

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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended June 30, 2026
or

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

For the Transition Period from _____ to _____
Commission File Number: 000-30111

Lexicon Pharmaceuticals, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

76-0474169
(I.R.S. Employer
Identification Number)

2445 Technology Forest Blvd.
11th Floor
The Woodlands, Texas 77381
(Address of Principal Executive Offices and Zip Code)
(281) 863-3000
(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001	LXRX	The Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files)

Yes ☒ No ☐

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒
Smaller reporting company ☒ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registration 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 August 3, 2026, 444,955,934 shares of the registrant's common stock, par value \$0.001 per share, were outstanding.

Lexicon Pharmaceuticals, Inc.

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Factors Affecting Forward Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements. These statements relate to future events or our future financial performance. We have attempted to identify forward-looking statements by terminology including “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “should” or “will” or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks outlined under “Part II, Item 1A. - Risk Factors” and in our annual report on Form 10-K for the year ended December 31, 2025, that may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, future results, levels of activity, performance or achievements may vary materially from our expectations. We are not undertaking any duty to update any of the forward-looking statements after the date of this quarterly report on Form 10-Q to conform these statements to actual results, unless required by law.

Part I – Financial Information

Item 1. Financial Statements

Lexicon Pharmaceuticals, Inc.

Condensed Consolidated Balance Sheets (In thousands, except par value and share amounts)

	As of June 30, 2026 (unaudited)	As of December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	\$ 40,924	\$ 34,326
Short-term investments	149,686	61,904
Accounts receivable, net	1,643	2,384
Inventory	1,196	281
Prepaid expenses and other current assets	3,128	3,000
Total current assets	196,577	101,895
Property and equipment, net	1,651	1,863
Goodwill	44,543	44,543
Operating lease right-of-use-assets	6,921	7,318
Restricted cash	—	29,000
Other assets	368	368
Total assets	\$ 250,060	\$ 184,987
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 2,343	\$ 3,083
Accrued liabilities	12,363	13,189
Current portion of long-term debt	—	4,595
Total current liabilities	14,706	20,867
Long-term debt, net	51,437	49,408
Other long-term liabilities	9,392	7,174
Total liabilities	75,535	77,449
Commitments and contingencies (Note 7)		
Stockholders' Equity:		
Convertible preferred stock, \$0.01 par value; 5,000,000 shares authorized 2,712,582 and 2,304,147 shares issued at June 30, 2026 and December 31, 2025, respectively; none outstanding at June 30, 2026 and December 31, 2025	—	—
Common stock, \$0.001 par value; 900,000,000 shares authorized at June 30, 2026; 446,870,629 and 365,848,216 shares issued, respectively	447	366
Additional paid-in capital	2,227,526	2,129,912
Accumulated deficit	(2,050,401)	(2,017,583)
Accumulated other comprehensive (loss) income	(204)	30
Treasury stock, at cost, 1,933,747 and 2,381,939 shares, respectively	(2,843)	(5,187)
Total stockholders' equity	174,525	107,538
Total liabilities and stockholders' equity	\$ 250,060	\$ 184,987

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

Lexicon Pharmaceuticals, Inc.

