment, a tranche extension amendment fee of \$150,000 and a covenant extension amendment fee of \$100,000 was paid to the Agent. These fees have been recorded as debt discount and are being amortized to interest expense using the effective interest method over the remaining term of the Term Loan.

On December 14, 2023, the Company entered into a Fourth Amendment to Loan and Security Agreement, or the Fourth Loan Amendment, with the lenders, which, among other things, (i) increases the aggregate principal amount of the term loans from \$200 million to \$300 million; (ii) provides for the possibility of accessing the remaining \$200 million commitment through five tranches referred to as the second through sixth tranches, which are available subject to certain milestones and conditions: (a) Second Tranche: \$50 million, \$40 million of which was funded on December 14, 2023, available through March 15, 2024, (b) Third Tranche: \$25 million available through June 15, 2024, (c) Fourth Tranche: \$25 million available through December 15, 2024, (d) Fifth Tranche: \$50 million available, subject to the achievement of a specified revenue milestone, or the Fifth Tranche milestone, through June 30, 2025, and (e) Sixth Tranche: \$50 million available, subject to the achievement of a specific revenue milestone, or the Sixth Tranche milestone, through December 31, 2025; (iii) extends the interest only period and the maturity date from October 2026 to December 2027, (iv) reduces the cash interest rate from 10.75% (floating annual rate equal to the greater of (a) 5.50% and (b) the Prime Rate (as reported in the Wall Street Journal) plus 2.25% to 9.85% (floating rate based on the greater of (a) 9.85% or (b) US WSJ Prime + 1.35%), provided that the cash interest rate shall be capped at 10.35% and upon the Company achieving the Sixth Tranche milestone, the cash interest floating rate shall be decreased by 0.35% to 9.50%, and (v) decreases the payment-in-kind interest rate from 3.35% per annum to 2.15% per annum. In connection with the Fourth Loan Amendment, an amendment fee of \$250,000 was paid to the Agent and was recorded as a debt discount and is being amortized to interest expense using the effective interest method over the remaining term of the Term Loan.

On March 15, 2024, the Company drew down on the remaining \$10 million available under the Second Tranche. On June 14, 2024, the Company drew down the \$25 million available under the Third Tranche. In addition, on December 14, 2024, the Company drew down the \$25 million available under the Fourth Tranche.

The Term Loan will mature on December 1, 2027, or the Maturity Date. The Term Loan bears (i) cash interest at a variable annual rate equal to the greater of (a) 9.85% and (b) the Prime Rate (as reported in the Wall Street Journal) plus 1.35%, or the Interest Rate, and (ii) payment-in-kind interest at a per annum rate of interest equal to 2.15%. The Company may make payments of interest only through the Maturity Date. After the interest-only period, the principal balance and related interest will be required to be repaid in full on the Maturity Date.

In addition, the Company is obligated to pay a final payment fee of 7.50% of the original principal amount of amounts actually advanced under the Term Loan, or each a Term Loan Advance and together, the Term Loan Advances. In connection with the Fourth Loan Amendment, the final payment fee was amended to be \$1 million plus 3.00% of any future tranche drawdowns under the agreement, due upon final maturity. Additionally, the initial final payment fee for the first Term Loan Advance was amended to become payable on October 1, 2026. As of March 31, 2025, the aggregate \$11.5 million of final payment fees includes the first Term Loan Advance of \$7.5 million, \$2.5 million for the second Term Loan Advance, \$0.8 million for the third Term Loan Advance, and \$0.7 million for the fourth Term Loan Advance have been recorded within other long-term liabilities.

Under the Fourth Loan Amendment the Company may elect to prepay all or a portion of the Term Loan Advances prior to maturity, subject to a prepayment fee of up to 1.25% of the then outstanding principal balance of the Term Loan Advances being prepaid when such prepayment occurs prior to October 1, 2026, or 0.50% if such prepayment occurs on or after October 1, 2026. After repayment, no Term Loan amounts may be borrowed again.

As collateral for the obligations, the Company has granted to Hercules a senior security interest in all of Company's right, title, and interest in, to and under substantially all of Company's property, inclusive of intellectual property.

The Loan Agreement contains customary closing fees, prepayment fees and provisions, events of default, and representations, warranties and covenants, including financial covenants. The financial covenants under the Fourth Loan Amendment include (i) a minimum cash covenant and (ii) a performance covenant as follows:

- (i) Minimum cash covenant - The Company must maintain a minimum cash balance of 20% of the outstanding principal balance at all times. The minimum cash balance may be increased to 35% or 50% under performance covenant (b) below if the performance covenants (a) or (c) are not met beginning September 30, 2024 and all times thereafter.
- (ii) Performance covenant - Beginning September 30, 2024 and all times thereafter the Company must satisfy any one of the following:
 - a. Market capitalization exceeding \$900 million;
 - b. Minimum cash balance exceeding (x) outstanding principal amount of term loans, multiplied by (y) (A) 50%, prior to achieving trailing three months net product revenue of greater than \$35 million, and (B) 35% thereafter; or
 - c. Trailing three months net product revenue of at least (x) 30% of agreed upon projected net revenues for periods in the calendar year 2024 and 25% for all periods thereafter or (y) \$120 million.

Upon the occurrence of an event of default, subject to any specified cure periods, all amounts owed by the Company may be declared immediately due and payable by Hercules, as collateral agent.

As of March 31, 2025, the Company was in compliance with all applicable covenants under the Loan Agreement. Based on the Company's current revenue projections, the Company does not expect to meet the revenue threshold to draw the Fifth Tranche or Sixth Tranche. The Company's current operating plan does not anticipate a need to draw any additional amounts under the Loan Agreement.

In connection with the entry into the Loan Agreement, the Company issued to Hercules a warrant, or the Warrant, to purchase a number of shares of the Company's common stock equal to 2.5% of the aggregate amount of the Term Loan advances funded, and will issue to Hercules additional warrants when future Term Loan advances are funded. On the Closing Date, the Company issued a Warrant for 74,782 shares of common stock. The Warrant will be exercisable for a period of seven years from the date of issuance at a per-share exercise price equal to \$33.43, which was the closing price of the Company's common stock on September 16, 2021. In connection with the entry into the Third Loan Amendment, the Company amended the form of warrants to be issued upon

drawdowns of future tranches such that the exercise price of such warrants shall be equal to the lesser (i) of \$11.6783, which was the trailing ten-day VWAP prior to entering into the Third Loan Amendment and (ii) the trailing ten-day VWAP preceding the date on which the Company drawdown future tranches. In connection with the entry into the Fourth Loan Amendment, the Company eliminated the warrant agreement for all future tranches. The Warrant issued with the initial tranche was not modified as part of this amendment. The exercise price and terms of the outstanding Warrant remain unchanged.

The initial \$1.3 million fair value of the Warrant, the \$11.5 million final interest payment fees and \$4.6 million of debt issuance costs have been recorded as debt discount and are being amortized to interest expense using the effective interest method over the term of the Loan Agreement.

Future minimum principal payments under the Term Loan, including the final payment fee, as of March 31, 2025 are as follows (in thousands):

Year ending December 31:		
2025	\$	—
2026		7,500
2027		229,706
Total principal and interest payments		237,206
Less: payment-in-kind and final payment fee		(37,206)
Total term loan borrowings	\$	200,000

During the three months ended March 31, 2025 and 2024, the Company recognized \$7.1 million and \$5.0 million, respectively, of interest expense, including amortization of the debt discount, in connection with the Loan Agreement. As of March 31, 2025, the Company had an outstanding loan balance of \$213.0 million and accrued interest of \$1.8 million.

6. Revenue Interest Financing Liability

On May 3, 2022, the Company entered into a Revenue Interest Financing Agreement with Initial Investors NQ, Sagard, and Hercules pursuant to which the Company will receive up to \$260 million in funding from the Initial Investors. Under the terms of the Revenue Interest Financing Agreement, the Company received \$100 million at the initial closing and received an additional \$160 million upon FDA approval of VOQUEZNA for treatment of Erosive GERD during the fourth quarter of 2023.

Additionally, on October 31, 2022, the Company entered into a Joinder Agreement with the Initial Investors and CO Finance LVS XXXVII LLC, or the Additional Investor, and Hercules, together as the investors. Under the terms of the Joinder Agreement, the Company received \$15 million in additional funding upon FDA approval of vonoprazan for Erosive GERD, or Approval Additional Funding, during the fourth quarter of 2023, and provides for \$25 million in additional funding for achievement of a sales milestone, or Milestone Additional Funding, and, together with the Approval Additional Funding, or the Additional Investor Funding. The Initial Investors waived their rights of first offer regarding the Additional Investor Funding and the Additional Investor and joined the Revenue Interest Financing Agreement to extend commitments for the Additional Investor Funding. On December 23, 2024, CO Finance LVS XXXVII LLC agreed to assign and transfer to OC III LVS LX LP all of its rights, title and interest as an Additional Investor and in connection therewith, OC III LVS LX LP executed a Joinder Agreement. The total amount funded by the Initial Investors and any subsequent investors is referred to herein as the Investment Amount. As of March 31, 2025, no additional funding is available under the Revenue Interest Financing Agreement.

Under the Revenue Interest Financing Agreement, the investors are entitled to receive a 10% royalty on net sales of products containing vonoprazan. The royalty rate is subject to a step-down on net sales exceeding certain annual thresholds and when the Company received FDA approval for vonoprazan for an indication relating to the treatment of heartburn associated with Non-Erosive GERD, which occurred on July 17, 2024. The investors' right to receive royalties on net sales will terminate when the investors have aggregate payments equal to 200% of the Investment Amount. In addition, at any time after April 30, 2024, the Company has the right to make a cap payment equal to 200% of the Investment Amount less any royalties already paid, at which time the agreement will terminate.

If the investors have not received aggregate payments of at least 100% of the Investment Amount by December 31, 2028, and at least 200% of the Investment Amount by December 31, 2037, each a Minimum Amount, then the Company will be obligated to make a cash payment to the investors in an amount sufficient to gross the investors up to the applicable Minimum Amount.

Upon the occurrence of an event of default taking place prior to April 1, 2025, between April 1, 2025 and April 1, 2028, and after April 1, 2028, the Company is obligated to pay 1.30 times Investment Amount, 1.65 times Investment Amount, and 2.0 times investment amount, respectively, less any amounts the Company previously paid pursuant to the agreement.

The Company has evaluated the terms of the Revenue Interest Financing Agreement and concluded that the features of the Investment Amount are similar to those of a debt instrument. Accordingly, the Company has accounted for the transaction as a debt obligation with interest expense based on an imputed effective rate derived from the initial carrying value of the obligation and the expected future payments. The Company recalculates the effective interest rate each period based on the current carrying value and the revised estimated future payments. As of March 31, 2025, the effective interest rate of the revenue interest financing liability was approximately 12.18%. Changes in future payments from previous estimates are included in the current and future interest expense. The carrying value of the revenue interest financing liability was \$361.1 million and \$353.0 million as of March 31, 2025 and December 31, 2024, respectively.

Total revenue interest financing liability consists of the following (in thousands):

Liability balance as of January 1, 2024	\$	306,927
Proceeds from the Revenue Interest Financing Agreement		—
Less: transaction costs		—
Less: royalty payments and payables		(2,627)
Plus: interest expense		48,738
Ending liability balance as of December 31, 2024		353,038
Less: current portion		(19,777)
Long-term liability balance as of December 31, 2024	\$	<u>333,261</u>
Liability balance as of January 1, 2025	\$	353,038
Proceeds from the Revenue Interest Financing Agreement		—
Less: transaction costs		—
Less: royalty payments and payables		(2,966)
Plus: interest expense		11,003
Ending liability balance as of March 31, 2025		361,075
Less: current portion		(17,268)
Long-term liability balance as of March 31, 2025	\$	<u>343,807</u>

During the three months ended March 31, 2025 and 2024, the Company recognized \$11.0 million and \$12.1 million, respectively, of interest expense in connection with the revenue interest financing liability.

The Company will record liabilities associated with achievement of the sales milestone when such contingent event occurs. To determine the accretion of the liability related to the Revenue Interest Financing Agreement, the Company is required to estimate the total amount of future royalty payments and estimated timing of such payments based on the Company's revenue projections. As royalty payments are made, the balance of the debt obligation will be effectively repaid. Based on the Company's periodic review, the exact timing of repayment is likely to be different in each reporting period as compared to those estimated in the Company's initial revenue projections. A significant increase or decrease in actual net sales of vonoprazan compared to the Company's revenue projections could impact the interest expense associated with the revenue interest financing liability. Also, the Company's total obligation can vary depending on default events and achievement of the sales milestone.

7. Stockholders' Equity

Common Stock

Underwritten Public Offerings

In August 2024, the Company sold 8,695,652 shares of common stock at a price of \$11.50 per share and pre-funded warrants to purchase 2,608,922 shares of common stock at a price of \$11.499 per pre-funded warrant for total gross proceeds of \$130.0 million. The net purchase price after deducting the underwriting discounts and commissions and other offering expenses, was \$10.77 per share, which generated net proceeds of \$121.8 million. Certain affiliates of Frazier Life Sciences IX, L.P. (collectively, "Frazier"), a significant stockholder and Dr. James Topper, who currently serves on the Company's Board of Directors, shares voting and investment power of the securities held by Frazier. Frazier participated in the offering by purchasing pre-funded warrants on the

same terms as all other investors at a purchase price of \$11.499, which represents the per share public offering price for the common stock less the \$0.001 per share exercise price for each pre-funded warrant. Each pre-funded warrant became exercisable upon issuance and will not expire until exercised in full. The pre-funded warrants may not be exercised if the aggregate number of ordinary shares beneficially owned by the holders thereof immediately following such exercise would exceed a specified beneficial ownership limitation.

The pre-funded warrants were classified as a component of equity in the Company's balance sheets as they are freestanding financial instruments that are immediately exercisable, do not embody an obligation for the Company to repurchase its own shares and permit the holders to receive a fixed number of shares of common stock upon exercise. The Company valued the pre-funded warrants at issuance, concluding that their sales price approximated their fair value, and allocated net proceeds from the sale proportionately to the common stock and pre-funded warrants, of which \$28.2 million was allocated to the pre-funded warrants and recorded as a component of additional paid-in capital. As of March 31, 2025, none of the pre-funded warrants have been exercised.

ATM Offerings

In November 2020, the Company entered into an Open Market Sale AgreementSM, or the Sales Agreement, with Jefferies LLC, or the Sales Agent, under which the Company may, from time to time, sell shares of common stock having an aggregate offering price of up to an amount registered under an effective registration statement through the Sales Agent.

In November 2023, the Company filed a shelf registration statement on Form S-3 which was declared effective by the SEC on November 17, 2023, which included an at-the-market prospectus pursuant to which the Company may, from time to time, sell up to an aggregate of \$150 million of the Company's common stock through the Sales Agent, or the 2023 ATM Offering. The Company is not obligated to, and cannot provide any assurances that the Company will, make any sales of the shares under the Sales Agreement. The Sales Agreement may be terminated by the Sales Agent or the Company at any time. No shares were sold during the three months ended March 31, 2025 and 2024. As of March 31, 2025, all of the available \$150 million under the 2023 ATM Offering remains available.

Common Stock Reserves

Common stock reserved for future issuance consists of the following:

	March 31, 2025
Common stock warrants including pre-funded warrants	2,700,150
Stock options, performance stock units and restricted stock units outstanding	10,944,804
Shares available for issuance under the 2019 Incentive Plan	2,091,621
Shares available for issuance under the ESPP Plan	1,541,702
Shares available for issuance under the Inducement Plan	2,500,000
Balance at March 31, 2025	<u>19,778,277</u>

Preferred Stock

The Company is authorized to issue up to 40 million shares of preferred stock. As of March 31, 2025 and December 31, 2024, there were no shares of preferred stock issued or outstanding.

Equity Incentive Plan

The Company's 2019 Equity Incentive Plan, or the Existing Incentive Plan, provided for the grant of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, and other stock awards to eligible recipients, including employees, directors or consultants of the Company. The Company had 2,231,739 shares of common stock authorized for issuance under the Existing Incentive Plan, of which, 1,400,528 stock options and 16,260 restricted stock awards were granted in 2019. As a result of the adoption of the 2019 Incentive Award Plan, or the 2019 Plan, in October 2019, no further shares are available for issuance under the Existing Incentive Plan.

2019 Incentive Award Plan

In October 2019, the Board of Directors adopted, and the Company's stockholders approved, the 2019 Plan, which became effective in connection with the IPO. Under the 2019 Plan, the Company may grant stock options, stock appreciation rights, restricted stock, restricted stock units and other awards to individuals who are then employees, officers, non-employee directors or consultants of the Company or its subsidiaries. The number of shares initially available for issuance will be increased by (i) the number of shares subject to stock options or similar awards granted under the Existing Incentive Plan that expire or otherwise terminate without having been exercised in full after the effective date of the 2019 Plan and unvested shares issued pursuant to awards granted under the Existing Incentive Plan that are forfeited to or repurchased by the Company after the effective date of the 2019 Plan, with the maximum number of shares to be added to the 2019 Plan pursuant to clause (i) above or equal to 1,416,788 shares, and (ii) an annual increase on January 1 of each calendar year beginning in 2020 and ending in 2029, equal to the lesser of (a) 5% of the shares of common stock outstanding on the final day of the immediately preceding calendar year and (b) such smaller number of shares as determined by the Board of Directors.

As of March 31, 2025, 2,091,621 shares remain available for issuance, which reflects 3,051,815 stock options, RSUs and PSUs granted, and 138,635 of awards cancelled or forfeited, during the three months ended March 31, 2025 as well as an annual increase of 3,425,913 shares authorized on January 1, 2025.