Condensed Consolidated Statements of Comprehensive (Loss) Income
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenues:				
Net product revenue	\$ 680	\$ 1,322	\$ 1,770	\$ 2,584
Licensing and milestone revenue	—	27,544	20,000	27,544
Royalties and other revenue	12	—	24	—
Total revenues	692	28,866	21,794	30,128
Operating expenses:				
Cost of sales	39	33	147	63
Research and development, including stock-based compensation of \$1,384, \$1,620, \$2,753, and \$3,194 respectively	17,443	15,747	30,199	31,050
Selling, general and administrative, including stock-based compensation of \$1,952, \$1,575, \$3,661, and \$3,044 respectively	9,750	9,350	18,984	20,958
Total operating expenses	27,232	25,130	49,330	52,071
(Loss) income from operations	(26,540)	3,736	(27,536)	(21,943)
Interest and other expense	(2,609)	(2,318)	(4,199)	(4,153)
Interest and other income	1,723	1,834	3,266	4,053
Loss on early extinguishment of debt	(4,349)	—	(4,349)	—
Net (loss) income	\$ (31,775)	\$ 3,252	\$ (32,818)	\$ (22,043)
Net (loss) income per common share, basic	\$ (0.07)	\$ 0.01	\$ (0.08)	\$ (0.06)
Net (loss) income per common share, diluted	\$ (0.07)	\$ 0.01	\$ (0.08)	\$ (0.06)
Weighted average common shares outstanding, basic	437,653	363,294	419,050	362,687
Weighted average common shares outstanding, diluted	437,653	363,570	419,050	362,687
Other comprehensive (loss) income:				
Unrealized loss on investments	(74)	(39)	(234)	(133)
Comprehensive (loss) income	\$ (31,849)	\$ 3,213	\$ (33,052)	\$ (22,176)

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

Lexicon Pharmaceuticals, Inc.

Condensed Consolidated Statements of Stockholders' Equity
(In thousands)
(Unaudited)

	Common Stock		Preferred Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
	Shares	Par Value	Shares	Par Value					
Balance at December 31, 2024	363,020	\$ 363	—	\$ —	\$ 2,117,325	\$ (1,967,242)	\$ 119	\$ (4,615)	\$ 145,950
Stock-based compensation expense	—	—	—	—	3,043	—	—	—	3,043
Issuance of common stock under Equity Incentive Plans	2,540	3	—	—	(3)	—	—	—	—
Payments for tax withholding on share-based compensation vesting	—	—	—	—	—	—	—	(572)	(572)
Net loss	—	—	—	—	—	(25,295)	—	—	(25,295)
Unrealized loss on investments	—	—	—	—	—	—	(94)	—	(94)
Balance at March 31, 2025	365,560	\$ 366	—	\$ —	\$ 2,120,365	\$ (1,992,537)	\$ 25	\$ (5,187)	\$ 123,032
Stock-based compensation expense	—	—	—	—	3,195	—	—	—	3,195
Issuance of common stock under Equity Incentive Plans	221	—	—	—	—	—	—	—	—
Net income	—	—	—	—	—	3,252	—	—	3,252
Unrealized loss on investments	—	—	—	—	—	—	(39)	—	(39)
Balance at June 30, 2025	365,781	\$ 366	—	\$ —	\$ 2,123,560	\$ (1,989,285)	\$ (14)	\$ (5,187)	\$ 129,440

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

Lexicon Pharmaceuticals, Inc.

Condensed Consolidated Statements of Stockholders' Equity
(In thousands)
(Unaudited)

	Common Stock		Preferred Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)		Treasury Stock	Total
	Shares	Par Value	Shares	Par Value						
Balance at December 31, 2025	365,848	\$ 366	—	\$ —	\$ 2,129,912	\$ (2,017,583)	\$ 30	\$ (5,187)	\$	107,538
Stock-based compensation expense	—	—	—	—	3,078	—	—	—	—	3,078
Issuance of preferred stock, net of fees	—	—	408	4	26,544	—	—	—	—	26,548
Issuance of common stock, net of fees	56,489	57	—	—	69,616	—	—	—	—	69,673
Issuance of common stock under Equity Incentive Plans	3,371	3	—	—	62	—	—	—	—	65
Issuance of treasury stock under Equity Incentive Plans	—	—	—	—	(5,187)	—	—	5,187	—	—
Payments for tax withholding on share-based compensation vesting	—	—	—	—	—	—	—	(2,843)	—	(2,843)
Net loss	—	—	—	—	—	(1,043)	—	—	—	(1,043)
Unrealized loss on investments	—	—	—	—	—	—	(160)	—	—	(160)
Balance at March 31, 2026	425,708	\$ 426	408	\$ 4	\$ 2,224,025	\$ (2,018,626)	\$ (130)	\$ (2,843)	\$	202,856
Stock-based compensation expense	—	—	—	—	3,336	—	—	—	—	3,336
Fees related to issuance of common stock	—	—	—	—	(50)	—	—	—	—	(50)
Issuance of common stock under Equity Incentive Plans	741	1	—	—	231	—	—	—	—	232
Conversion of preferred stock to common stock	20,422	20	(408)	(4)	(16)	—	—	—	—	—
Net loss	—	—	—	—	—	(31,775)	—	—	—	(31,775)
Unrealized loss on investments	—	—	—	—	—	—	(74)	—	—	(74)
Balance at June 30, 2026	446,871	\$ 447	—	\$ —	\$ 2,227,526	\$ (2,050,401)	\$ (204)	\$ (2,843)	\$	174,525

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

Lexicon Pharmaceuticals, Inc.

Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2026	2025
Cash flows from operating activities:		
Net loss	\$ (32,818)	\$ (22,043)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	212	352
Stock-based compensation	6,414	6,238
Amortization of debt-related costs	1,213	803
Loss on early extinguishment of debt	4,349	—
Accretion of marketable securities purchased at a discount	(1,292)	(2,540)
Other non-cash adjustments	(99)	(1,561)
Changes in operating assets and liabilities:		
Decrease in accounts receivable, net	741	1,290
(Increase) decrease in inventories	(915)	63
(Increase) decrease in prepaid expenses and other current assets	(128)	806
Decrease in other long-term assets	397	376
Decrease in accounts payable and other liabilities	(1,996)	(10,569)
Net cash used in operating activities	(23,922)	(26,785)
Cash flows from investing activities:		
Purchases of investments	(163,221)	(90,943)
Maturities of investments	76,497	147,008
Net cash (used in) provided by investing activities	(86,724)	56,065
Cash flows from financing activities:		
Proceeds from issuance of common stock, net of fees	70,777	—
Proceeds from issuance of preferred stock, net of fees	26,548	—
Proceeds from issuance of common stock for equity incentive plans	297	—
Payments for tax withholding on share-based compensation vesting	(2,843)	(572)
Proceeds from debt borrowings	55,000	—
Repayment of debt borrowings	(59,261)	(45,000)
Payment of financing fees	(2,274)	—
Net cash provided by (used in) financing activities	88,244	(45,572)
Net decrease in cash, cash equivalents and restricted cash	(22,402)	(16,292)
Cash, cash equivalents, and restricted cash at beginning of period	63,326	66,656
Cash, cash equivalents, and restricted cash at end of period	\$ 40,924	\$ 50,364
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 2,606	\$ 4,888

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

Lexicon Pharmaceuticals, Inc.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Summary of Significant Accounting Policies

Basis of Presentation. The accompanying unaudited condensed consolidated financial statements of Lexicon Pharmaceuticals, Inc. (“Lexicon” or the “Company”) include the accounts of Lexicon and its wholly-owned subsidiaries. Intercompany transactions and balances are eliminated in consolidation. These unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three and six month period ended June 30, 2026 are not necessarily indicative of the results that may be expected for the year ended December 31, 2026. For further information, refer to the financial statements and footnotes thereto included in Lexicon’s annual report on Form 10-K for the year ended December 31, 2025, as filed with the SEC.

Use of Estimates. The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Significant Accounting Policies. There have been no significant changes to our summary of significant policies discussed in our annual report on Form 10-K for the year ended December 31, 2025.

Recent Accounting Pronouncements Issued But Not Yet Adopted. In November 2024, the FASB issued ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disclosures (Subtopic 220-40) – Disaggregation of Income Statement Expenses*, which is effective prospectively for annual periods beginning after December 15, 2026, and for interim periods beginning after December 15, 2027. The Company is evaluating the impact of adopting ASU 2024-03.