2025 Employment Inducement Incentive Award Plan

On March 30, 2025, the Board of Directors adopted the 2025 Employment Inducement Incentive Award Plan, or the Inducement Plan, and reserved 2,500,000 shares of the Company's common stock for issuance pursuant to equity awards granted under the Inducement Plan to individuals not previously employees or non-employee directors of the Company (or following such individuals' bona fide period of non-employment with the Company) as an inducement to join the Company. The Inducement Plan provides for the grant of equity-based awards, including nonstatutory stock options, restricted stock units, restricted stock, stock appreciation rights, performance shares and performance stock units, and its terms are substantially similar to the Company's 2019 Incentive Award Plan, but with such other terms and conditions intended to comply with the Nasdaq inducement award exception or to comply with the Nasdaq acquisition and merger exception. As of March 31, 2025, all of the 2,500,000 shares remain available for issuance.

Performance-Based Units

In February 2025, the Board of Directors approved a performance-based unit, or PSU, grant whereby vesting depends on certain revenue performance milestones each year and over the next three years. The Company estimates the likelihood of achievement of performance milestones for all PSU awards at the end of each reporting period. To the extent those awards or portions thereof are considered probable of being achieved, such awards or portions thereof are expensed over the performance period. As of March 31, 2025, the Company did not deem the achievement of any performance milestones to be probable.

The following table summarizes PSU activity under the 2019 Plan during the three months ended March 31, 2025:

	Number of Stock Units	Weighted- Average Grant Date Fair Value Per Share
Unvested balance at January 1, 2025	—	\$ —
Granted	585,400	5.76
Vested	—	—
Forfeited	(1,600)	5.76
Unvested balance at March 31, 2025	<u>583,800</u>	<u>\$ 5.76</u>

Stock-based compensation expense is recorded based on the market price of the Company's common stock on the grant date and is recognized if and when the achievement of such performance milestones are determined to be probable by the Company. As of March 31, 2025, no expense has been recognized and there was approximately \$3.3 million of related unrecognized stock-based compensation expense.

Restricted Stock Units

The following table summarizes RSU activity under the 2019 Plan during the three months ended March 31, 2025:

	Number of Stock Units	Weighted- Average Grant Date Fair Value Per Share
Unvested balance at January 1, 2025	2,382,660	\$ 10.32
Granted	1,512,338	5.76
Vested	(508,568)	8.98
Forfeited	(72,803)	10.81
Unvested balance at March 31, 2025	3,313,627	\$ 8.43

As of March 31, 2025, the Company had \$23.4 million of unrecognized stock-based compensation expense related to RSUs, which is expected to be recognized over a weighted-average period of 1.9 years. The total fair value of RSUs vested during the three months ended March 31, 2025, was approximately \$4.6 million.

Employee Stock Purchase Plan

In October 2019, the Board of Directors adopted, and the Company's stockholders approved, the Employee Stock Purchase Plan, or the ESPP, which became effective in connection with the IPO. The ESPP permits participants to purchase common stock through payroll deductions of up to 20% of their eligible compensation, which includes a participant's gross base compensation for services to the Company, including overtime payments and excluding sales commissions, incentive compensation, bonuses, expense reimbursements, fringe benefits and other special payments. A total of 270,000 shares of common stock were initially reserved for issuance under the ESPP. In addition, the number of shares available for issuance under the ESPP will be annually increased on January 1 of each calendar year beginning in 2020 and ending in 2029, by an amount equal to the lesser of: (i) 1% of the shares outstanding on the final day of the immediately preceding calendar year and (ii) such smaller number of shares as is determined by the Board of Directors. As of March 31, 2025, 1,541,702 shares of common stock remain available for issuance, which includes the 321,099 shares sold to employees during the three months ended March 31, 2025 as well as an annual increase of 685,183 shares authorized on January 1, 2025.

The ESPP is considered a compensatory plan, and for the three months ended March 31, 2025 and 2024, the Company recorded related stock-based compensation of \$0.3 million and \$0.5 million, respectively. The weighted-average assumptions used to estimate the fair value of ESPP awards using the Black-Scholes option valuation model were as follows:

	Three Months Ended March 31,	
	2025	2024
Assumptions:		
Expected term (in years)	0.49	0.49
Expected volatility	86.93%	119.08%
Risk free interest rate	4.26%	5.16%
Dividend yield	—	—

The estimated weighted-average fair value of ESPP awards for the three months ended March 31, 2025 and 2024, was \$2.81 and \$3.59, respectively. As of March 31, 2025, the total unrecognized compensation expense related to the ESPP was \$0.5 million, which is expected to be recognized over a weighted-average period of approximately 0.3 years.

401(k) Plan

During 2020, the Company established a 401(k) savings plan. The Company's contributions to the plan are discretionary. During the three months ended March 31, 2025 and 2024, the Company incurred \$1.8 million and \$1.7 million, respectively, of expense related to estimated employer contribution liabilities, which was based on a 75% match of employees' contributions during the periods. During the three months ended March 31, 2025 and 2024, the Board of Directors approved employer matching contributions settled by contributing 290,165 and 93,736, respectively, shares of common stock.

Stock Options

The fair value of each employee and non-employee stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The Company, prior to the IPO on October 29, 2019, was a private company and lacked company-specific historical and implied volatility information. Therefore, the Company estimated its expected volatility based on the historical volatility of a publicly traded set of peer companies. Due to the lack of historical exercise history, the expected term of the Company's stock options for employees was determined utilizing the "simplified" method for awards. The expected term of stock options granted to non-employees was equal to the contractual term of the option award. The risk-free interest rate was determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield was zero based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future.

A summary of the Company's stock option activity and related information is as follows:

	Options Outstanding	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term	Aggregate Intrinsic Value (in thousands)
Balance at January 1, 2025	6,157,532	\$ 10.29	7.59	\$ 2,133
Options granted	954,077	5.77		
Options exercised	—	—		
Options cancelled	(64,232)	9.76		
Balance at March 31, 2025	7,047,377	\$ 9.68	7.66	\$ 489
Options exercisable as of March 31, 2025	3,562,844	\$ 11.15	6.50	\$ —
Vested and expected to vest as of March 31, 2025	7,047,377	\$ 9.68	7.66	\$ 489

The estimated weighted-average fair value of employee and nonemployee director stock options granted for the three months ended March 31, 2025 and 2024 was \$4.23 and \$5.31, respectively. As of March 31, 2025, the Company had \$17.1 million of unrecognized stock-based compensation expense related to stock options, which is expected to be recognized over a weighted-average period of 2.5 years.

The weighted-average assumptions used to estimate the fair value of stock options using the Black-Scholes option valuation model were as follows:

	Three Months Ended March 31,	
	2025	2024
Assumptions:		
Expected term (in years)	6.08	6.07
Expected volatility	83.38%	74.61%
Risk free interest rate	4.16%	4.05%
Dividend yield	—	—

Stock-Based Compensation Expense

Stock-based compensation expense recognized for all equity awards has been reported in the condensed statements of operations and comprehensive loss as follows (in thousands):

	Three Months Ended March 31,	
	2025	2024
Research and development expense	\$ 1,330	\$ 1,249
Selling, general and administrative expense	4,210	4,377
Total	<u>\$ 5,540</u>	<u>\$ 5,626</u>

8. Revenue Recognition

To date, our only source of revenue has been from the U.S. sales of VOQUEZNA products, which the Company began selling during the fourth quarter of 2023. The Company records its best estimate of chargebacks, sales discounts and other reserves to which customers are likely expected to be entitled to as contra accounts receivable charges, and within accrued expenses if payable to a third-party or related to product returns on the condensed balance sheets. During the three months ended March 31, 2025 and 2024, the Company recognized \$28.5 million and \$1.9 million, respectively, of net product revenues related to sales of VOQUEZNA, VOQUEZNA DUAL PAK and VOQUEZNA TRIPLE PAK.

The following table provides a summary of the Company's revenue allowances and related accruals for the three months ended March 31, 2025 which have been deducting in arriving at product revenues, net (in thousands):

	Customer Credits, Discounts and Allowance (contra accounts receivable)	Rebates, Returns and Co-Pay Assistance (accrued expenses)	Total
Balance as of January 1, 2025	\$ 5,659	\$ 29,987	\$ 35,646
Accruals	9,844	22,070	31,914
Utilizations	(10,872)	(21,844)	(32,716)
Balance as of March 31, 2025	<u>\$ 4,631</u>	<u>\$ 30,213</u>	<u>\$ 34,844</u>

9. Segment Information

The Company's chief operating decision maker, or CODM, the Chief Executive Officer, manages the Company's business activities as a single reportable segment. The segment derives its current revenues from the sale of VOQUEZNA products. Accordingly, the CODM uses net loss to measure segment profit or loss, allocate resources and assess performance. Further, the CODM reviews and utilizes functional expenses (research and development, general and administrative, sales and marketing and stock-based compensation) to manage the Company's operations. Other segment items included in net loss are interest income, interest expense and other expense, which are reflected in the condensed statements of operations and comprehensive loss. The measure of segment assets is reported on the condensed balance sheets as total assets.

The following table presents selected financial information with respect to the Company's single operating segment for the three months ended March 31, 2025 and 2024 (in thousands):

	Three Months Ended March 31,	
	2025	2024
Product revenue, net	\$ 28,519	\$ 1,912
Less:		
Cost of revenue	3,724	426
Research and development	7,854	8,181
General and administrative	8,807	7,676
Sales and marketing	81,457	49,957
Stock-based compensation	5,540	5,626
Interest income	(2,640)	(4,313)
Interest expense	18,071	17,168
Other expense, net	22	43
Segment net loss	<u>\$ (94,316)</u>	<u>\$ (82,852)</u>

10. Subsequent Event

On April 1, 2025, Steven Basta was appointed as the new Chief Executive Officer, President and as a Class I director of the Company, replacing Terrie Curran who resigned as President and Chief Executive Officer, on March 31, 2025. In connection with Mr. Basta's appointment, he entered into an employment letter agreement with the Company, setting forth the terms of his employment. The equity awards that were granted to Mr. Basta in connection with his appointment were made under the Inducement Plan as described further in Note 7 above. In connection with Ms. Curran's separation, the Company entered into a separation agreement and estimated expense between \$2 million and \$3 million relating to Ms. Curran's departure will be incurred during the second quarter of 2025.

On April 29, 2025, the Company's board of directors approved a restructuring to reduce cash burn and focus on commercial execution. The Company has decided to reduce investment in direct-to-consumer promotion and will suspend, defer, or slow several clinical and product development programs, including deferring the start of the Phase 2 eosinophilic esophagitis (EoE) trial. In connection with this restructuring, the Company expects to reduce its workforce by 28 employees or approximately 6%. In conjunction with the restructuring, Azmi Nabulsi, M.D., Chief Operating Officer, Martin Gilligan, Chief Commercial Officer, and Molly Henderson, Chief Financial and Business Officer, ceased serving in these positions at the Company, effective April 30, 2025. The Company expects to incur one-time costs of approximately \$7 million to \$10 million in connection with the workforce reduction. The majority of these costs will be recognized in the second quarter of 2025. These costs consist primarily of cash expenditures related to one-time termination benefits (some of which are contractual), including severance, healthcare and related benefits, and other estimated non-cash expense. The Company estimates that the workforce reduction will be substantially completed in the second quarter of 2025. The estimate of costs that the Company expects to incur and the timing thereof are subject to a number of assumptions, and actual results may differ materially. The Company may also incur additional costs not currently contemplated due to events that may occur as a result of, or that are associated with, the actions described above.

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

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the unaudited interim financial statements and notes thereto included in this Quarterly Report on Form 10-Q and with our audited financial statements and notes thereto for the year ended December 31, 2024 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Annual Report on Form 10-K for the year ended December 31, 2024, or the 2024 Form 10-K.

Forward Looking Statements

The following discussion and other parts of this quarterly report contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements other than statements of historical facts contained in this quarterly report, including statements regarding our future results of operations and financial position, business strategy, commercialization plans and costs, research and development plans and costs, the timing and likelihood of regulatory filings and approvals, pricing and reimbursement, the potential to develop future product candidates, the timing and likelihood of success of the plans and objectives of management for future operations, and future results of anticipated product development efforts, are forward-looking statements. These statements are often identified by the use of words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "should," "estimate," or "continue," and similar expressions or variations. The forward-looking statements in this quarterly report are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, operating results, business strategy, short-term and long-term business operations and objectives. These forward-looking statements speak only as of the date of this quarterly report and are subject to a number of risks, uncertainties and assumptions, including those described in the Part II, Item 1A under the heading "Risk Factors." The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise. All forward-looking statements are qualified in their entirety by this cautionary statement, which is made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

Overview

We are a biopharmaceutical company focused on developing and commercializing novel treatments for gastrointestinal, or GI, diseases. Our approved products, VOQUEZNA®, VOQUEZNA® TRIPLE PAK® and VOQUEZNA® DUAL PAK®, contain vonoprazan, an oral small molecule potassium-competitive acid blocker, or PCAB. PCABs are a novel class of medicines that block acid secretion in the stomach. Vonoprazan is the first gastric anti-secretory agent from a novel class approved in the United States, Europe, or Canada in over 30 years, and has shown rapid, potent, and durable anti-secretory effects. Vonoprazan has also demonstrated clinical benefits over the current standard of care as a single agent in the treatment of erosive gastroesophageal reflux disease, or Erosive GERD, and in combination with antibiotics for the treatment of *Helicobacter pylori*, or *H. pylori*, infection. Takeda Pharmaceutical Company Limited, or Takeda, developed vonoprazan and has received marketing approval in numerous countries in Asia and Latin America as well as Russia. Vonoprazan generated peak net sales of approximately \$850 million and continues to achieve volume growth during its tenth full year on the market since its approval in 2014. In May 2019, we in-licensed the U.S., European, and Canadian rights to vonoprazan from Takeda.

In May 2022, the U.S. Food and Drug Administration, or FDA, approved the NDAs for vonoprazan triple therapy, under the brand name VOQUEZNA TRIPLE PAK, and vonoprazan dual therapy, under the brand name VOQUEZNA DUAL PAK. Subsequently, on November 1, 2023, the FDA approved vonoprazan, under the brand name VOQUEZNA, as a treatment for adults for the healing of all grades of Erosive GERD, maintenance of healing of all grades of Erosive GERD, and relief of heartburn associated with Erosive GERD, as well as in combination with amoxicillin, with or without clarithromycin, for the treatment of *H. pylori* infection in adults. We initiated commercial launch for VOQUEZNA for both the Erosive GERD and *H. pylori* indications, and VOQUEZNA TRIPLE PAK and VOQUEZNA DUAL PAK for treatment of *H. pylori* infection in the fourth quarter of 2023. In September 2023, we submitted an NDA seeking approval of vonoprazan as a once-daily treatment for heartburn symptoms associated with Non-Erosive GERD in adults. On July 17, 2024, the FDA approved VOQUEZNA 10 mg tablets for the relief of heartburn associated with Non-Erosive GERD, the largest category of GERD.

In May 2025, we announced a cost reduction and organizational restructuring plan to reduce cash burn and focus our resources on commercial execution. We have decided to reduce investment in direct-to-consumer promotion and will suspend, defer, or slow several clinical and product development programs, including deferring the start of the Phase 2 eosinophilic esophagitis (EoE) trial. In connection with this restructuring, we expect to reduce our workforce by 28 employees, or approximately 6%. In addition, as part of the restructuring, we announced certain leadership changes. Azmi Nabulsi, M.D., our Chief Operating Officer, Martin Gilligan, our Chief Commercial Officer, and Molly Henderson, our Chief Financial and Business Officer, ceased serving in these positions, effective April 30, 2025. Dr. Nabulsi will remain an advisor to the company. We expect to incur one-time costs of approximately \$7 million to \$10 million in connection with the workforce reduction. The majority of these costs will be recognized in the second quarter of 2025. These costs consist primarily of cash expenditures related to one-time termination benefits (some of which are contractual), including severance, healthcare and related benefits, and other estimated non-cash expense.

We are independently commercializing VOQUEZNA, VOQUEZNA TRIPLE PAK, and VOQUEZNA DUAL PAK in the United States. Our commercial launch continues to build momentum and early launch data shows strong physician and patient demand. As of April 18, 2025, over 390,000 prescriptions for VOQUEZNA tablets, VOQUEZNA Triple Pak, and VOQUEZNA Dual Pak have been filled since launch. These prescriptions were written by more than 23,600 prescribers. In addition, due to increasing commercial demand, we continue to make progress in securing broad commercial coverage for VOQUEZNA with over 120 million, or over 80%, of total U.S. commercial lives with access to VOQUEZNA tablets.

We continue to evaluate potential commercial partnerships for vonoprazan in Europe and Canada, expand development of vonoprazan into other indications, dosing regimens and alternative formulations and packaging, and evaluate the in-license or acquisition of additional clinical or commercial stage product candidates for the treatment of GI diseases in a capital efficient manner.

In May 2021, the FDA granted qualified infectious disease product, or QIDP, designations for VOQUEZNA TRIPLE PAK and VOQUEZNA DUAL PAK and we thereby received an extension of five years of new chemical entity, or NCE, exclusivity based on the vonoprazan component in the applicable NDAs. We believe the extended NCE exclusivity should apply to any other approved or future products containing vonoprazan we develop and for which we obtain FDA approval. In December 2024, we submitted a citizen petition requesting that FDA update the Orange Book listings to reflect the same ten-year period of NCE exclusivity for VOQUEZNA as reflected on the VOQUEZNA TRIPLE PAK and VOQUEZNA DUAL PAK Orange Book listings.