2. Cash and Cash Equivalents, Restricted Cash and Investments

The fair value of cash and cash equivalents, restricted cash and investments held are as follows:

As of June 30, 2026				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(in thousands)			
Cash and cash equivalents	\$ 40,925	\$ —	\$ (1)	\$ 40,924
Securities maturing within one year:				
U.S. treasury securities	116,967	—	(142)	116,825
Corporate debt securities	32,922	—	(61)	32,861
Total short-term investments	\$ 149,889	\$ —	\$ (203)	\$ 149,686
Total cash and cash equivalents and short-term investments	\$ 190,814	\$ —	\$ (204)	\$ 190,610

As of December 31, 2025				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(in thousands)			
Cash and cash equivalents	\$ 34,326	\$ —	\$ —	\$ 34,326
Restricted cash	29,000	—	—	29,000
Total cash and cash equivalents and restricted cash	\$ 63,326	\$ —	\$ —	\$ 63,326
Securities maturing within one year:				
U.S. treasury securities	39,004	22	—	39,026
Corporate debt securities	22,871	8	(1)	22,878
Total short-term investments	\$ 61,875	\$ 30	\$ (1)	\$ 61,904
Total cash and cash equivalents, restricted cash and short-term investments	\$ 125,201	\$ 30	\$ (1)	\$ 125,230

As of June 30, 2026 and December 31, 2025, Lexicon's investments in an unrealized loss position had an estimated fair value of \$153.7 million and \$2.5 million, respectively. During the six month period ended June 30, 2026, there were less than \$0.1 million in realized gains and no realized losses. There were no realized gains or losses during the six month period ended June 30, 2025.

3. Fair Value Measurements

The Company uses various inputs in determining the fair value of its investments and measures these assets on a recurring basis. Assets and liabilities recorded at fair value in the condensed consolidated balance sheets are categorized by the level of objectivity associated with the inputs used to measure their fair value. The following levels are directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities:

- Level 1 - quoted prices in active markets for identical assets, which include U.S. treasury securities
- Level 2 - other significant observable inputs (including quoted prices for similar investments, market corroborated inputs, etc.), which includes corporate debt securities
- Level 3 - significant unobservable inputs

The inputs or methodology used for valuing securities are not necessarily an indication of the credit risk associated with investing in those securities. The following tables provide the fair value measurements of applicable Company assets that are measured at fair value on a recurring basis according to the fair value levels defined above. There were no transfers between Level 1 and Level 2 during the periods presented.

Assets at Fair Value as of June 30, 2026				
	Level 1	Level 2	Level 3	Total
(in thousands)				
Cash and cash equivalents	\$ 40,924	\$ —	\$ —	\$ 40,924
Short-term investments	116,825	32,861	—	149,686
Total cash and cash equivalents and short-term investments	<u>\$ 157,749</u>	<u>\$ 32,861</u>	<u>\$ —</u>	<u>\$ 190,610</u>

Assets at Fair Value as of December 31, 2025				
	Level 1	Level 2	Level 3	Total
(in thousands)				
Cash and cash equivalents	\$ 34,326	\$ —	\$ —	\$ 34,326
Short-term investments	39,026	22,878	—	61,904
Restricted cash	29,000	—	—	29,000
Total cash and cash equivalents, short-term investments and restricted cash	<u>\$ 102,352</u>	<u>\$ 22,878</u>	<u>\$ —</u>	<u>\$ 125,230</u>

The carrying amount of prepaid expenses and other assets, accounts payable, and accrued expenses are generally considered to be representative of their respective fair values because of the short-term nature of those instruments. The fair value of the Hercules Term Loan is determined under Level 2 in the fair value hierarchy and approximates carrying value as the loan bears interest at a rate that approximates prevailing market rates for instruments with similar characteristics. See Note 6, *Debt Obligations* for a further discussion of our debt and related instruments.

4. Supplemental Financial Information

Property and Equipment.

	Estimated Useful Lives In Years	As of June 30, 2026	As of December 31, 2025
(in thousands)			
Computers and software	3-5	\$ 2,003	\$ 2,003
Furniture and fixtures	5-7	389	389
Leasehold improvements	3-7	2,178	2,178
Total property and equipment		4,570	4,570
Less: Accumulated depreciation and amortization		(2,919)	(2,707)
Net property and equipment		<u>\$ 1,651</u>	<u>\$ 1,863</u>

Accrued Liabilities.