We commenced our operations in 2018 and have devoted substantially all of our resources to date to organizing and staffing our company, business planning, raising capital, in-licensing our initial and approved product candidate, vonoprazan, meeting with regulatory authorities, managing our clinical trials of vonoprazan, preparing for commercialization of our initial products containing vonoprazan, commercially launching our approved products, and providing other selling, general and administrative support for our operations. Our operations to date have been funded primarily through commercial bank debt, our revenue interest financing debt and various equity offerings, including our at-the-market offerings. From inception through March 31, 2025, we sold 34,737,032 shares of our common stock and 2,608,922 pre-funded warrants, generating net proceeds of approximately \$543.3 million, after deducting underwriting discounts, commissions and offering costs. As of March 31, 2025, we had cash and cash equivalents of \$212.3 million. Based on our current operating plan, we believe that our existing cash and cash equivalents together with anticipated product revenues, are sufficient to fund operations for at least the next twelve months.

Since inception, we have incurred significant operating losses. Our net losses were \$94.3 million and \$82.9 million for the three months ended March 31, 2025 and 2024, respectively. As of March 31, 2025, we had an accumulated deficit of \$1.4 billion. We expect to continue to incur operating losses for the foreseeable future. It could be several years, if ever, before VOQUEZNA, VOQUEZNA TRIPLE PAK and VOQUEZNA DUAL PAK or other product candidates, if approved, generate significant revenues to offset these operating losses. As a result, we are uncertain when or if we will achieve profitability and, if so, whether we will be able to sustain it. The net losses we incur may fluctuate significantly from quarter to quarter and year to year.

We have generated limited revenue to date, until such time as we can generate significant revenue from sales of our approved products containing vonoprazan, we expect to finance our cash needs through equity offerings, potentially the Loan Agreement, our Revenue Interest Financing Agreement, additional debt financings or other capital sources, including potential collaborations, licenses and other similar arrangements. However, we may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all, and this risk could be exacerbated by the impact of ongoing conflicts throughout the world and global economic conditions. Our failure to raise capital or enter into such other arrangements when needed would have a negative impact on our financial condition and could force us to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

License Agreement with Takeda

On May 7, 2019, we and Takeda entered into an exclusive license, or the Takeda License, pursuant to which we in-licensed the U.S., European, and Canadian rights to vonoprazan fumarate. During the term of the Takeda License, we and our affiliates are not permitted to commercialize any pharmaceutical product, other than vonoprazan, that treats acid-related disorders, except for certain generic and OTC competing products in specified circumstances. We will be responsible at our cost for the development, manufacture and commercialization of vonoprazan products. We are required to use commercially reasonable efforts to develop and commercialize the vonoprazan products in our licensed territory.

Under the Takeda License, Takeda has the sole right and authority, with our input, to prepare, file, prosecute, and maintain all Takeda and joint patents on a worldwide basis at its own cost. We are responsible, at our cost, for preparing, filing, prosecuting, and maintaining patents on inventions made solely by us in connection with vonoprazan, subject to input from Takeda.

We paid Takeda upfront consideration consisting of a cash fee of \$25 million, 1,084,000 shares of our common stock, a warrant to purchase 7,588,000 shares of our common stock at an exercise price of \$0.00004613 per share, or the Takeda Warrant, and issued Takeda a right to receive an additional common stock warrant, or the Takeda Warrant Right, if Takeda's fully-diluted ownership of the Company represented less than a certain specified percentage of the fully-diluted capitalization, including shares issuable upon conversion of then outstanding convertible promissory notes, calculated immediately prior to the closing of our IPO. The Takeda Warrant Right expired without effect since no fair value had been allocated to it upon completion of our IPO, and no additional warrant was issued. We agreed to make milestone payments to Takeda upon achieving certain tiered aggregate annual net sales of licensed products in the United States, Europe and Canada up to a total maximum milestone amount of \$250 million. We also agreed to make tiered royalty payments at percentages averaging in the low double digits on net sales of licensed products, subject to specified offsets and reductions. Royalties will be payable, on a product-by-product and country-by-country basis from the first commercial sale of such product in such country, until the latest of expiration of the licensed patents covering the applicable product, expiration of regulatory exclusivity in such country, or 15 years following first commercial sale in such country.

Components of Results of Operations

Revenue

We began to recognize revenue from product sales, net of rebates, chargebacks, discounts, and other adjustments, in November 2023 in conjunction with the commercial launch of VOQUEZNA, VOQUEZNA TRIPLE PAK, and VOQUEZNA DUAL PAK in the United States.

Cost of Revenue

Cost of revenue includes the cost of producing and distributing inventories that are related to product sales. This also includes royalties payable to Takeda, pursuant to the Takeda License Agreement (Refer to Note 3 for further details). In addition, shipping and handling costs for product sales are recorded as incurred. Cost of revenue also includes costs related to excess or obsolete inventory adjustment charges.

Operating Expenses

Research and Development

To date, our research and development expenses have related to the development and regulatory approvals of vonoprazan. Research and development expenses are recognized as incurred and payments made prior to the receipt of goods or services to be used in research and development are capitalized until the goods or services are received. We do not track total research and development expenses by indication.

Research and development expenses include:

- *Clinical development expenses*: external research and development expenses incurred under agreements with CROs, regulatory costs, and consultants to conduct and support our clinical trials of vonoprazan;
- *Personnel related expenses*: salaries, payroll taxes, and employee benefits;

- *Chemistry manufacturing and controls, or CMC, expenses*: costs related to the manufacturing of vonoprazan for our clinical trials;
- *Consulting, professional and other costs*: external costs related to consulting and professional services and other research costs incurred; and
- *Stock-based compensation expenses*: stock-based compensation expense recognized for those individuals involved in research and development efforts.

The following table summarizes our research and development expenses for the three months ended March 31, 2025 and 2024 (in thousands):

	Three Months Ended March 31,	
	2025	2024
Clinical development and regulatory	\$ 3,544	\$ 3,523
Personnel related	2,962	3,069
Chemistry manufacturing and controls	1,058	1,004
Consulting, professional and other costs	290	585
Stock-based compensation	1,330	1,249
Total research and development expenses	<u>\$ 9,184</u>	<u>\$ 9,430</u>

We plan to invest in our research and development expenses for the foreseeable future as we continue the development of vonoprazan. We cannot determine with certainty the timing of initiation, the duration or the completion costs of current or future clinical trials and nonclinical studies of vonoprazan or any future product candidates due to the inherently unpredictable nature of clinical and preclinical development. Clinical and preclinical development timelines, the probability of success and development costs can differ materially from expectations. In addition, we cannot forecast which product candidates may be subject to future collaborations, when such arrangements will be secured, if at all, and to what degree such arrangements would affect our development plans and capital requirements.

Selling, General and Administrative

Selling, general and administrative expenses consist of salaries and employee-related costs, including stock-based compensation, for personnel in commercial, executive, finance, accounting, legal, human resources and other administrative functions, legal fees relating to intellectual property and corporate matters, and professional fees for accounting and consulting services. We anticipate that our selling, general and administrative expenses will decrease in the future in conjunction with our planned organizational restructuring.

Interest Income

Interest income consists of interest on our money market funds.

Interest Expense

Revenue Interest Financing Agreement

Interest expense under the Revenue Interest Financing Agreement is based on the imputed effective interest rate derived from expected future payments and the carrying value of the obligation. We recalculate the effective interest rate each period based on the current carrying value and the revised estimated future payments. Changes in future payments from previous estimates are included in current and future interest expense.

Loan Agreement with Hercules

Interest expense under the Loan Agreement consists of (i) cash interest at a variable annual rate equal to the greater of (a) 9.85% and (b) the Prime Rate (as reported in the Wall Street Journal) plus 1.35% and provided that the cash interest rate shall be capped at 10.35% and upon Company achieving the certain milestones, the cash interest shall be decreased by 0.35%, (ii) payment-in-kind interest at a per annum rate of interest equal to 2.15%, and (iii) amortization of the Loan Agreement debt discount recorded

in connection with the fair value of warrants issued to the lenders, the debt issuance costs incurred, and the obligation to make a final payment.

Results of Operations

Comparison of the Three Months Ended March 31, 2025 and 2024

The following table summarizes our results of operations for the three months ended March 31, 2025 and 2024 (in thousands):

	Three Months Ended March 31,		Change
	2025	2024	
Product revenue, net	\$ 28,519	\$ 1,912	\$ 26,607
Cost of revenue	3,724	426	3,298
Gross profit	24,795	1,486	23,309
Operating expenses:			
Research and development	9,184	9,430	(246)
Selling, general and administrative	94,474	62,010	32,464
Total operating expenses	103,658	71,440	32,218
Loss from operations	(78,863)	(69,954)	(8,909)
Other income (expense):			
Interest income	2,640	4,313	(1,673)
Interest expense	(18,071)	(17,168)	(903)
Other expense, net	(22)	(43)	21
Total other expense	(15,453)	(12,898)	(2,555)
Net loss	\$ (94,316)	\$ (82,852)	\$ (11,464)

Revenue. Product revenues were \$28.5 million and \$1.9 million for the three months ended March 31, 2025 and 2024, respectively, related to sales of VOQUEZNA, VOQUEZNA TRIPLE PAK, and VOQUEZNA DUAL PAK which was launched during the fourth quarter of 2023.

Cost of Revenue. Cost of revenue were \$3.7 million and \$0.4 million for the three months ended March 31, 2025 and 2024, respectively. In periods prior to receiving FDA approval for VOQUEZNA, we recognized inventory and related costs associated with the manufacture of VOQUEZNA as research and development expense and as such, the cost of revenue and related gross profits are not necessarily indicative of future costs of revenue and gross profit. Therefore, the manufacturing costs related to the inventory purchased before FDA approval were already expensed in a prior period and are therefore excluded from the cost of revenue for the three months ended March 31, 2025. These previously expensed costs were not material.

Research and Development Expenses. Research and development expenses were \$9.2 million and \$9.4 million for the three months ended March 31, 2025 and 2024, respectively. The decrease of \$0.2 million consisted of lower project and consulting costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were \$94.5 million and \$62.0 million for the three months ended March 31, 2025 and 2024, respectively. The increase of \$32.5 million was due to increases of \$32.0 million of commercial expenses, which includes \$28.3 million in advertising and promotional expenses in support of our commercial launch of VOQUEZNA products and \$3.7 million of external project spend, and an increase of \$0.5 million in consulting and other professional services.

Other Income (Expense). Other expense of \$15.5 million for the three months ended March 31, 2025 consisted of \$18.1 million of interest expense under the Loan Agreement and Revenue Interest Financing Agreement, partially offset by \$2.6 million of interest income related to cash held in money market funds. Other expense of \$12.9 million for the three months ended March 31, 2024 consisted of \$17.2 million of interest expense under the Loan Agreement and Revenue Interest Financing Agreement, partially offset by \$4.3 million of interest income related to cash held in money market funds. Interest expense increased due to a higher debt balance under the Loan Agreement as well as a higher liability related to our Revenue Interest Financing Agreement versus the prior period, partially offset by interest income on our cash position.

Liquidity and Capital Resources

We have incurred net losses and negative cash flows from operations since our inception and anticipate we will continue to incur net losses for the foreseeable future. As of March 31, 2025, we had cash and cash equivalents of \$212.3 million.

Loan Agreement with Hercules

On September 17, 2021, or the Closing Date, we entered into the Loan Agreement with Hercules (in such capacity, the Agent or Hercules), as administrative agent and collateral agent and as a lender and the other financial institutions that from time to time become parties to the Loan Agreement as lenders (collectively, the Lenders).

The Loan Agreement provides for term loans in an aggregate principal amount of up to \$200 million, or the Term Loan, under multiple tranches. The tranches consist of (i) a first tranche consisting of term loans in an aggregate principal amount of \$100 million, all of which was funded on the Closing Date, or the First Advance, (ii) a second tranche consisting of up to an additional \$50 million, (iii) a third and fourth tranches consisting of an additional total \$50 million, which became available to us in May 2022.

On September 27, 2022, we entered into an amendment to the Loan Agreement, or the Second Loan Amendment, pursuant to which the date the second tranche of funding of \$50 million will remain available to us has been moved until May 15, 2023, rather than December 15, 2022.

On May 9, 2023, we entered into the Third Amendment to Loan and Security Agreement, or the Third Loan Amendment, with the lenders, pursuant to which, among other things, (i) the second tranche availability was extended from through May 15, 2023, to through December 15, 2023, and became available on October 1, 2023, (ii) the third tranche availability was extended from through September 30, 2023, to through December 15, 2023, and became available on October 1, 2023, (iii) the effective date of the Performance Covenants was amended to provide an option to extend the covenant trigger date to May 15, 2024, subject to the achievement of the FDA approval of vonoprazan for Erosive GERD or the EE Milestone, prior to February 15, 2024, and (iv) the warrant agreement with Hercules was amended as described below. On November 1, 2023, the EE Milestone was achieved and the covenant trigger date was extended to May 15, 2024. In connection with the Third Loan Amendment, a tranche extension amendment fee of \$150,000 and a covenant extension amendment fee of \$100,000 was paid to the Agent. These fees have been recorded as debt discount and are being amortized to interest expense using the effective interest method over the remaining term of the Term Loan.

On December 14, 2023, we entered into a Fourth Amendment to Loan and Security Agreement, or the Fourth Loan Amendment, with the lenders, which, among other things, (i) increases the aggregate principal amount of the term loans from \$200 million to \$300 million; (ii) provides for the possibility of accessing the \$200 million commitment through five additional tranches referred to as tranches 2 through 6, which are available subject to certain milestones and conditions: (a) Tranche 2: \$50 million, \$40 million of which was funded on December 14, 2023, available through March 15, 2024, (b) Tranche 3: \$25 million available through June 15, 2024, (c) Tranche 4: \$25 million available through December 15, 2024, (d) Tranche 5: \$50 million available, subject to the achievement of a specified revenue milestone, through June 30, 2025, and (e) Tranche 6: \$50 million available, subject to the achievement of a specified revenue milestone, through December 31, 2025; (iii) extends the interest only period and the maturity date from October 2026 to December 2027, (iv) reduces the cash interest rate from 10.75% (floating annual rate equal to the greater of (a) 5.50% and (b) the Prime Rate (as reported in the Wall Street Journal) plus 2.25% to 9.85% (floating rate based on the greater of (a) 9.85% or (b) US WSJ Prime + 1.35%), provided that the cash interest rate shall be capped at 10.35% and upon us achieving the certain milestones, the cash interest shall be decreased by 0.35%, and (v) decreases the payment-in-kind interest rate from 3.35% per annum to 2.15% per annum. In connection with the Fourth Loan Amendment, an amendment fee of \$250,000 was paid to the Agent and was recorded as a debt discount and being amortized to interest expense using the effective interest method over the remaining term of the Term Loan.

On March 15, 2024, we drew down the remaining \$10 million available under the Second Tranche. On June 14, 2024, we drew down the \$25 million available under the Third Tranche. Additionally, on December 14, 2024, we drew down the \$25 million available under the Fourth Tranche.

The Term Loan will mature on December 1, 2027, or the Maturity Date. The Term Loan bears (i) cash interest at a variable annual rate equal to the greater of (a) 9.85% and (b) the Prime Rate (as reported in the Wall Street Journal) plus 1.35%, or the Interest Rate, and (ii) payment-in-kind interest at a per annum rate of interest equal to 2.15%. We may make payments of interest only through the Maturity Date. After the interest-only period, the principal balance and related interest will be required to be repaid in full on the Maturity Date.

In addition, we are obligated to pay a final payment fee of 7.50% of the original principal amount of amounts actually advanced under the Term Loan, or each a Term Loan Advance and together, the Term Loan Advances. In connection with the Fourth Loan Amendment, the final payment fee was amended to be \$1 million plus 3.00% of any future tranche drawdowns under the agreement, due upon final maturity. Additionally, the initial final payment fee for the first term Loan advance was amended to become payable on October 1, 2026. As of March 31, 2025, the aggregate \$11.5 million of final payment fees includes the first Term Loan Advance of \$7.5 million, \$2.5 million for the second Term Loan Advance, \$0.8 million for the third Term Loan Advance, and \$0.7 million for the fourth Term Loan Advance have been recorded within other long-term liabilities.

Under the Fourth Loan Amendment, we may elect to prepay all or a portion of the Term Loan Advances prior to maturity, subject to a prepayment fee of up to 1.25% of the then outstanding principal balance of the Term Loan Advances being prepaid when such prepayment occurs prior to October 1, 2026, or 0.50% if such prepayment occurs on or after October 1, 2026. After repayment, no Term Loan amounts may be borrowed again.

The Loan Agreement contains customary closing fees, prepayment fees and provisions, events of default, and representations, warranties and covenants, including financial covenants. The financial covenants under the Fourth Loan Amendment include (i) a minimum cash covenant and (ii) a performance covenant as follows:

- (i) Minimum cash covenant - We must maintain a minimum cash balance of 20% of the outstanding principal balance at all times. The minimum cash balance may be increased to 35% or 50% under performance covenant (b) below if the performance covenants (a) or (c) are not met beginning September 30, 2024 and all times thereafter.
- (ii) Performance covenant - Beginning September 30, 2024 and all times thereafter we must satisfy any one of the following:
 - a. Market capitalization exceeding \$900 million;
 - b. Minimum cash balance exceeding (x) outstanding principal amount of term loans, multiplied by (y) (A) 50%, prior to achieving trailing three months net product revenue of greater than \$35 million, and (B) 35% thereafter; or
 - c. Trailing three months net product revenue of at least (x) 30% of agreed upon projected net revenues for periods in the calendar year 2024 and 25% for all periods thereafter or (y) \$120 million.

Upon the occurrence of an event of default, subject to any specified cure periods, all amounts owed by us may be declared immediately due and payable by Hercules, as collateral agent.

As of March 31, 2025, we were in compliance with all applicable covenants under the Loan Agreement. Based on the current revenue projections, we do not expect to meet the revenue threshold to draw the Fifth Tranche or Sixth Tranche. The current operating plan does not anticipate a need to draw any additional amounts under the Loan Agreement.

As collateral for the obligations, we granted Hercules a senior security interest in all of our right, title, and interest in, to and under substantially all of our property, inclusive of intellectual property.

In connection with the entry into the Loan Agreement, we issued to Hercules a warrant, or the Warrant, to purchase a number of shares of our common stock equal to 2.5% of the aggregate amount of the Term Loan advances funded, and will issue to Hercules additional warrants when future Term Loan advances are funded. On the Closing Date, we issued a Warrant for 74,782 shares of common stock. The Warrant is exercisable for a period of seven years from the date of issuance at a per-share exercise price equal to \$33.43, which was the closing price of our common stock on September 16, 2021. In connection with the entry into the Third Loan Amendment, we amended the form of warrants to be issued upon drawdowns of future tranches such that the exercise price of such warrants shall be equal to the lesser (i) of \$11.6783, which was the trailing ten-day VWAP prior to entering into the Third Loan Amendment and (ii) the trailing ten-day VWAP preceding the date on which we drawdown future tranches. In connection with the entry into the Fourth Amendment, we eliminated the warrant agreement for all future tranches. The Warrant issued with the initial tranche was not modified as part of this amendment. The exercise price and terms of the outstanding Warrant remain unchanged.

The initial \$1.3 million fair value of the Warrant, the \$11.5 million final interest payment fees and \$4.6 million of debt issuance costs have been recorded as debt discount and are being amortized to interest expense using the effective interest method over the term of the Term Loan.

Revenue Interest Financing Agreement

On May 3, 2022, we entered into a Revenue Interest Financing Agreement, or the Revenue Interest Financing Agreement, with entities managed or advised by NovaQuest Capital Management, or NQ, Sagard Holdings Manager LP, or Sagard, and Hercules, together with NQ and Sagard, or the Initial Investors, pursuant to which we could receive up to \$260 million in funding from the Initial Investors. Under the terms of the Revenue Interest Financing Agreement, we received \$100 million at the initial closing and received an additional \$160 million upon FDA approval of vonoprazan for treatment of Erosive GERD in the fourth quarter of 2023. Additionally, on October 31, 2022, we entered into a Joinder and Waiver Agreement with the Initial Investors and CO Finance LVS XXXVII LLC, or the Additional Investor, and Hercules in its capacity as administrative agent and collateral agent for itself and the lenders under that certain Loan Agreement, or the Joinder Agreement, in respect of the Revenue Interest Financing Agreement. Under the terms of the Joinder Agreement, we received \$15 million in additional funding upon FDA approval of vonoprazan for Erosive GERD, or Approval Additional Funding, in the fourth quarter of 2023 and provides for \$25 million in additional funding for achievement of a sales milestone, or Milestone Additional Funding, and, together with the Approval Additional Funding, or the Additional Investor Funding. The Initial Investors waived their right of first offer for any Additional Investor Funding. On December 23, 2024, CO Finance LVS XXXVII LLC agreed to assign and transfer to OC III LVS LX LP all of its rights, title and interest as an Additional Investor and in connection therewith, OC III LVS LX LP executed a Joinder Agreement. The total amount funded by the Initial Investors and any subsequent investors is referred to herein as the Investment Amount. As of March 31, 2025, no additional funding is available under the Revenue Interest Financing Agreement.

Under the Revenue Interest Financing Agreement, the Initial Investors and the Additional Investors, are entitled to receive a 10% royalty on net sales of products containing vonoprazan. The royalty rate is subject to a step-down on net sales exceeding certain annual thresholds and upon FDA approval for vonoprazan for an indication relating to the treatment of heartburn associated with Non-Erosive GERD, which occurred on July 17, 2024. The investors' right to receive royalties on net sales will terminate when the investors have aggregate payments equal to 200% of the Investment Amount. In addition, at any time after April 30, 2024, we have the right to make a cap payment equal to 200% of the Investment Amount less any royalties already paid, at which time the agreement will terminate.

If the investors have not received aggregate payments of at least 100% of the Investment Amount by December 31, 2028, and at least 200% of the Investment Amount by December 31, 2037, each a Minimum Amount, then we will be obligated to make a cash payment to the investors in an amount sufficient to gross the investors up to the applicable Minimum Amount.

Upon the occurrence of an event of default taking place prior to April 1, 2025, between April 1, 2025 and April 1, 2028, and after April 1, 2028, we are obligated to pay 1.30 times Investment Amount, 1.65 times Investment Amount, and 2.0 times investment amount, respectively, less any amounts we previously paid pursuant to the agreement.

At-the-Market Offerings

In November 2020, we entered into an Open Market Sale AgreementSM, or the Sales Agreement, with Jefferies LLC, or the Sales Agent, under which we may, from time to time, sell shares of our common stock having an aggregate offering price of up to an amount registered under an effective registration statement through the Sales Agent.

In November 2023, we filed a shelf registration statement on Form S-3 which was declared effective by the SEC on November 17, 2023, which included an at-the-market prospectus pursuant to which we may, from time to time, sell up to an aggregate of \$150 million of our common stock through the Sales Agent, or the 2023 ATM Offering. We are not obligated to, and we cannot provide any assurances that we will, make any sales of the shares under the Sales Agreement. The Sales Agreement may be terminated by the Sales Agent or us at any time. No shares were sold during the three months ended March 31, 2025 and 2024. As of March 31, 2025, all of the available \$150 million under the 2023 ATM Offering remains available.

Underwritten Public Offerings

On August 20, 2024, we completed an underwritten public offering, in which we sold 8,695,652 shares of our common stock at a price of \$11.50 per share and pre-funded warrants to purchase 2,608,922 shares of our common stock at a price of \$11.499 per pre-funded warrant for total gross proceeds of \$130.0 million. The net purchase price after deducting the underwriting discounts and commissions and other offering expenses, was \$10.77 per share or net proceeds of \$121.8 million.

Funding Requirements

Based on our current operating plan, we believe that our existing cash and cash equivalents together with anticipated product revenues, are sufficient to fund operations for at least the next twelve months. However, our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties and actual results could vary materially. We have based this estimate on assumptions that may prove to be inaccurate, and we could deplete our capital resources sooner than we expect based on the amount and timing of product sales and operating expenses, among other factors. Additionally, the process of testing product candidates in clinical trials is costly, and the timing of progress and expenses in these trials is uncertain.

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

- our ability to realize the benefits of our organizational changes and restructuring plan;
- our ability to achieve sufficient market acceptance, coverage and adequate reimbursement from third-party payers and adequate market share and revenue for any approved products;
- the costs of sales and marketing activities in support of the commercial launch of VOQUEZNA, VOQUEZNA TRIPLE PAK, and VOQUEZNA DUAL PAK, or any future product candidate;
- patients' willingness to pay out-of-pocket for any approved products in the absence of coverage and/or adequate reimbursement from third-party payers;
- the costs and timing of manufacturing for vonoprazan and supply of antibiotics for use in VOQUEZNA TRIPLE PAK and VOQUEZNA DUAL PAK or any future product candidates;
- the initiation, type, number, scope, results, costs and timing of our clinical trials of vonoprazan, and preclinical studies or clinical trials of other potential product candidates we may choose to pursue in the future, including feedback received from regulatory authorities;
- the costs, timing and outcome of regulatory review of future vonoprazan applications or such applications for any future product candidates;
- the costs of obtaining, maintaining and enforcing our patents and other intellectual property rights;
- the costs associated with hiring additional personnel and consultants as our business grows and enhancing our operational systems;
- the timing and amount of the milestone or other payments we must make to Takeda and any future licensors;
- the terms and timing of establishing and maintaining collaborations, licenses and other similar arrangements; and
- costs associated with any products or technologies that we may in-license or acquire.

Until such time, if ever, as we can generate substantial product revenues to support our cost structure, we expect to finance our cash needs through equity offerings, the Revenue Interest Financing Agreement, debt financings, potentially the Loan Agreement or other capital sources, including potential collaborations, licenses and other similar arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders will be or could be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common stockholders. Debt financing and equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise funds through collaborations, or other similar arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us and/or may reduce the value of our common stock. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market our product candidates even if we would otherwise prefer to develop and market such product candidates ourselves.

Including our existing cash and cash equivalents, we believe that we have sufficient working capital on hand to fund operations such that there is no substantial doubt as to our ability to continue as a going concern at the date the financial statements were issued. There can be no assurance that we will be successful in acquiring additional funding, that our projections of future working capital needs will prove accurate, or that any additional funding would be sufficient to continue operations in future years. Based on our current operating plan, we believe that our existing cash and cash equivalents together with anticipated product revenues, are sufficient to fund operations for at least the next twelve months.

Cash Flows

The following table sets forth a summary of the net cash flow activity for each of the periods indicated (in thousands):

	Three Months Ended		Change
	March 31,		
	2025	2024	
Net cash provided by (used in):			
Operating activities	\$ (84,930)	\$ (69,020)	\$ (15,910)
Investing activities	(18)	(40)	22
Financing activities	—	9,900	(9,900)
Net decrease in cash	<u>\$ (84,948)</u>	<u>\$ (59,160)</u>	<u>\$ (25,788)</u>

Operating Activities

Net cash used in operating activities was approximately \$84.9 million and \$69.0 million for the three months ended March 31, 2025 and 2024, respectively. The net cash used in operating activities for the three months ended March 31, 2025 was due to approximately \$76.0 million spent on ongoing research and development and selling, general and administrative activities and a \$8.9 million net change in operating assets and liabilities. The net change in operating assets and liabilities primarily is related to a \$6.8 million decrease in accounts payable and accrued expenses (including interest, operating lease assets and liabilities), and a \$2.1 million net decrease in accounts receivable, inventory, and prepaid assets and other current assets. The net cash used in operating activities for the three months ended March 31, 2024 was due to approximately \$61.9 million spent on ongoing research and development and selling, general and administrative activities and a \$7.1 million net change in operating assets and liabilities. The net change in operating assets and liabilities primarily related to a \$4.8 million decrease in accounts payable and accrued expenses (including interest, operating lease assets and liabilities), and a \$2.3 million net increase in accounts receivable, inventory, and prepaid assets and other current assets in support of our growth and launch of our first commercial products.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2025 and 2024, was related to payments for acquiring property and equipment.

Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2024 was \$9.9 million related to net proceeds from the issuance of debt under our Hercules Loan Agreement.

Contractual Obligations and Commitments

There were no material changes outside the ordinary course of our business during the three months ended March 31, 2025 to the information regarding our contractual obligations that was disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our 2024 Form 10-K.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States, or GAAP. The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in our financial statements and accompanying notes. We evaluate these estimates and judgments on an ongoing basis. We base our estimates on historical

experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

For a description of our critical accounting policies, please see the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Significant Judgments and Estimates” contained in our 2024 Form 10-K. There have not been any material changes to the critical accounting policies discussed therein during the three months ended March 31, 2025.

Other Company Information

Smaller Reporting Company Status

We are a smaller reporting company as defined in Rule 12b-2 of the Exchange Act. We may take advantage of certain of the scaled disclosures available to smaller reporting companies and will be able to take advantage of these scaled disclosures for so long as (i) our voting and non-voting common stock held by non-affiliates is less than \$250 million measured on the last business day of our second fiscal quarter or (ii) our annual revenue is less than \$100 million during the most recently completed fiscal year and our voting and non-voting common stock held by non-affiliates is less than \$700 million measured on the last business day of our second fiscal quarter.

Recent Accounting Pronouncements

The information required by this item is included in Note 1, Organization, Basis of Presentation and Summary of Significant Accounting Policies included in Part 1, Item 1 of this quarterly report.

Off-Balance Sheet Arrangements

During the periods presented we did not have, nor do we currently have, any off-balance sheet arrangements as defined under SEC rules.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of March 31, 2025, there have been no material changes surrounding our market risk, including interest rate risk, foreign currency exchange risk, and inflation risk, from the discussion provided in “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Quantitative and Qualitative Disclosures About Market Risk” of our 2024 Form 10-K.

Item 4. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic and current reports that we file with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, 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 disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable and not absolute assurance of achieving the desired control objectives. In reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. In addition, the design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this quarterly report. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during our first fiscal quarter ended March 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently subject to any material legal proceedings. From time to time, we may be involved in legal proceedings or subject to claims incident to the ordinary course of business. Regardless of the outcome, such proceedings or claims can have an adverse impact on us because of defense and settlement costs, diversion of resources and other factors, and there can be no assurances that favorable outcomes will be obtained.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in Part I, Item 1A, "Risk Factors" of our 2024 Form 10-K, other than as set forth below.

Our future growth and ability to compete depends on retaining our key personnel and recruiting additional qualified personnel.

We are highly dependent on the management, commercial, development, clinical, and financial experience of our senior management. Although we have entered into employment agreements with our executive officers, each of them may terminate their employment with us at any time. We do not maintain "key person" insurance for any of our executives or employees. This lack of insurance means that we may not have adequate compensation for the loss of the services of these individuals. For example, effective April 1, 2025, Steven Basta was appointed as our President and Chief Executive Officer, replacing Terrie Curran. In addition, effective April 30, 2025, Azmi Nabulsi, M.D., our Chief Operating Officer, Molly Henderson, our Chief Financial Officer, Martin Gilligan, our Chief Commercial Officer, and Tom Harris, our Chief Development Sciences Officer resigned as officers and we announced that Jonathan Bentley will join us as our Senior Vice President, Head of Sales. Executive leadership transitions can be inherently difficult to manage and, as a result, we may experience disruption or have difficulty in managing our operations and achieving our business objectives. Competition for qualified personnel in the biopharmaceutical field is intense, and our future success depends upon our ability to attract, retain and motivate highly skilled commercial, scientific, technical and managerial employees. We face competition for personnel from other biopharmaceutical companies and other organizations. If our recruitment and retention efforts are unsuccessful in the future, it may be difficult for us to implement business strategy, which could harm our business. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating and implementing our development and commercialization strategy. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. If we are unable to continue to attract, retain and motivate necessary personnel to accomplish our business objectives, we may experience constraints that will significantly impede achievement of our commercial and development objectives, our ability to raise additional capital and our ability to implement our business strategy.

We currently rely on, and expect to rely on for the foreseeable future, Evonik and Catalent for the manufacture of vonoprazan drug substance and drug product for clinical development and commercial sale, and we expect to rely on Sandoz for commercial supplies of VOQUEZNA TRIPLE PAK and VOQUEZNA DUAL PAK and the amoxicillin and clarithromycin in those products. This reliance on third parties increases the risk that we will not have sufficient quantities of finished product which could delay, prevent or impair our development or commercialization efforts.

We do not own or operate manufacturing facilities and have no plans to build our own clinical or commercial scale manufacturing capabilities. We have entered into an agreement with Catalent for the supply of finished drug product, an agreement with Evonik for the supply of drug substance, and an agreement with Sandoz for commercial supply of amoxicillin, clarithromycin and finished convenience packs containing VOQUEZNA and one or both of those antibiotics. As a result, we currently rely, and expect to continue to rely, on third parties for the manufacture of vonoprazan and supply of related raw materials for clinical development and commercial sale. If Catalent, Evonik or Sandoz fails to fulfill its obligations under its respective supply agreement, or if any of the vonoprazan drug product or drug substance supplied by Catalent or Evonik cannot be utilized due to quality or cGMP or similar concerns, adverse findings during regulatory inspections or other reasons, our development plans and commercialization of vonoprazan, if approved, could be significantly delayed or otherwise adversely affected. We have been informed by Sandoz of a potential disruption in the supply of clarithromycin tablets, a component of VOQUEZNA TRIPLE PAK. While we have not experienced any disruptions in supply to date, any disruption for such supply would result in our inability to continue to commercialize the VOQUEZNA TRIPLE PAK.

Further, the facilities used by Catalent and Evonik to manufacture vonoprazan and by Sandoz to manufacture amoxicillin and clarithromycin and to package the antibiotics and vonoprazan must be approved by the FDA and foreign regulatory authority

pursuant to inspections that may be conducted after we submit marketing authorizations to the FDA and comparable foreign regulatory authorities. We do not control the manufacturing process of, and are completely dependent on, Catalent, Evonik and Sandoz for compliance with applicable cGMP or similar requirements. If Catalent, Evonik, Sandoz, or any other third-party manufacturer we contract with in the future, cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or others, including requirements related to the manufacturing of high potency compounds, they will not be able to secure and/or maintain regulatory approval for their manufacturing facilities. In addition, we have no control over Catalent's, Evonik's, Sandoz's, or any other third-party manufacturer's ability to maintain adequate quality control, quality assurance and qualified personnel. If the FDA or a comparable foreign regulatory authority does not approve of facilities of the third-party manufacturer for the manufacture of vonoprazan or if it withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to continue to develop, obtain additional regulatory approvals for or continue to market our current products.

Our failure, or Catalent's, Evonik's, Sandoz's or any other third-party manufacturer's failure, to comply with applicable regulations could result in sanctions being imposed on us, including clinical holds, fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, seizures or recalls of product candidates or products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our products.

Our or Catalent's, Evonik's or Sandoz's failure, or the failure of any future third-party manufacturer, to execute on our manufacturing requirements, to do so on commercially reasonable terms and comply with cGMP or similar foreign requirements, could adversely affect our business in a number of ways, including:

- an inability to initiate and continue clinical trials of vonoprazan or any future product candidates;
- delay in submitting regulatory applications, or receiving marketing approvals for new indications for vonoprazan or for any future product candidates;
- subjecting third-party manufacturing facilities or our manufacturing facilities to additional inspections by regulatory authorities;
- requirements to cease development or to recall batches of our current products and any future product candidates; and
- an inability to meet commercial demands for our current products or any future product candidates.