	As of June 30, 2026	As of December 31, 2025
	(in thousands)	
Accrued research and development services	\$ 4,149	\$ 2,932
Accrued compensation and benefits	3,896	6,415
Short-term lease liability	1,642	1,642
Other	2,676	2,200
Total accrued liabilities	<u>\$ 12,363</u>	<u>\$ 13,189</u>

Net Income (Loss) Per Share. Net income (loss) per common share is computed using the weighted average number of shares of common stock outstanding. Potentially dilutive shares associated with warrants, stock options and restricted stock units totaling 10.6 million and 9.8 million for the three and six months ended June 30, 2026, and totaling 0.1 million for the six months ended June 30, 2025, and our convertible preferred shares further described in Note 9 were not included in the computation of diluted earnings per share because they are antidilutive due to the Company's net loss in the periods presented.

5. Collaborations and Strategic Alliances

Novo Nordisk. In March 2025, the Company entered into an exclusive license agreement with Novo Nordisk A/S ("Novo Nordisk") for the worldwide development, manufacturing and commercialization of LX9851, the Company's preclinical drug candidate for obesity and associated cardiometabolic disorders. Under the agreement, the Company received an upfront payment of \$45 million in April 2025, achieved the first two development milestones totaling \$20 million in the first quarter of 2026 and is eligible to receive (a) up to an aggregate of \$465 million upon the achievement of additional specified regulatory and commercial launch milestones and (b) up to an aggregate of \$475 million upon the achievement of specified sales milestones. The Company is also entitled to tiered, escalating royalties ranging from single-digit to low-double-digit percentages of annual net sales of LX9851, subject to customary royalty reduction provisions.

Viatis. In October 2024, the Company entered into an exclusive license agreement with Viatis Inc. ("Viatis") for the development and commercialization of sotagliflozin in all markets outside of the United States and Europe (the "Licensed Territory") pursuant to which the Company received an upfront payment of \$25 million. Lexicon also entered into a manufacturing and supply agreement with Viatis pursuant to which Lexicon supplies the development and commercial requirements of sotagliflozin of Viatis, and Viatis pays an agreed upon transfer price for such supply. Lexicon is also eligible to receive (a) up to an aggregate of \$12 million upon the achievement of specified regulatory milestones, (b) up to an aggregate of \$185 million upon the achievement of specified sales milestones and (c) tiered royalties ranging from low double-digit to upper-teens percentages of annual net sales of sotagliflozin in the Licensed Territory.

For additional information, please refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

6. Debt Obligations

Hercules Term Loan. In May 2026, the Company and its subsidiaries entered into a loan and security agreement with Hercules Capital, Inc. and certain of its affiliates ("Hercules") that provides up to \$100 million in borrowing capacity (the "Hercules Term Loan") available in three tranches, each maturing in May 2030. The first \$55 million tranche was funded at closing. The second \$20 million tranche is available for draw at the Company's option by no later than June 15, 2028, subject to the achievement of specified performance milestones and certain additional timing restrictions. The third \$25 million tranche is available for draw at the Company's option, subject to Hercules's consent, at any time prior to the expiration of the interest-only payment period.

A final payment (equal to 6.25% of the amount funded under the Hercules Term Loan), is due upon prepayment or maturity of the loan. Additionally, the Company may prepay the Hercules Term Loan in whole or in part at its option at any time. Any prepayment of the Hercules Term Loan is subject to prepayment fees initially equal to 3.0% of the outstanding principal being repaid, subject to a declining scale depending on when prepayment occurs relative to the applicable closing date.