Reliance on third-party manufacturers entails additional risks, including:

- failure of third-party manufacturers to comply with regulatory requirements and maintain quality assurance;
- breach of the manufacturing agreement by the third party;
- failure to manufacture our product according to our specifications;
- failure to manufacture our product according to our schedule or at all;
- misappropriation of our proprietary information, including our trade secrets and know-how; and
- termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for us.

Our current products, including VOQUEZNA, and any product candidates that we may develop, may compete with other product candidates and products for access to manufacturing facilities. Moreover, there may be a limited number of manufacturers that operate under cGMP or similar regulations and that might be capable of manufacturing for us.

Any performance failure on the part of Catalent, Evonik, Sandoz or any future manufacturers could delay clinical development or additional marketing approvals, and any related remedial measures may be costly or time consuming to implement. We do not currently have arrangements in place for redundant supply or a second source for all required raw materials used in the manufacture of our current products. If Catalent, Evonik, or Sandoz cannot perform as agreed, we may be required to replace them

and we may be unable to replace them on a timely basis or at all. Further, Catalent, Evonik, Sandoz and any other third-party manufacturers we may use may experience manufacturing or shipping difficulties due to resource constraints or as a result of natural disasters, labor disputes, unstable political environments, or public health emergencies or ongoing hostilities in the Ukraine and the Middle East. If Catalent, Evonik, Sandoz or other third-party manufacturers were to encounter any manufacturing or shipping difficulties or delays due to these factors, our ability to provide vonoprazan to patients in clinical trials, or to provide product for treatment of patients if approved, would be jeopardized.

Our current and anticipated future dependence upon others for the manufacture of our current products or any future product candidates or products may adversely affect our future profit margins and our ability to commercialize any products that receive marketing approval on a timely and competitive basis.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

None.

Issuer Repurchases of Equity Securities

None.

Item 3. Defaults Upon Senior Securities

Not Applicable.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

The information set forth below is included herein for the purpose of providing the disclosure required under “Item 2.05 Costs Associated with Exit or Disposal Activities.” and “Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.” of Form 8-K.

On April 29, 2025, our board of directors (the “Board”) approved a restructuring to reduce cash burn and focus on commercial execution. We have decided to reduce investment in direct-to-consumer promotion and will suspend, defer, or slow several clinical and product development programs, including deferring the start of the Phase 2 eosinophilic esophagitis (EoE) trial.

In connection with this restructuring, we expect to reduce our workforce by 28 employees, or approximately 6%. We expect to incur one-time costs of approximately \$7 million to \$10 million in connection with the workforce reduction. The majority of these expenses will be recognized in the second quarter of 2025. These costs consist primarily of cash expenditures related to one-time termination benefits (some of which are contractual), including severance, healthcare and related benefits, and other estimated non-cash expense. We estimate that the workforce reduction will be substantially completed in the second quarter of 2025. The estimate of costs that we expect to incur and the timing thereof are subject to a number of assumptions, and actual results may differ materially. We may also incur additional costs not currently contemplated due to events that may occur as a result of, or that are associated with, the actions described above.

In addition, as part of the restructuring, we announced certain leadership changes. Azmi Nabulsi, M.D., our Chief Operating Officer and Molly Henderson, our Chief Financial Officer, ceased serving in these positions at the company, effective April 30, 2025, and will continue as non-executive employees through May 16, 2025. Effective May 1, 2025, we designated Robert Breedlove, our Vice President of Finance, as our principal financial officer and principal accounting officer for purposes of financial reporting under the Securities Exchange Act of 1934, as amended, replacing Ms. Henderson in such roles.

Robert Breedlove, 33, has served as our Vice President of Finance since October 2021. From March 2019 to October 2021, Mr. Breedlove served as Senior Manager at van den Boom & Associates, an accounting consulting firm. He worked for NeoGenomics, Inc. from October 2017 to March 2019 as Manager of Financial Reporting and Compliance. Mr. Breedlove began his career at Ernst &

Young where he served in roles of increasing responsibilities from 2012 to 2017. Mr. Breedlove is a Certified Public Account and received his B.A. and M.A. in accountancy from the University of San Diego.

In connection with their separations, we expect to enter into transition agreements with each of Dr. Nabulsi and Ms. Henderson wherein we will provide them with the severance benefits payable under their employment agreements, as well as an extension of the post-termination exercise period of their vested stock options. The separation agreements will include a release of claims in favor of the company and the severance benefits will be subject to their continued compliance with post-termination restrictive covenants.

Director and Officer Trading Arrangements:

Rule 10b5-1 Trading Plans

From time to time, our officers (as defined in Rule 16a-1(f) of the Exchange Act) and directors may enter into Rule 10b5-1 or non-Rule 10b5-1 trading arrangements (as each such term is defined in Item 408 of Regulation S-K). During the three months ended March 31, 2025, none of our officers or directors adopted, modified or terminated any such trading arrangements.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
3.1	Amended and Restated Certificate of Incorporation	8-K	10/29/19	3.1	
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation, as filed with the Secretary of the State of Delaware on May 26, 2023	8-K	5/30/23	3.1	
3.3	Amended and Restated Bylaws, effective as of December 13, 2023	8-K	12/15/23	3.1	
4.1	Form of Common Stock Certificate	S-1/A	10/15/19	4.1	
4.2	Warrant to purchase stock issued to Silicon Valley Bank, dated May 14, 2019	S-1	9/30/19	4.3	
4.3	Warrant to purchase stock issued to WestRiver Innovation Lending Fund VIII, L.P., dated May 14, 2019	S-1	9/30/19	4.4	
4.4	Warrant to purchase stock issued to Hercules Capital, dated September 17, 2021	10-Q	11/8/21	10.2	
4.5	First Amendment to Warrant to purchase stock issued to Hercules Capital, dated May 9, 2023	10-Q	5/10/23	4.5	
4.6	Form of Warrant to purchase stock issuable pursuant to the Loan and Security Agreement, as amended, by and between the Registrant and Hercules Capital, Inc.	10-Q	5/10/23	4.6	
4.7	Note Purchase Agreement, dated May 7, 2019, by and among the Registrant and the other parties party thereto, as amended	S-1/A	10/15/19	4.5	
4.8	Form of Pre-Funded Warrant to purchase common stock	8-K	8/19/24	4.1	
10.1#	Employment Letter Agreement, dated March 31, 2025, by and between Steven Basta and the Registrant				X
10.2#	Separation Agreement, dated April 2, 2025, by and between Terrie Curran and the Registrant				X
10.3#	Phathom Pharmaceuticals, Inc. 2025 Employment Inducement Incentive Award Plan and related forms of stock option, restricted stock unit and performance stock unit agreements thereunder	S-8	4/3/2025	10.1	
31.1	Certification of Chief Executive Officer of Phathom Pharmaceuticals, Inc., as required by Rule 13a-14(a) or Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of Chief Financial Officer of Phathom Pharmaceuticals, Inc., as required by Rule 13a-14(a) or Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1*	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
32.2*	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X

101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document	X
101.SCH	Inline XBRL Taxonomy Extension Schema Document	X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)	

* This certification is deemed not filed for purpose of section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

Indicates management contract or compensatory plan.

† Portions of this exhibit have been omitted for confidentiality purposes.

SIGNATURES

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

PHATHOM PHARMACEUTICALS, INC.

Date: May 1, 2025

By: /s/ Steven Basta
Steven Basta
Chief Executive Officer and Director
(Principal Executive Officer)

Date: May 1, 2025

By: /s/ Robert Breedlove
Robert Breedlove
Vice President of Finance
(Principal Financial and Accounting Officer)

March 31, 2025

Steve Basta

Re: Employment Offer Letter

Dear Steve:

Phathom Pharmaceuticals, Inc. (the “*Company*”) is pleased to offer you a position on the terms set forth in this letter (this “*Agreement*”).

- **EMPLOYMENT TERMS.**

- o **DUTIES; LOCATION.** Following the Start Date (as defined below), you shall serve and shall perform such duties as are customarily associated with the position of President and Chief Executive Officer and you shall report to the Board of Directors of the Company (the “*Board*”). You shall perform your services on a full-time basis. During your first year of employment, the Board expects that you will perform your duties on-site at the Company’s headquarters in Florham Park, New Jersey or on-site at another Company location, or at such other locations as may be required for business-related travel, for at least 50% of each of no less than three weeks of each month. Following your first year of employment, the Board acknowledges that you will work remotely from your home office and from Company locations, but expects that you will continue to spend a significant amount of time on-site at the Company’s headquarters in Florham Park, New Jersey, on-site at another Company location, or at such other locations as may be required for business-related travel, as mutually agreed upon by you and the Board. This is an exempt position.
- o **EXCLUSIVE SERVICES.** During the term of your employment, you shall devote your full working time and attention to the business affairs of the Company. Subject to the terms of the Company’s form of Proprietary Information and Inventions Assignment Agreement, as described below, this shall not preclude you from (a) serving on the board of DermBiont, Inc. and VYNE Therapeutics Inc., (b) devoting time to personal and family investments, (c) participating in industry associations, or (d) serving on community and civic boards, provided such activities do not interfere with your duties to the Company, as determined in good faith by the Board. You agree that you will not join any other boards, other than community and civic boards (which do not interfere with your duties to the Company), without the prior approval of the Board, which approval shall not be unreasonably withheld, and that you shall be limited to service on two (2) outside boards, other than community and civic boards.
- o **START DATE.** We expect that your employment start date (the “*Start Date*”) will occur on April 1, 2025.

- **BOARD SERVICE.** On your Start Date, you will be appointed to the Board, to serve until your resignation or removal in accordance with the organizational documents of the Company.

- **EMPLOYMENT COMPENSATION.** Your initial compensation will be as follows:
 - o **BASE SALARY.** You will receive an initial annual base salary of \$700,000. You will be paid in accordance with the Company’s customary payroll procedures as established and modified from time-to-time. Your base salary is subject to annual review for increases by and at the sole discretion of the Board or its designated committee.
 - o **ANNUAL BONUS.** In addition to your base salary, you may be eligible to earn, for each fiscal year of the Company during the term of your employment with the Company, an annual cash performance bonus under the Company’s bonus plan, as approved from time to time by the Board. Your target annual bonus will be seventy percent (70%) of your base salary actually paid for the year to which such annual bonus relates (your “**Target Bonus**”). Your actual annual bonus will be determined on the basis of your and/or the Company’s attainment of financial or other performance criteria established by the Board or its designated committee in accordance with the terms and conditions of such bonus plan. Except as provided herein, you must be employed by the Company on the date of payment of such annual bonus in order to be eligible to receive such annual bonus. You hereby acknowledge and agree that nothing contained herein confers upon you any right to an annual bonus in any year, and that whether the Company pays you an annual bonus and the amount of any such annual bonus will be determined by the Company in its sole discretion. Your annual bonus for 2025 will be prorated to reflect the portion of the year following the Start Date.
 - o **BENEFITS.** You shall be eligible to participate in all of the employee benefit plans or programs the Company generally makes available to similarly-situated employees, pursuant to the terms and conditions of such plans. You will also be entitled to vacation and/or paid time off each year in accordance with Company policy and all holidays observed by the Company each year. The Company reserves the right to change compensation and benefits provided to its employees from time to time in its discretion.
 - o **STOCK OPTIONS.** As soon as practicable following your Start Date, you will be granted stock options to purchase 1,085,000 shares of the Company’s common stock, at an exercise price per share equal to the fair market value per share of the Company’s common stock on the date of grant (the “**Initial Stock Options**”). The Initial Stock Options will vest over a four year vesting schedule, with twenty-five percent (25%) of the Initial Stock Options vesting on the first anniversary of the Start Date and the remaining Initial Stock Options vesting in thirty-six (36) equal monthly installments thereafter, subject to your continued employment or service to the Company on each such vesting date. The Initial Stock Options will be granted pursuant to the Company’s 2025 Employment Inducement Incentive Award Plan (the “**Inducement Plan**”), and will be subject to the terms and conditions of the Inducement Plan and your award agreement.
 - o **STOCK PRICE HURDLE PSUs.** As soon as practicable following your Start Date, you will be granted 360,000 performance stock units (at “target” performance levels, which shall also represent the maximum achievement level), the vesting of which will be tied to the achievement of stock price hurdles and service-based vesting requirements over a four-year period (the “**Stock Price Hurdle PSUs**”).

Each Stock Price Hurdle PSU represents the right to receive one share of the Company's common stock. The Stock Price Hurdle PSUs will be granted pursuant to the Inducement Plan and will be subject to the terms and conditions of the Inducement Plan and your award agreement.

- o **REVENUE PSUs.** As soon as practicable following your Start Date, you will be granted 180,000 performance stock units (at "target" performance levels, with up to 200% of the "target" award eligible to vest at "maximum" levels), the vesting of which will be tied to the achievement of revenue targets and service-based vesting over a three-year performance period ending December 31, 2027 consistent with the terms of the similar awards granted to the executive officers of the Company in February 2025 (the "**Revenue PSUs**"). Each Revenue PSU represents the right to receive one share of the Company's common stock. The Revenue PSUs will be granted pursuant to the Inducement Plan and will be subject to the terms and conditions of the Inducement Plan and your award agreement.
- o **WITHHOLDING.** All amounts payable to you will be subject to appropriate payroll deductions and withholdings.

- **EXPENSES.** You will be entitled to reimbursement for all ordinary and reasonable out-of-pocket business expenses which are reasonably incurred by you in furtherance of the Company's business, with appropriate documentation and in accordance with the Company's standard policies.

- **TERMINATION OF EMPLOYMENT; SEVERANCE.**

- o **AT-WILL EMPLOYMENT.** Your employment with the Company will be "at-will" at all times, meaning that either you or the Company will be entitled to terminate your employment at any time and for any reason, with or without Cause (as defined below). Any contrary representations that may have been made to you are superseded by this Agreement. This Agreement in no way represents a fixed-term employment contract. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Company.
- o **OBLIGATIONS UPON TERMINATION.** Upon termination of your employment for any reason, unless otherwise specified in a written agreement between you and the Company, you shall be deemed to have resigned from all offices, directorships, and other employment positions, if any, then held with or on behalf of the Company or its affiliates, including your position on the Board, and shall take all actions reasonably requested by the Company to effectuate the foregoing. In addition, in the event of your termination of employment for any reason, the Company shall have the right, at its option, to require you to vacate your offices prior to or on the effective date of termination and to cease all activities on the Company's behalf.
- o **ACCRUED OBLIGATIONS.** If your employment terminates for any reason, you are entitled to your fully earned but unpaid base salary, through the date such termination is effective at the rate then in effect, and all other amounts or benefits

to which you are entitled under any compensation, retirement or benefit plan of the Company at the time of your termination of employment in accordance with the terms of such plans, including, without limitation, any accrued but unpaid paid time off and any continuation of benefits required by applicable law (the “*Accrued Obligations*”).

o **NON-CIC SEVERANCE BENEFITS.** In addition to your Accrued Obligations, subject to your continued compliance with the Proprietary Information and Inventions Assignment Agreement, as described below, and the effectiveness of your Release (as defined below), if your employment is involuntarily terminated by the Company without Cause (and other than by reason of your death or Disability (as defined below)) or you resign for Good Reason (as defined below) (either such termination, a “*Qualifying Termination*”), and such Qualifying Termination does not occur during the Change in Control Period (as defined below), you shall be entitled to receive, as the sole severance benefits to which you are entitled, the benefits provided below (the “*Non-CIC Severance Benefits*”):

- An amount equal to 15 months’ base salary (at the rate in effect immediately prior to the date of your termination of employment, or in the case of a material diminution in your base salary which would give rise to Good Reason for your resignation, the base salary in effect prior to such material diminution), which amount will be paid over a period of 15 months following your termination of employment in accordance with the Company’s standard payroll practices, with the first such installment occurring on the first regularly-scheduled payroll date following the date your Release becomes effective (which first installment will include any installments that would have occurred prior to such date but for the fact your Release was not yet effective);
- An amount equal to your Target Bonus for the calendar year in which your termination date occurs (at the rate in effect immediately prior to the date of your termination of employment, or in the case of a material diminution in your Target Bonus which would give rise to Good Reason for your resignation, the Target Bonus in effect prior to such material diminution), which amount will be paid in a lump sum on the first regularly-scheduled payroll date following the date your Release becomes effective, but in no event more than 75 days following your termination date;
- An amount equal to any unpaid annual bonus for the calendar year prior to the year in which your Qualifying Termination occurs, to the extent you are entitled to such bonus and if such bonus has not already been paid, which amount will be paid in a lump sum on the first regularly-scheduled payroll date following the date your Release becomes effective, but in no event more than 75 days following your termination date;
- For the 15 month period beginning on the date of your termination of employment (or, if earlier, (a) the date on which the applicable continuation period under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“*COBRA*”) expires, or (b) the date on which you become eligible to receive the equivalent or increased healthcare coverage by means of subsequent employment or

self-employment) (such period, the “*COBRA Coverage Period*”), if you and/or your eligible dependents who were covered under the Company’s health insurance plans as of the date of your termination of employment elect to have COBRA coverage and are eligible for such coverage, the Company shall pay for or reimburse you on a monthly basis for an amount equal to the monthly premium you and/or your covered dependents, as applicable, are required to pay for continuation coverage pursuant to COBRA for you and/or your eligible dependents, as applicable, who were covered under the Company’s health plans as of the date of your termination of employment (calculated by reference to the premium as of the date of your termination of employment). If any of the Company’s health benefits are self-funded as of the date of your termination of employment, or if the Company cannot provide the foregoing benefits in a manner that is exempt from Section 409A of the Internal Revenue Code of 1986, as amended (the “*Code*”), or that is otherwise compliant with applicable law (including, without limitation, Section 2716 of the Public Health Service Act), instead of providing the payments or reimbursements as set forth above, the Company shall instead pay to you the foregoing monthly amount as a taxable monthly payment for the COBRA Coverage Period (or any remaining portion thereof). You shall be solely responsible for all matters relating to continuation of coverage pursuant to COBRA, including, without limitation, the election of such coverage and the timely payment of premiums. You shall notify the Company immediately if you become eligible to receive the equivalent or increased healthcare coverage by means of subsequent employment or self-employment; and

- Notwithstanding anything else set forth herein, in the Company’s Equity Plans (as defined below) or in any agreement evidencing the Initial Stock Options, such portion of the Initial Stock Options as would have vested during the 15 months following your date of termination had you remained employed by the Company during such period will vest on the effective date of your Release. In addition, all of your vested Initial Stock Options as of your date of termination (after giving effect to any accelerated vesting pursuant to this paragraph) may be exercised by you until the date that is 15 months following your date of termination.

Your outstanding Stock Awards (as defined below) granted under the Company’s Equity Plans that are subject in whole or in part to performance-based vesting conditions will be governed by the terms of the applicable Stock Award agreement and the Equity Plan under which such Stock Awards were granted. The foregoing provisions are hereby deemed to be a part of your Initial Stock Options and to supersede any less favorable provision in any Stock Award agreement or Equity Plan regarding such Initial Stock Options. Notwithstanding the foregoing, in the event the Stock Award agreement or the Equity Plan pursuant to which your Initial Stock Options were granted provides for more favorable treatment of such Initial Stock Options upon a Qualifying Termination, nothing in this Agreement is intended to limit your right to such more favorable treatment as provided in such Stock Award agreement or Equity Plan.

- o **CIC SEVERANCE BENEFITS.** In addition to your Accrued Obligations, subject to your continued compliance with the Proprietary Information and Inventions Assignment Agreement, as described below, and the effectiveness of your Release, if your Qualifying Termination occurs during the Change in Control Period, you shall be entitled to receive, as the sole severance benefits to which you are entitled and in lieu of any Non-CIC Severance Benefits, the benefits provided below (the “*CIC Severance Benefits*”) (and for the avoidance of doubt: (a) in no event will you be entitled to both the Non-CIC Severance Benefits and the CIC Severance Benefits, and (b) if the Company has commenced providing the Non-CIC Severance Benefits to you prior to the date that you become eligible to receive the CIC Severance Benefits, the Non-CIC Severance Benefits previously provided to you shall reduce the CIC Severance Benefits provided below by the amount of such Non-CIC Severance Benefits already provided to you):
- An amount equal to 24 months’ base salary (at the rate in effect immediately prior to the date of your termination of employment, or in the case of a material diminution in your base salary which would give rise to Good Reason for your resignation, the base salary in effect prior to such material diminution), which amount will be paid over a period of 24 months following your termination of employment in accordance with the Company's standard payroll practices, with the first such installment occurring on the first regularly-scheduled payroll date following the date your Release becomes effective (which first installment will include any installments that would have occurred prior to such date but for the fact your Release was not yet effective);
 - An amount equal to 2 times your Target Bonus for the calendar year in which your termination date occurs (at the rate in effect immediately prior to the date of your termination of employment, or in the case of a material diminution in your Target Bonus which would give rise to Good Reason for your resignation, the Target Bonus in effect prior to such material diminution), which amount will be paid as follows: (a) an amount equal to your Target Bonus for the calendar year in which your termination date occurs will be paid in a lump sum on the first regularly-scheduled payroll date following the date your Release becomes effective, but in no event more than 75 days following your termination date and (b) an amount equal to your Target Bonus for the calendar year in which your termination date occurs will be paid on the first regularly-scheduled payroll date following the later of (i) the date your Release becomes effective or (ii) the date of the Change in Control;
 - An amount equal to any unpaid annual bonus for the calendar year prior to the year in which your Qualifying Termination occurs, to the extent you are entitled to such bonus and if such bonus has not already been paid, which amount(s) will be paid on the first regularly-scheduled payroll date following the later of (a) the date your Release becomes effective, but in no event more than 75 days following your termination date, or (b) the date of the Change in Control;
 - An amount equal to (a) the monthly premium you and/or your covered dependents, as applicable, are required to pay for continuation coverage

pursuant to COBRA for you and/or your eligible dependents, as applicable, who were covered under the Company's health plans as of the date of your termination of employment (calculated by reference to the premium as of the date of your termination of employment), multiplied by (b) 24 (less, in the case of your Qualifying Termination prior to a Change in Control but during the Change in Control Period, any number of months for which COBRA coverage was previously provided as a result of such termination at Company's expense), paid in a lump sum on the first regularly-scheduled payroll date following the later of (i) the date your Release becomes effective, but in no event more than 75 days following your termination date, or (ii) the date of the Change in Control; and

- Notwithstanding anything else set forth herein, in the Company's Equity Plans or in any agreement evidencing a Stock Award, any unvested Stock Awards then held by you (including the Initial Stock Options) that are subject solely to time-based vesting conditions will vest on the later of (i) the effective date of your Release or (ii) the date of the Change in Control. In addition, all of your vested Initial Stock Options (after giving effect to any accelerated vesting pursuant to this paragraph) may be exercised by you until the date that is 15 months following your date of termination.

Your outstanding Stock Awards granted under the Company's Equity Plans that are subject in whole or in part to performance-based vesting conditions will be governed by the terms of the applicable Stock Award agreement and the Equity Plan under which such Stock Awards were granted. The foregoing provisions are hereby deemed to be a part of each Stock Award and to supersede any less favorable provision in any Stock Award agreement or Equity Plan regarding such Stock Award. Notwithstanding the foregoing, in the event the Stock Award agreement or the Equity Plan pursuant to which your Stock Awards were granted provides for more favorable treatment of Stock Awards upon a Change in Control or a Qualifying Termination, nothing in this Agreement is intended to limit your right to such more favorable treatment as provided in such Stock Award agreement or Equity Plan.

- o **DEATH AND DISABILITY BENEFITS.** In addition to your Accrued Obligations, if your employment terminates by reason of your death or Disability, notwithstanding anything else set forth herein, in the Company's Equity Plans or in any agreement evidencing a Stock Award, all unvested Stock Awards then held by you that are subject solely to time-based vesting conditions will vest on the date of your termination of employment. Your outstanding Stock Awards granted under the Company's Equity Plans that are subject in whole or in part to performance-based vesting conditions will be governed by the terms of the applicable Stock Award agreement and the Equity Plan under which such Stock Awards were granted. The foregoing provisions are hereby deemed to be a part of each Stock Award and to supersede any less favorable provision in any Stock Award agreement or Equity Plan regarding such Stock Award. Notwithstanding the foregoing, in the event the Stock Award agreement or the Equity Plan pursuant to which your Stock Awards were granted provides for more favorable treatment of Stock Awards upon a Change in Control or a Qualifying Termination, nothing in

this Agreement is intended to limit your right to such more favorable treatment as provided in such Stock Award agreement or Equity Plan.

- o **RELEASE.** As a condition to your receipt of any post-termination payments and benefits pursuant to the preceding paragraphs (other than in the case of your death), you shall execute and not revoke a general release of all claims in favor of the Company (the “**Release**”) in a form reasonably acceptable to the Company in order to effectuate a valid general release of claims. In the event the Release does not become effective within the 60-day period following the date of your termination of employment, you will not be entitled to the aforesaid payments and benefits.
- o **No MITIGATION.** You shall not be required to mitigate, by seeking employment or otherwise, the amount of any payment that the Company becomes obligated to make under this Agreement, and, except as expressly provided in this Agreement, amounts or other benefits to be paid or provided to you pursuant to this Agreement shall not be reduced by reason of your obtaining other employment or receiving similar payments or benefits from another employer.
- o **DEFINITIONS.**
 - o For purposes of this Agreement, “**Cause**” means any of the following: (a) your commission of an act of fraud, embezzlement or dishonesty, or the commission of some other illegal act by you, that has a demonstrable adverse impact on the Company or any successor or affiliate thereof; (b) your conviction of, or plea of “guilty” or “no contest” to, a felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (c) any intentional, unauthorized use or disclosure by you of confidential information or trade secrets of the Company or any successor or affiliate thereof; (d) your gross negligence, insubordination or material violation of any duty of loyalty to the Company or any successor or affiliate thereof, or any other demonstrable material misconduct on your part; (e) your ongoing and repeated failure or refusal to perform or neglect of your duties as required by this Agreement or your ongoing and repeated failure or refusal to comply with the instructions given to you by the Board, which failure, refusal or neglect continues for 15 days following your receipt of written notice from the Board stating with specificity the nature of such failure, refusal or neglect; provided that it is understood that this clause (e) shall not permit the Company to terminate your employment for Cause solely because of (i) your failure to meet specified performance objectives or achieve a specific result or outcome, or (ii) Company’s dissatisfaction with the quality of services provided by you in the good faith performance of your duties to the Company; or (f) your willful, material breach of any material Company policy or any material provision of this Agreement or the Proprietary Information and Inventions Assignment Agreement. Prior to the determination that “Cause” under clauses (d), (e) or (f) has occurred, the Company shall (i) provide to you in writing, in reasonable detail, the reasons for the determination that such “Cause” exists, (ii) other than with respect to clause (e) above which specifies the applicable period of time for you to remedy your breach, afford you a reasonable opportunity to remedy any such breach, (iii) provide you an opportunity to be heard prior to the final decision to terminate your employment hereunder for such “Cause” and (iv) make any decision that such “Cause” exists in good

faith. The foregoing definition shall not in any way preclude or restrict the right of the Company or any successor or affiliate thereof to discharge or dismiss you for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of this Agreement, to constitute grounds for termination for Cause.

- o For purposes of this Agreement, “**Change in Control**” shall have the meaning set forth in the Company’s 2019 Incentive Award Plan. If a Change in Control would give rise to a payment or settlement event with respect to any payment or benefit that constitutes “nonqualified deferred compensation,” the transaction or event constituting the Change in Control must also constitute a “change in control event” (as defined in Treasury Regulation §1.409A-3(i)(5)) in order to give rise to the payment or settlement event for such payment or benefit, to the extent required by Section 409A.
- o For purposes of this Agreement, “**Change in Control Period**” means the three months prior to or 24 months following a Change in Control.
- o For purposes of this Agreement, “**Disability**” means a permanent and total disability under Section 22(e)(3) of the Code, as amended. If your Disability would give rise to a payment or settlement event with respect to any payment or benefit that constitutes “nonqualified deferred compensation,” your Disability must also constitute a “disability” (as defined in Section 409A of the Code).
- o For purposes of this Agreement, “**Equity Plan**” means an equity incentive plan maintained by the Company, including the Inducement Plan.
- o For purposes of this Agreement, “**Good Reason**” means any of the following without your written consent: (a) a material diminution in your authority, duties or responsibilities, including, without limitation, following a Change in Control, your ceasing to report to the board of directors of the ultimate parent entity of the Company (or its successor), and/or your ceasing to serve as the chief executive officer of such ultimate parent entity; (b) a material diminution in your base salary or Target Bonus compensation (and you and the Company agree that any diminution of 10% or more shall be considered material for this purpose, regardless of whether such diminution occurs due to a single reduction or a series of reductions in your base compensation), unless such a reduction is imposed across-the-board to senior management of the Company (and for the avoidance of doubt, following a Change in Control, the reference to senior management of the Company shall include, without limitation, the senior management of the ultimate parent entity of the Company (or its successor)); (c) a material change in the geographic location at which you must perform your duties (and a relocation of the geographic location at which you must perform your duties to a location that increases your one-way commute from your residence by more than 25 miles as compared to your principal place of employment prior to such relocation shall be considered material for this purpose); provided that your obligation to work from the Company’s offices and facilities as provided in this Agreement shall not constitute Good Reason for purposes of this Agreement or any other agreement between you and the Company; or (d) any other action or inaction that constitutes a material breach

by the Company or any successor or affiliate of its obligations to you under this Agreement. You must provide written notice to the Company of the occurrence of any of the foregoing events or conditions without your written consent within 90 days of the occurrence of such event. The Company or any successor or affiliate shall have a period of 30 days to cure such event or condition after receipt of written notice of such event from you. Your termination of employment by reason of resignation from employment with the Company for Good Reason must occur within 90 days following the expiration of the foregoing 30-day cure period.

- o For purposes of this Agreement, “**Stock Awards**” means all stock options, restricted stock and such other awards granted pursuant to the Company’s stock option and equity incentive award plans or agreements and any shares of stock issued upon exercise thereof, including the Initial Stock Options; provided, however, that, for the avoidance of doubt, the Revenue PSUs and the Stock Price Hurdle PSUs shall not be eligible for any accelerated vesting as provided herein and the vesting of such awards shall be solely governed by the Inducement Plan and the applicable award agreements.

- o **SECTION 409A.** To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder. The intent of the parties is that payments and benefits under this Agreement comply with, or be exempt from Section 409A of the Code and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance with such intention. To the extent that any provision in this Agreement is ambiguous as to its compliance with or exemption from Section 409A of the Code, the provision shall be read in such a manner that no payments payable under this Agreement shall be subject to an “additional tax” as defined in Section 409A(a)(1)(B) of the Code. For purposes of Section 409A of the Code, any right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments. For purposes of this Agreement, all references to your “termination of employment” shall mean your “separation from service” (as defined in Treasury Regulation Section 1.409A-1(h)) (“**Separation from Service**”). If you are a “specified employee” (as defined in Section 409A of the Code), as determined by the Company in accordance with Section 409A of the Code, on the date of your Separation from Service, to the extent that the payments or benefits under this Agreement are “non-qualified deferred compensation” subject to Section 409A of the Code and the delayed payment or distribution of all or any portion of such amounts to which you are entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, then such portion deferred pursuant to this paragraph shall be paid or distributed to you in a lump sum on the earlier of (a) the date that is 6 months and one day following your Separation from Service, (b) the date of your death or (c) the earliest date as is permitted under Section 409A of the Code. Any remaining payments due under this Agreement shall be paid as otherwise provided herein.

To the extent that the payments or benefits under this Agreement are “non-qualified deferred compensation” subject to Section 409A of the Code, if the period during which you may deliver the Release required hereunder spans two calendar years, the payment of your post-termination benefits shall occur (or

commence) on the later of (a) January 1 of the second calendar year, or (b) the first regularly-scheduled payroll date following the date your Release becomes effective.

Any reimbursement of expenses or in-kind benefits payable under this Agreement shall be made in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv) and shall be paid on or before the last day of your taxable year following the taxable year in which you incurred the expenses. The amount of expenses reimbursed or in-kind benefits payable in one year shall not affect the amount eligible for reimbursement or in-kind benefits payable in any other taxable year of yours, and your right to reimbursement for such amounts shall not be subject to liquidation or exchange for any other benefit.

- **COMPANY POLICIES AND PROPRIETARY INFORMATION AND INVENTIONS ASSIGNMENT AGREEMENT.** As an employee of the Company, you shall be expected to abide by all of the Company's policies and procedures and the Company's employee handbook, if any. As a condition of your commencement of employment hereunder, you agree to execute and abide by the terms of the Company's form of Proprietary Information and Inventions Assignment Agreement, attached hereto as Exhibit A, which shall survive termination of your employment with the Company and the termination of this Proprietary Information and Inventions Assignment Agreement. You acknowledge that a remedy at law for any breach or threatened breach by you of the provisions of the Proprietary Information and Inventions Assignment Agreement would be inadequate, and you therefore agree that the Company shall be entitled to injunctive relief in case of any such breach or threatened breach. The Company may modify, revoke, suspend or terminate any of the terms, plans, policies and/or procedures described in the employee handbook, if any, or as otherwise communicated to you, in whole or part, at any time, with or without notice; provided that any such action does not affect your rights under this Agreement.

- **BEST PAY PROVISION.**

- o In the event that any payment or benefit received or to be received by you pursuant to the terms of any plan, arrangement or agreement (including any payment or benefit received in connection with a change in ownership or control or the termination of your employment) (all such payments and benefits being hereinafter referred to as the "**Total Payments**") would be subject (in whole or part) to the excise tax (the "**Excise Tax**") imposed under Section 4999 of the Code, then the Total Payments shall be reduced to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (after subtracting the amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which you would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments). Except to the extent that an alternative reduction order would result in a greater economic benefit to you on an after-tax basis, the parties intend that the Total Payments shall be reduced in the following order: (w) reduction of any cash severance payments otherwise payable to you that are exempt from Section 409A of the Code, (x) reduction of any other cash payments or benefits otherwise payable to you that are

exempt from Section 409A of the Code, but excluding any payment attributable to the acceleration of vesting or payment with respect to any equity award that is exempt from Section 409A of the Code, (y) reduction of any other payments or benefits otherwise payable to you on a pro-rata basis or such other manner that complies with Section 409A of the Code, but excluding any payment attributable to the acceleration of vesting and payment with respect to any equity award that is exempt from Section 409A of the Code, and (z) reduction of any payments attributable to the acceleration of vesting or payment with respect to any equity award that is exempt from Section 409A of the Code; provided, in case of clauses (x), (y) and (z), that reduction of any payments or benefits attributable to the acceleration of vesting of Company equity awards shall be first applied to equity awards with later vesting dates; provided, further, that, notwithstanding the foregoing, any such reduction shall be undertaken in a manner that complies with and does not result in the imposition of additional taxes on you under Section 409A of the Code. The foregoing reductions shall be made in a manner that results in the maximum economic benefit to you on an after-tax basis and, to the extent economically equivalent payments or benefits are subject to reduction, in a pro rata manner.