Warrants. In connection with the loan and security agreement, the Company agreed to grant Hercules warrants to purchase a number of shares of its common stock equal to 2% of the aggregate principal amount of the Hercules Term Loan made and funded under the loan and security agreement at an exercise price of \$1.59 per share. Concurrent with the funding of the first tranche, the Company granted Hercules warrants to purchase 691,823 shares of its common stock. Upon funding of the second and third tranches, the Company will grant Hercules warrants to purchase an additional 251,572 and 314,465 shares of its common stock, respectively. The warrants are exercisable for a five-year period from the date of issuance.

The Company used the Black-Scholes model to calculate the fair value of the warrants which are reflected in other long-term liabilities on the consolidated balance sheet and reduced the initial carrying value of long-term debt. The fair value was recorded using assumptions of stock price volatility, the expected life of the warrants and the fair value of the common stock underlying the warrants, among other assumptions and will be remeasured each reporting period with changes in fair value recorded in the condensed consolidated statement of comprehensive loss within interest and other expense.

Interest, Principal Payments, and Carrying Value of Debt. Monthly interest-only payments are due during an initial 18-month period, which may be extended to 24 months or 30 months if specified performance milestones are achieved. The interest-only period will be followed by an amortization period extending through the maturity date. The Hercules Term Loan bears interest at a floating rate equal to the prime rate plus 3.10%, but not less than 9.85%. For the quarter ended June 30, 2026, the interest rate of the Hercules Term Loan was 9.85%.

Payments of \$3.5 million, \$21.3 million, \$21.3 million and \$12.3 million, including debt principal and the final payment noted above, will be during the fiscal years ended December 31, 2027, December 31, 2028, December 31, 2029 and December 31, 2030, respectively.

As of June 30, 2026, the carrying value of the Hercules Term Loan in long-term debt on the condensed consolidated balance sheet was \$51.4 million primarily reflecting the unamortized balance of debt issuance costs and discounts totaling \$3.7 million, which are being amortized into interest and other expense over the life of the loan.

Restrictive Provisions/Covenants. The Company's obligations under the Hercules Term Loan are secured by a first lien security interest in all of the assets of the Company and its subsidiaries. Financial covenants include (a) a minimum cash covenant beginning on June 1, 2027, which will be extended to January 1, 2028 upon achievement of specified performance milestones and waived at any time the Company meets specified market capitalization requirements and (b) a minimum revenue covenant relating to net sales of its products beginning only at specified times after the Company draws the second or third tranche, which will be waived at any time the Company meets specified minimum cash and/or market capitalization requirements. The Company was in compliance with its debt covenants as of June 30, 2026.

Oxford Term Loans. Concurrent with its execution of the loan and security agreement with Hercules in May 2026, the Company repaid the remaining \$54.3 million (including pro-rata final payment exit fees equal to 7% of the amount funded) under the Oxford Term Loans. In April 2025, December 2025 and February 2026, the Company repaid \$45 million, \$3 million and \$5 million to Oxford, respectively, including pro-rata final payment exit fees equal to 7% of the amount funded under the Oxford Term Loans. In connection with the repayment of the Oxford term loans in May 2026, the Company recorded a loss on early extinguishment of debt of \$4.3 million and is no longer subject to the \$29 million minimum restricted cash requirement.

For additional information on the Company's long-term debt obligations, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

7. Commitments and Contingencies

Operating Lease Obligations. Operating lease right-of-use assets and associated lease liabilities are recorded in the condensed consolidated balance sheet at the lease commencement date based on the present value of future lease payments to be made over the expected lease term. As the implicit rate is not determinable in its leases, Lexicon uses its incremental borrowing rate based on the information available at the commencement date to determine the present value of lease payments. Lexicon does not apply this accounting to those leases with terms of twelve months or less.

Lexicon's operating leases include leases of office space in The Woodlands, Texas and Bridgewater, New Jersey that will expire in January 2031 and January 2034, respectively. As of June 30, 2026 and December 31, 2025, the right-of-use assets for the office space leases of \$6.9 million and \$7.3 million, respectively, are separately included in operating lease right-of-use-assets in the condensed consolidated balance sheet. Current liabilities relating to the leases are included in accrued liabilities in the condensed consolidated balance sheet (as further described in Note 4) and long-term operating lease liabilities of

\$6.2 million and \$6.6 million, respectively, as of June 30, 2026 and December 31, 2025 are included in other long-term liabilities in the condensed consolidated balance sheet.