- o All determinations regarding the application of the paragraph above shall be made by an independent accounting firm or consulting group with nationally recognized standing and substantial expertise and experience in performing calculations regarding the applicability of Section 280G of the Code and the Excise Tax retained by the Company prior to the date of the applicable change in ownership or control (the “**280G Firm**”). For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments shall be taken into account which (x) does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, or (y) constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, (ii) no portion of the Total Payments the receipt or enjoyment of which you shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the 280G Firm in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. All determinations related to the calculations to be performed pursuant to this “Best Pay Provision” section shall be done by the 280G Firm. The 280G Firm will be directed to submit its determination and detailed supporting calculations to both you and the Company within fifteen (15) days after notification from either the Company or you that you may receive payments which may be “parachute payments.” You and the Company will each provide the 280G Firm access to and copies of any books, records, and documents as may be reasonably requested by the 280G Firm, and otherwise cooperate with the 280G Firm in connection with the preparation and issuance of the determinations and calculations contemplated by this Agreement. The fees and expenses of the 280G Firm for its services in connection with the determinations and calculations contemplated by this Agreement will be borne solely by the Company.

• **OTHER AGREEMENTS.** You represent and agree that your performance of your duties for the Company do not violate any agreements, obligations or understandings that you may have with any third party or prior employer. Without limiting the foregoing, you represent and agree that you are not bound by any non-compete or non-solicitation agreement or any other type of agreement that would prohibit your employment with the Company. You agree not to make any unauthorized disclosure or use, on behalf of the Company, of any confidential information belonging to any of your former employers. You also represent that you are not in unauthorized possession of any materials containing a third party's confidential and proprietary information. While employed by the Company, you will not engage in any business activity in competition with the Company nor make preparations to do so. In the event that you wish to undertake a business activity outside the scope of your employment by the Company, which activity you believe entails no conflict with the Company's activities, you agree to inform the Company of your intentions before the initiation of such outside business activity, and you furthermore agree to abide by the Company's decision as to whether or not there is no conflict. If, in the Company's reasonable determination, a conflict exists or is likely to develop, you agree not to undertake such outside business activity.

• **NON-INTERFERENCE.** While employed by the Company, and for one year immediately following the date on which you terminate employment or otherwise cease providing services to the Company, you agree not to interfere with the business of the Company by (a) soliciting or attempting to solicit any employee or consultant of the Company to terminate such employee's or consultant's employment or service in order to become an employee, consultant or independent contractor to or for any other person or entity or (b) soliciting or attempting to solicit any vendor, supplier, customer or other person or entity either directly or indirectly, to direct his, her or its purchase of the Company's products and/or services to any person, firm, corporation, institution or other entity in competition with the business of the Company. The foregoing restrictions shall not apply with respect to the bona fide hiring and firing of Company personnel to the extent such acts are part of your duties for Company. Your duties under this paragraph shall survive termination of your employment with the Company and the termination of this Agreement.

• **REASONABLENESS OF TERMS.** You agree that the terms contained in the "Other Agreements" and "Non-Interference" paragraphs above are reasonable in all respects and that the restrictions contained therein are designed to protect the Company against unfair competition. In the event a court determines that any of the terms or provisions of this Agreement are unreasonable, the court may limit the application of any provision or term, or modify any provision or term, and proceed to enforce this Agreement as so limited or modified.

• **GOVERNING LAW; JURISDICTION AND VENUE.** This Agreement, for all purposes, shall be construed in accordance with the laws of the State of California without regard to conflicts-of-law principles. Any action or proceeding by either party to enforce this Agreement shall be brought only in any state or federal court located in San Mateo County, California. The parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

• **ARBITRATION.** Unless otherwise prohibited by law or specified below, any dispute, claim or controversy based on, arising out of or relating to this Agreement or your employment with the Company shall be settled by final and binding arbitration in San Mateo County, California, before a single neutral arbitrator in accordance with the JAMS Employment Arbitration Rules and Procedures (the "**Rules**"), and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. The Rules may be found online at www.jamsadr.com and will be provided to you upon written request. Arbitration may be compelled pursuant to the Federal Arbitration Act, 9 U.S.C. §1-16, or if inapplicable, any similar statute of an applicable jurisdiction. If the parties are unable to agree upon an arbitrator, one shall be appointed by JAMS in accordance with its Rules. Each party shall pay the fees of its own attorneys, the

expenses of its witnesses and all other expenses connected with presenting its case. Other costs of the arbitration, including the cost of any record or transcripts of the arbitration, JAMS administrative fees, the fee of the arbitrator, and all other fees and costs, shall be borne by the Company. This paragraph is intended to be the exclusive method for resolving any and all claims by the parties against each other for payment of damages under this Agreement or related to your employment; provided, however, that you shall retain the right to file administrative charges with or seek relief through any government agency of competent jurisdiction, and to participate in any government investigation, including but not limited to (a) claims for workers' compensation, state disability insurance or unemployment insurance; (b) claims for unpaid wages or waiting time penalties brought before any federal or state agency); provided, however, that any appeal from an award or from denial of an award of wages and/or waiting time penalties shall be arbitrated pursuant to the terms of this Agreement; and (c) claims for administrative relief from the United States Equal Employment Opportunity Commission and/or any similar state agency in any applicable jurisdiction. This Agreement shall not limit either party's right to obtain any provisional remedy, including, without limitation, injunctive or similar relief, from any court of competent jurisdiction as may be necessary to protect their rights and interests pending the outcome of arbitration, including without limitation injunctive relief, in any court of competent jurisdiction. Seeking any such relief shall not be deemed to be a waiver of such party's right to compel arbitration. Each party warrants that it has had the opportunity to be represented by counsel in the negotiation and execution of this Agreement, including the attorneys' fees provision herein. Both you and the Company expressly waive your right to a jury trial. Unless otherwise prohibited by law, you further waive your right to pursue claims against the Company on a class basis; provided, however, that you do not waive your right, to the extent preserved by law, to pursue representative claims against the Company under the California Private Attorney General Act.

- **SEVERABILITY.** Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provisions had never been contained herein.

- **SUCCESSORS AND ASSIGNS.** This Agreement is intended to bind and inure to the benefit of and be enforceable by you and the Company, and their respective successors, assigns, heirs, executors and administrators, except that you may not assign any of your duties hereunder and you may not assign any of your rights hereunder, without the written consent of the Company, which shall not be withheld unreasonably.

- **ENTIRE AGREEMENT.** This Agreement and the Proprietary Information and Inventions Assignment Agreement constitute the complete, final and exclusive embodiment of the entire agreement between you and the Company with respect to the terms and conditions of your employment specified herein and therein. This Agreement and the Proprietary Information and Inventions Assignment Agreement supersede any other such promises, obligations, warranties, representations or agreements between you and the Company, and you agree that any and all such prior promises, obligations, warranties, representations and agreements are hereby terminated. This Agreement may not be amended or modified except by a written instrument signed by you and a duly authorized officer of the Company.

- **EMPLOYMENT CONDITIONS.** As a condition to your employment with the Company on the Start Date, you are required to (a) sign and return a satisfactory I-9 Immigration form providing sufficient documentation establishing your employment eligibility in the United States, and (b) provide satisfactory proof of your identity as required by United States law. Your commencement of employment is also subject to a satisfactory background check, the forms for which were provided to you under separate cover.

If you choose to accept this Agreement under the terms described above, please acknowledge your acceptance of our offer by returning a signed copy of this Agreement and the Proprietary Information and Inventions Assignment Agreement to our attention.

Sincerely,

Phathom Pharmaceuticals, Inc.

/s/ Michael F. Cola

Name: Michael F. Cola

Title: Chairman of the Board

Agreed and Accepted:

I have read and understood this Agreement and hereby acknowledge, accept and agree to the terms as set forth above and further acknowledge and agree that no other commitments were made to me as part of my employment offer except as specifically set forth herein.

/s/ Steven Basta Date: _____

Steven Basta

Exhibit A: Proprietary Information and Inventions Assignment Agreement

EXHIBIT A

Proprietary Information and Inventions Assignment Agreement

SEPARATION AGREEMENT AND RELEASE OF CLAIMS

This Separation Agreement and Release of Claims (the “*Agreement*”) is entered into by and between Terrie Curran (“*Executive*”) and Phathom Pharmaceuticals, Inc. (the “*Company*”), effective as of the Effective Date (as defined below).

RECITALS

WHEREAS, Executive is a party to that certain offer letter dated August 29, 2019, with the Company (the “*Offer Letter*”);

WHEREAS, Executive’s employment with the Company terminated on March 31, 2025 (the “*Termination Date*”); and

WHEREAS, Executive acknowledges that, unless she executes and does not revoke this Agreement, she will not be eligible for the Termination Benefits (as defined below).

NOW THEREFORE, in consideration of, and subject to, the Termination Benefits payable to Executive described in Section 3 below, the adequacy of which is hereby acknowledged by Executive, and which Termination Benefits Executive acknowledges that she would not otherwise be entitled to receive, Executive and the Company hereby agree as follows:

AGREEMENT

1. Effective Date. This Agreement shall not become effective unless both of the following events have occurred: (a) execution of this Agreement by Executive on or after the Termination Date but prior to the last day of the Review Period (as defined below), and (b) expiration of the revocation period applicable under Section 4(c) below without Executive having given notice of revocation. The date on which this Agreement becomes effective shall be referred to in this Agreement as the “*Effective Date*.” Unless the Effective Date occurs on or before April 30, 2025, this Agreement shall be null and void. The parties agree that any material or immaterial changes to this Agreement shall not extend the deadline for the occurrence of the Effective Date.

2. Termination of Employment.

(a) The Termination Date was the termination date of Executive’s employment with the Company and any of its affiliates for all purposes, including active participation in and coverage under all benefit plans and programs sponsored by or through the Company and its affiliates, except as provided in this Agreement. Executive hereby confirms that, effective as of the Termination Date, she ceased to serve in any and all positions she held with the Company and any of its affiliates, including her position as President and Chief Executive Officer of the Company and as a member of the Board of Directors of the Company (the “*Board*”). For the avoidance of doubt, Executive hereby confirms her resignation from all offices and directorships held with the Company and any of its affiliates, including her position as President and Chief Executive Officer of the Company and as a member of the Board, in each case effective as of the Termination Date. In accordance with applicable law, following the Termination Date, the Company will issue to Executive her final paycheck, reflecting her earned but unpaid base salary through the Termination Date.

(b) The Company will reimburse Executive for any and all reasonable and necessary business expenses incurred by Executive in connection with the performance of her job duties prior to the Termination Date in accordance with the Company’s policies, which expenses shall be submitted to the

Company with supporting receipts and/or documentation no later than thirty (30) calendar days after the Termination Date.

(c) Subject to Section 3(d) below, Executive's entitlement to health benefits from the Company, and eligibility to participate in the Company's health benefit plans, shall cease on the last day of the month in which the Termination Date occurred (the "**Benefits Termination Date**"), except to the extent Executive elects to and is eligible to receive continued healthcare coverage pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**"), for herself and any covered dependents. Executive's entitlement to other benefits from the Company, and eligibility to participate in the Company's other benefit plans and programs, shall cease on the Termination Date.

(d) Executive acknowledges that, other than the compensation set forth in this Section 2 to be paid to her as provided herein and the Termination Benefits set forth in Section 3 below, she has or will have received all wages, accrued but unused vacation or paid time off, and other benefits due her as a result of her employment or service with and termination from the Company.

3. **Termination Benefits.** In consideration for Executive's agreement to be bound by the terms of this Agreement, including but not limited to the release of claims in Section 4, but subject to Executive's continued compliance with this Agreement, including Section 5, the Company agrees to provide Executive with the following termination benefits (the "**Termination Benefits**"):

(a) Executive shall be entitled to continued payment of Executive's base salary at the rate in effect on the Termination Date (\$736,000 per year) through June 30, 2026, in accordance with the Company's then-current payroll policies and practices. The payments under this Section 3(a) shall commence with the first payroll period following the Effective Date (the "**Payment Date**"), and the first payment shall include all accrued amounts from the Termination Date;

(b) Executive shall be entitled to a payment equal to Executive's target bonus for 2025 (\$478,000), payable in a lump sum on the Payment Date;

(c) (i) Executive holds stock options (the "**Stock Options**") to purchase shares of the Company's common stock issued to Executive by the Company pursuant to certain stock option agreements identified on Exhibit A (the "**Stock Option Agreements**"). Effective as of the Effective Date, (i) the vesting of such number of Stock Options as would have vested on or prior to June 30, 2026 in accordance with the vesting schedules set forth in the Stock Option Agreements shall vest on an accelerated basis (the "**Accelerated Options**"), and (ii) all of Executive's vested Stock Options as of the Termination Date (after giving effect to any Accelerated Options vesting on the Effective Date), may be exercised by Executive until June 30, 2026. Executive acknowledges that her Stock Options that were previously incentive stock options may be reclassified as non-qualified stock options for tax purposes as a result of the foregoing extension.

(ii) Executive holds restricted stock units (the "**RSUs**" and together with the Stock Options, the "**Equity Awards**") to purchase shares of the Company's common stock issued to Executive by the Company pursuant to certain RSU agreements identified on Exhibit A (the "**RSU Agreements**" and together with the Stock Option Agreements, the "**Equity Award Agreements**"). Effective as of the Effective Date, the vesting of such number of RSUs as would have vested on or prior to June 30, 2026 in accordance with the vesting schedules set forth in the RSU Agreements shall vest on an accelerated basis; provided, however, that, notwithstanding the foregoing, the RSUs granted to Executive on July 14, 2023 shall vest in full as of the Effective Date.

(iii) Executive holds performance stock units granted on February 27, 2025 (the “*PSUs*”). Effective as of the Termination Date, such PSUs shall be forfeited in accordance with the terms of the applicable PSU award agreement.

Other than the equity acceleration described in this Section 3(c)(i) and 3(c)(ii), but subject to any additional equity acceleration pursuant to Section 3(e) below in the event a “Change in Control” (as defined in the Offer Letter) occurs on or prior to June 30, 2025, Executive hereby agrees and acknowledges that, notwithstanding any provisions in any other agreement between Executive and the Company to the contrary, including the Equity Award Agreements and the equity plans pursuant to which they were granted, on the Termination Date, any portion of the Equity Awards not eligible to vest pursuant to this Section 3 held by Executive and outstanding as of the Termination Date were cancelled, surrendered and forfeited by Executive for no consideration immediately upon the Termination Date;

(d) For the period beginning on the Benefits Termination Date and ending on June 30, 2026 (or, if earlier, (i) the date on which the applicable continuation period under COBRA expires, or (ii) the date on which Executive becomes eligible to receive the equivalent or increased healthcare coverage by means of subsequent employment or self-employment) (such period, the “*COBRA Coverage Period*”), the Company shall pay for or reimburse Executive on a monthly basis for an amount equal to the monthly premium Executive and/or Executive’s covered dependents, as applicable, are required to pay for continuation coverage pursuant to COBRA for Executive and/or Executive’s eligible dependents, as applicable, who were covered under the Company’s health plans as of the Termination Date (calculated by reference to the premium as of the Termination Date). If the Company cannot provide the foregoing benefits in a manner that is exempt from Section 409A of the Internal Revenue Code of 1986, as amended (the “*Code*”), or that is otherwise compliant with applicable law (including, without limitation, Section 2716 of the Public Health Service Act), instead of providing the payments or reimbursements as set forth above, the Company shall instead pay to Executive the foregoing monthly amount as a taxable monthly payment for the COBRA Coverage Period (or any remaining portion thereof). Executive shall be solely responsible for all matters relating to continuation of coverage pursuant to COBRA, including, without limitation, the election of such coverage and the timely payment of premiums. Executive shall notify the Company immediately if she becomes eligible to receive the equivalent or increased healthcare coverage by means of subsequent employment or self-employment; and

(e) In the event a “Change in Control” (as defined in the Offer Letter) occurs on or prior to June 30, 2025, Executive shall be eligible to receive the “CIC Severance Benefits” (as defined in the Offer Letter) in accordance with the terms of the Offer Letter to the extent such CIC Severance Benefits exceed the Termination Benefits provided or to be provided pursuant to this Agreement (and subject to reduction for any Termination Benefits previously provided or to be provided pursuant to this Agreement).

(f) The Company shall provide Executive with outplacement services for a period of up to one year following the Termination Date through a third party provider mutually agreed upon by Executive and the Company (and the Company’s consent shall not be unreasonably withheld) valued at up to \$30,000.

The Termination Benefits shall be the exclusive severance benefits to which Executive is entitled, unless Executive has breached the provisions of this Agreement, in which case Section 5(e) shall apply. Executive understands that Executive will not be entitled to the Termination Benefits under this Agreement if she does not execute this Agreement on or prior to the last day of the Review Period, if she revokes this Agreement after executing it as specified in Section 4(c) below, in the event the Effective Date does not occur on or before April 30, 2025, or in the event Executive breaches the terms of this Agreement.

4. Release.

(a) Executive agrees not to sue, or otherwise file any claim against, the Company or its parent companies, subsidiaries or affiliates, and any of their respective successors, assigns, directors, officers, managers, employees, attorneys, insurers, or agents, each in their respective capacities as such (collectively, the “*Company Parties*”), for any reason whatsoever based on anything that has occurred at any time up to and including the execution date of this Agreement as follows:

(i) On behalf of Executive and her executors, administrators, heirs and assigns, Executive hereby releases and forever discharge the Company Parties, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, loss, cost or expense, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called “*Claims*”), which Executive now has or may hereafter have against any of the Company Parties by reason of any matter, cause, or thing whatsoever from the beginning of time through and including the execution date of this Agreement, including, without limiting the generality of the foregoing: any Claims arising directly or indirectly out of, relating to, or in any other way involving in any manner whatsoever Executive’s employment by the Company or its affiliates or the separation thereof, including without limitation any and all Claims arising under federal, state, or local laws relating to employment; any Claims of any kind that may be brought in any court or administrative agency; any Claims arising under the Age Discrimination in Employment Act (“*ADEA*”), the Older Workers Benefits Protection Act, the Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Equal Pay Act, the Civil Rights Act of 1866, Section 1981, 42 U.S.C. § 1981, the Family and Medical Leave Act of 1993, the Americans with Disabilities Act of 1990, the False Claims Act, the Employee Retirement Income Security Act, the Worker Adjustment and Retraining Notification Act, the Fair Labor Standards Act, the Sarbanes-Oxley Act of 2002, the National Labor Relations Act of 1935, the Uniformed Services Employment and Reemployment Rights Act of 1994, Fair Credit Reporting Act, New Jersey’s Conscientious Employee Protection Act, the New Jersey Soldiers’ and Sailors’ Civil Relief Act, Millville Dallas Airmotive Plant Job Loss Notification Act, New Jersey Family Leave Act, New Jersey Law Against Discrimination, New Jersey Security and Financial Empowerment Act, New Jersey State Wage and Hour Law, New Jersey Paid Sick Leave Law, and New Jersey State Wage Payment Law, or any similar state law, each of the foregoing as may have been amended, and any other federal, state, or local statute, regulation, ordinance, constitution, or order concerning labor or employment, termination of labor or employment, wages and benefits, retaliation, leaves of absence, or any other term or condition of employment; Claims for breach of contract; Claims for unfair business practices; Claims arising in tort, including, without limitation, Claims of wrongful dismissal or discharge, discrimination, harassment, retaliation, fraud, misrepresentation, defamation, libel, infliction of emotional distress, violation of public policy, and/or breach of the implied covenant of good faith and fair dealing; and Claims for damages or other remedies of any sort, including, without limitation, compensatory damages, punitive damages, injunctive relief and attorney’s fees.

(ii) Notwithstanding the generality of the foregoing, Executive does not release any Claims that cannot be released as a matter of law including, without limitation, (A) Executive’s right to file for unemployment insurance benefits or any state disability insurance benefits pursuant to the terms of applicable state law; (B) Executive’s right to file Claims for workers’ compensation insurance benefits under the terms of any worker’s compensation insurance policy or fund of the Company; (C) Executive’s right to file a charge of discrimination, harassment, interference with leave rights, failure to accommodate, or retaliation with the Equal Employment Opportunity Commission or any other federal, state or local government agency, or to cooperate with or participate in any investigation conducted by such agency; provided, however, that Executive hereby releases Executive’s right to receive damages in any such proceeding brought by Executive or on Executive’s behalf; or (D) Executive’s rights under Section 5(f) below. Furthermore, Executive does not release hereby any rights that Executive may have relating to (x) indemnification by the Company or its affiliates under any indemnification agreement with the

Company, the Company's Bylaws or any applicable law or under any applicable insurance policy with respect to Executive's liability as an employee of the Company; (y) Executive's vested accrued benefits under the Company's respective benefits and compensation plans; and (z) any Claims for breach of this Agreement.

(b) Executive acknowledges that she was presented with this Agreement on March 30, 2025. Executive agrees that she will have until April 21, 2025, which represents a period of at least twenty-one (21) calendar days from the date the Company delivered to Executive a copy of this Agreement, in which to consider whether to execute the Agreement (the "**Review Period**"). Executive further acknowledges that the Company has advised Executive that she is waiving her rights under the ADEA, and that Executive has the right to and should consult with an attorney of her choice before signing this Agreement, and Executive has had sufficient time to consider the terms of this Agreement. Executive represents and acknowledges that if Executive executes this Agreement prior to the expiration of the Review Period, Executive does so knowingly, voluntarily, and upon the advice and with the approval of Executive's legal counsel (if any), and that Executive voluntarily waives any remaining consideration period.

(c) Executive understands that the Company's obligations under the Agreement will not become effective or enforceable until the eighth (8th) calendar day after the date Executive signs the Agreement provided that Executive has timely delivered it to the Company, and that in the seven (7) day period following the date Executive delivers a signed copy of the Agreement to the Company, Executive understands that Executive may revoke her acceptance of the Agreement by delivering written notice of revocation to William Aprea, Senior VP, Legal of the Company within such seven (7) day period. Executive understands that the Termination Benefits will become available to her at such time after the Effective Date as provided in this Agreement.

(d) Executive further understands that the offer of the Termination Benefits and this Agreement will expire in the event Executive does not execute this Agreement on or prior to the last day of the Review Period, if she revokes this Agreement after executing it as specified in Section 4(c) above or in the event the Effective Date does not occur on or before April 30, 2025.

(e) Executive represents and warrants that she is the sole owner of all Claims relating to her employment or service with the Company and/or with any predecessor of the Company and that she has not assigned or transferred any Claims relating to her employment or service to any other person or entity. Executive understands and agrees that the Agreement will not be construed at any time as an admission of liability or wrongdoing by either the Company or Executive.

5. Restrictive Covenants.

(a) Executive hereby expressly reaffirms her obligations under the Company's Proprietary Information and Inventions Assignment Agreement between Executive and the Company, which is attached hereto as Exhibit B and incorporated herein by reference ("**PIIA**"), and agrees that such obligations shall survive the Termination Date.

(b) Executive agrees that for one (1) year immediately following the Termination Date, Executive shall not interfere with the business of the Company by (i) soliciting or attempting to solicit any employee or consultant of the Company to terminate such employee's or consultant's employment or service in order to become an employee, consultant or independent contractor to or for any other person or entity or (ii) soliciting or attempting to solicit any vendor, supplier, customer or other person or entity either directly or indirectly, to direct his, her or its purchase of the Company's products and/or services to any person, firm, corporation, institution or other entity in competition with the business of the Company.

(c) Executive agrees that Executive will not make any negative or disparaging statements or comments about Company, its employees, officers, directors, shareholders, vendors, products or services, business, technologies, market position or performance. The Company agrees that it shall instruct its current directors and executive officers not to, make any negative or disparaging statements or comments about Executive. Nothing in this Section 5(c) shall interfere with any protected right by Executive under applicable law to communicate directly with, cooperate with, or provide information to, any federal, state or local government agency. Nothing in this Section 5(c) will prohibit any person from providing truthful information in response to a subpoena or other legal process.

(d) By signing below, Executive represents and warrants that she has returned to the Company all Company documents (and all copies thereof) and other Company property that Executive had in her possession at any time, including but not limited to Company files, notes, drawings, records, business plans and forecasts, financial information, specification, computer-recorded information, tangible property (including, but not limited to, computers, laptops, pagers, etc.), credit cards, entry cards, identification badges and keys and any materials of any kind which contain or embody any proprietary or confidential information of Company (and all reproductions thereof). Executive understands that, even if Executive does not sign this Agreement, she is still bound by any and all confidential/proprietary/trade secret information, non-disclosure and inventions assignment agreement(s) signed by Executive in connection with her employment with Company, including the PIIA, pursuant to the terms of such agreement(s). Executive's compliance with this Section 5(d) shall be a condition to her receipt of the Termination Benefits.

(e) In addition to all other rights and remedies available to the Company under law or in equity, the Company shall be entitled to withhold all Termination Benefits from Executive in the event of her breach of this Agreement, including this Section 5.

(f) Notwithstanding anything in this Agreement or the PIIA to the contrary, nothing contained in this Agreement or the PIIA shall prohibit Executive from (i) communicating directly with, filing a charge with, reporting possible violations of federal law or regulation to, participating in any investigation by, or cooperating with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, the Equal Employment Opportunity Commission, the National Labor Relations Board (the "**NLRB**"), the Occupational Safety and Health Administration, the U.S. Commodity Futures Trading Commission, the U.S. Department of Justice or any other securities regulatory agency, self-regulatory authority or federal, state or local regulatory authority (collectively, "**Government Agencies**"), or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation, (ii) communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to any Government Agencies for the purpose of reporting or investigating a suspected violation of law, or from providing such information to her attorney(s) or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding, and/or (iii) receiving an award for information provided to any Government Agency. Further, nothing herein will prevent Executive from participating in activity permitted by Section 7 of the National Labor Relations Act or from filing an unfair labor practice charge with the NLRB. For the avoidance of doubt, Executive does not need to notify or obtain the prior authorization of the Company to exercise any of the foregoing rights. Pursuant to 18 USC Section 1833(b), Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (B) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, nothing in this Agreement is intended to or shall preclude either party from providing truthful testimony in response to a valid subpoena, court order, regulatory request or other judicial, administrative or legal process or otherwise as required by law. If Executive is required to provide testimony, then unless otherwise directed or requested by a Government Agency or law enforcement, Executive shall notify the Company as soon as reasonably practicable after receiving any such

request of the anticipated testimony. Further, nothing in this Agreement prevents Executive from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Executive has reason to believe is unlawful.

(g) For purposes of this Section 5, the term “**Company**” means not only the Company, but also as any company, partnership or entity which, directly or indirectly, controls, is controlled by or is under common control with such entities.

6. **Cooperation.** As a condition of her receipt of the Termination Benefits, Executive agrees that, upon reasonable notice and without the necessity of Company obtaining a subpoena or court order, she will provide reasonable cooperation to Company in connection with any suit, action or proceeding (or any appeal from any suit, action or proceeding), or the decision to commence on behalf of the Company any suit, action or proceeding, any investigation and/or any defense of any claims asserted against the Company or any of the Company’s current or former directors, officers, employees, partners, stockholders, agents or representatives of any of the foregoing, and any ongoing or future investigation or dispute or claim of any kind involving the Company that relates to events occurring during her employment as to which she may have relevant information and any other matter for which she was responsible or had knowledge of through the Termination Date. Such cooperation may include, but will not be limited to, providing background information within Executive’s knowledge; aiding in the drafting of declarations; executing declarations or similar documents; testifying or otherwise appearing at investigation interviews, depositions, arbitrations or court hearings; and preparing for the above-described or similar activities. Upon the reasonable request of Company, Executive agrees to cooperate with the transition of her job responsibilities following the Termination Date and cooperate in providing information on matters on which she was involved while an employee.

7. **Section 409A.**

(a) To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder. The intent of the parties is that payments and benefits under this Agreement comply with, or be exempt from Section 409A of the Code and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance with such intention. To the extent that any provision in this Agreement is ambiguous as to its compliance with or exemption from Section 409A of the Code, the provision shall be read in such a manner that no payments payable under this Agreement shall be subject to an “additional tax” as defined in Section 409A(a)(1)(B) of the Code. For purposes of Section 409A of the Code, any right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

(b) The parties acknowledge that the Termination Date will constitute the date of Executive’s “separation from service” (as defined in Treasury Regulation Section 1.409A-1(h)) (“**Separation from Service**”).

(c) If Executive is a “specified employee” (as defined in Section 409A of the Code), as determined by the Company in accordance with Section 409A of the Code, on the Termination Date, to the extent that the payments or benefits under this Agreement are “non-qualified deferred compensation” subject to Section 409A of the Code and the delayed payment or distribution of all or any portion of such amounts to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, then such portion deferred pursuant to this Section 8(c) shall be paid or distributed to Executive in a lump sum on the earlier of (i) the date that is six (6) months and one day following Executive’s Separation from Service, (ii) the date of Executive’s death, or (iii) the

earliest date as is permitted under Section 409A of the Code. Any remaining payments due under this Agreement shall be paid as otherwise provided herein.

(d) Any reimbursement of expenses or in-kind benefits payable under this Agreement shall be made in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv) and shall be paid on or before the last day of Executive's taxable year following the taxable year in which Executive incurred the expenses. The amount of expenses reimbursed or in-kind benefits payable in one year shall not affect the amount eligible for reimbursement or in-kind benefits payable in any other taxable year of Executive's, and Executive's right to reimbursement for such amounts shall not be subject to liquidation or exchange for any other benefit.

9. Arbitration and Venue. Executive and the Company agree that any and all disputes, claims, and causes of action, in law or equity, in any way arising out of or relating to the terms of this Agreement, Executive's employment relationship with the Company, or the termination of Executive's employment with the Company, shall be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration in the State of New Jersey, conducted before a single neutral arbitrator selected and administered in accordance with the employment arbitration rules & procedures or then applicable equivalent rules of JAMS (the "**JAMS Rules**") and the Federal Arbitration Act, 9 U.S.C. Sec. 1, et seq. A copy of the JAMS Rules may be found on the JAMS website at www.jamsadr.com and will be provided to Executive by the Company upon request. Judgment may be entered on the arbitrator's award in any court having jurisdiction. Nothing in this Section 9 is intended to prevent either Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. For purposes of settling any dispute or controversy arising hereunder or for the purpose of entering any judgment upon an award rendered by the arbitrator, the Company and Executive hereby consent to the jurisdiction of any or all of the following courts: (i) the United States District Court for the District of New Jersey or (ii) any of the courts of the State of New Jersey. The Company and Executive hereby waive, to the fullest extent permitted by applicable law, any objection which it or she may now or hereafter have to such courts' jurisdiction and any defense of inconvenient forum with respect to such courts. The Company and Executive hereby agree that a judgment upon an award rendered by the arbitrator may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. This Section 9 shall not apply to any claims of violation of any federal or state employment discrimination laws. BY AGREEING TO THIS ARBITRATION PROCEDURE, EXECUTIVE AND THE COMPANY WAIVE THE RIGHT TO RESOLVE ANY SUCH DISPUTE, CLAIM OR DEMAND THROUGH A TRIAL BY JURY OR JUDGE OR BY ADMINISTRATIVE PROCEEDING IN ANY JURISDICTION.

10. Notices. All notices or other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or one (1) business day after being sent by a nationally recognized overnight delivery service, charges prepaid. Notices also may be given electronically via PDF and shall be effective on the date transmitted if confirmed within forty-eight (48) hours thereafter by a signed original sent in the manner provided in the preceding sentence. Notice to Executive shall be sent to her most recent residence and personal email address on file with the Company. Notice to the Company shall be sent to its physical address set forth on the first page hereto and addressed to the General Counsel at the email address provided by the Company for such person.

11. Entire Agreement. This Agreement, the PIIA and the Equity Award Agreements (to the extent governing Executive's vested Equity Awards) constitute the entire agreement and understanding between the parties as to the subject matter herein and supersede all prior or contemporaneous agreements whether written or oral, including, without limitation, the Offer Letter (except as expressly provided in Section 3(e) above). The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect. The terms in this Agreement may only be modified in writing and signed by Executive and an

authorized officer of the Company. In the event of any conflict between any of the terms in this Agreement and the terms of any other agreement between Executive and the Company, the terms of this Agreement will control.

12. Severability. Should any provision of the Agreement be determined by an arbitrator, court of competent jurisdiction or government agency to be wholly or partially invalid or unenforceable, the legality, validity and enforceability of the remaining parts, terms or provisions are intended to remain in full force and effect. Specifically, should a court, arbitrator or agency conclude that a particular claim may not be released as a matter of law, it is the intention of the parties that the general release and the waiver of unknown claims above will otherwise remain effective to release any and all other claims. Executive acknowledges that she has obtained sufficient information to intelligently exercise her own judgment regarding the terms of the Agreement before executing the Agreement.

13. Governing Law; Venue. This Agreement will be governed by and construed in accordance with the laws of the United States of America and the State of New Jersey applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Subject to Section 9, any action or proceeding by either party to enforce this Agreement shall be brought only in any state or federal court located in New Jersey. The parties irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

14. Non-transferability of Interest. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement shall be assignable or transferable except through a testamentary disposition or by the laws of descent and distribution upon the death of Executive. Any attempted assignment, transfer, conveyance, or other disposition (other than as aforesaid) of any interest in the rights of Executive to receive any form of compensation to be made by the Company pursuant to this Agreement shall be void.

15. Construction. The language in all parts of this Agreement shall in all cases be construed simply, according to its fair meaning, and not strictly for or against any of the parties hereto. Without limitation, there shall be no presumption against any party on the ground that such party was responsible for drafting this Agreement or any part thereof. Where the context so requires, the use of the masculine gender shall include the feminine and/or neuter genders and the singular shall include the plural, and vice versa, and the word "person" shall include any corporation, firm, partnership or other form of association.

16. Withholding and Other Deductions. All compensation payable to Executive hereunder shall be subject to such deductions as the Company is from time to time required to make pursuant to law, governmental regulation or order.

17. Knowing and Voluntary. Executive represents and agrees that, prior to signing this Agreement, Executive has had the opportunity to discuss the terms of this Agreement with legal counsel of her choosing. Executive further represents and agrees that she is entering into this Agreement knowingly and voluntarily. Executive affirms that no promise was made to cause her to enter into this Agreement, other than what is promised in this Agreement. Executive further confirms that she has not relied upon any other statement or representation by anyone other than what is in this Agreement as a basis for her agreement. Executive acknowledges and agrees that neither the Company nor the Company's counsel has provided any legal or tax advice to Executive and that Executive is free to, and is hereby advised to, consult with a legal or tax advisor of her choosing.

18. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of this Agreement by facsimile or other electronic signature is legal, valid and binding for all purposes.

[Signature page follows]

Exhibit A
Equity Awards

Exhibit B

Proprietary Information and Inventions Assignment Agreement

[Attached]

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven Basta, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Phathom Pharmaceuticals, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2025

/s/ Steven Basta

Steven Basta

Chief Executive Officer and President
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert Breedlove, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Phathom Pharmaceuticals, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2025

/s/ Robert Breedlove

Robert Breedlove
Vice President of Finance
(Principal Financial and Accounting Officer)

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Phathom Pharmaceuticals, Inc. (the "Company") for the quarter ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven Basta, as Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, 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.

Date: May 1, 2025

/s/ Steven Basta

Steven Basta

Chief Executive Officer and President

(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Phathom Pharmaceuticals, Inc. (the "Company") for the quarter ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert Breedlove, as Vice President of Finance of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, 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.

Date: May 1, 2025

/s/ Robert Breedlove

Robert Breedlove

Vice President of Finance

(Principal Financial and Accounting Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.