During the three months ended June 30, 2026 and 2025, the Company incurred lease expense of \$0.5 million and \$0.4 million, respectively. During the six months ended June 30, 2026 and 2025, the Company incurred lease expense of \$1.0 million and \$0.8 million, respectively. During the six months ended June 30, 2026 and 2025, the Company made cash payments for lease liabilities of \$0.9 million and \$0.7 million, respectively. As of June 30, 2026 and December 31, 2025, the weighted-average remaining lease terms were 6.5 years and 7.0 years, respectively, with weighted-average discount rates of 10.5% for each year.

The following table reconciles the undiscounted cash flows of the operating lease liability to the recorded lease liability at June 30, 2026:

	(in thousands)
2026	\$ 795
2027	1,683
2028	1,718
2029	1,753
2030	1,863
Thereafter	2,979
Total undiscounted operating lease liability	10,791
Less: amount of lease payments representing interest	(2,987)
Present value of future lease payments	7,804
Less: short-term operating lease liability	(1,642)
Long-term operating lease liability	\$ 6,162

Legal Proceedings. Lexicon is from time to time party to claims and legal proceedings that arise in the normal course of its business and that it believes will not have, individually or in the aggregate, a material adverse effect on its results of operations, financial condition or liquidity.

8. Equity Incentive Awards

Stock-Based Compensation. The Company has stockholder-approved equity incentive plans that permit the grant of stock options, restricted stock units, and other stock-based awards to employees, directors, and consultants of the Company. Compensation expense related to stock options and restricted stock units (“RSUs”) is determined based on the fair value of the award on the date of the grant and is recognized on a straight-line basis over the vesting period in which an employee is required to provide service. Compensation expense for the three months ended June 30, 2026 and 2025 of \$3.3 million and \$3.2 million, respectively, and for the six months ended June 30, 2026 and 2025 of \$6.4 million and \$6.2 million, respectively, is recorded separately in research and development expense and selling, general, and administrative expense as noted on the Company’s condensed consolidated statements of comprehensive loss.

The fair value of stock options is estimated at the date of grant using the Black-Scholes method requiring the input of subjective assumptions. Because the Company’s employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management’s opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options. For purposes of determining the fair value of stock options, the Company segregates its options into two homogeneous groups, based on exercise and post-vesting employment termination behaviors, resulting in different assumptions used for expected option lives. Historical data is used to estimate the expected option life for each group. Expected volatility is based on the historical volatility in the Company’s stock price. The following weighted-average assumptions were used for stock options granted in the six months ended June 30, 2026 and 2025:

	Expected Volatility	Risk-free Interest Rate	Expected Term	Dividend Rate
Six Months Ended June 30, 2026				
Employees	106 %	4.0 %	4	— %
Officers and non-employee directors	104 %	3.8 %	6	— %
Six Months Ended June 30, 2025				
Employees	105 %	3.9 %	4	— %
Officers and non-employee directors	115 %	4.3 %	6	— %

The following is a summary of stock option activity under Lexicon's stock-based compensation plans:

	Stock Options (in thousands)	Weighted Average Exercise Price
Outstanding at December 31, 2025	20,738	\$ 1.96
Granted	5,455	1.41
Exercised	(209)	1.41
Expired	(198)	8.66
Forfeited	(305)	1.63
Outstanding at June 30, 2026	25,481	1.80
Exercisable at June 30, 2026	11,379	\$ 2.59

The following is a summary of restricted stock unit activity under Lexicon's stock-based compensation plans:

	RSU's (in thousands)	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2025	15,469	\$ 0.96
Granted	6,738	1.38
Vested	(6,284)	1.10
Forfeited	(418)	0.89
Outstanding at June 30, 2026	15,505	\$ 1.09

During the six months ended June 30, 2026, the Company issued treasury shares totaling \$5.2 million in lieu of issuing additional authorized common shares in order to satisfy the annual vesting of restricted stock units for its employees and officers.

9. Other Capital Agreements

2026 Common and Series B Preferred Stock Issuance. In February 2026, Lexicon sold 34,089,403 shares of its common stock in an underwritten public offering for \$1.30 per share resulting in net proceeds of approximately \$40.6 million (after deducting underwriting discounts and commissions and other offering expenses).

Concurrent with the underwritten public offering, Lexicon sold to certain affiliates of Invus, L.P. in a concurrent private placement (a) 22,400,000 shares of its common stock for \$1.30 per share and (b) 408,434.70 shares of its Series B Convertible Preferred Stock for \$65.00 per share, which were convertible into 20,421,735 shares of common stock, resulting in aggregate gross proceeds of approximately \$55.6 million.

In April 2026, following the approval by the Company's shareholders of the Seventh Amended and Restated Certificate of Incorporation which increased the total authorized shares of common stock from 450,000,000 to 900,000,000 and the filing and acceptance of the Seventh Amended and Restated Certificate of Incorporation by the Secretary of State of Delaware, each share of preferred stock was converted into 50 shares of common stock at par value, or 20,421,735 shares in the aggregate.

10. Segment Information

Lexicon operates as a single reportable segment, primarily focusing on the discovery, development and commercialization of pharmaceutical products for the treatment of human disease. Substantially all of the Company's revenues have been derived from drug discovery alliances, target validation collaborations for the development and, in some cases, analysis of the physiological effects of genes altered in knockout mice, technology licenses, subscriptions to its databases, product sales, government grants and contracts and compound library sales, as well as from commercial sales of its approved drug product.

The chief operating decision maker ("CODM") is the Company's chief executive officer ("CEO"). The CEO manages and allocates resources on a total company basis by assessing the overall level of resources available and how to best deploy these resources across research and development projects in line with the Company's long-term company-wide strategic goals.

The CEO evaluates single-segment consolidated financial information against budget for purposes of making operating decisions, planning and forecasting for future periods, and deciding the level of investment in the Company's various operating activities and other capital allocation activities. The CODM assesses financial performance based on consolidated net loss (as reported on the consolidated statement of comprehensive loss). The CEO also uses consolidated cash and cash equivalents and short-term investments (which can be found on our Consolidated Balance Sheets) as a measure of segment assets for allocating resources.

Summary of segment net (loss) income, including segment expenses were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(in thousands)		(in thousands)	
Revenues:				
Net product revenue	\$ 680	\$ 1,322	\$ 1,770	\$ 2,584
Licensing and milestone revenue	—	27,544	20,000	27,544
Royalties and other revenue	12	—	24	—
Total revenues	692	28,866	21,794	30,128
Operating expenses:				
Cost of sales	39	33	147	63
Research and development	16,059	14,127	27,446	27,736
Sales and marketing	834	1,233	1,915	3,908
General and administrative	6,964	6,466	13,408	14,292
Other segment expense ⁽¹⁾	3,336	3,271	6,414	6,072
Total operating expenses	27,232	25,130	49,330	52,071
(Loss) income from operations	(26,540)	3,736	(27,536)	(21,943)
Interest and other expense	(2,609)	(2,318)	(4,199)	(4,153)
Interest and other income	1,723	1,834	3,266	4,053
Loss on early extinguishment of debt	(4,349)	—	(4,349)	—
Net (loss) income	\$ (31,775)	\$ 3,252	\$ (32,818)	\$ (22,043)

(1) For the three and six months ended June 30, 2026, other segment expense includes stock compensation of (i) \$1.4 million and \$2.8 million, respectively, related to research and development personnel and (ii) \$2.0 million and \$3.7 million, respectively, related to general and administrative personnel. For the three and six months ended June 30, 2025, other segment expense primarily includes, among other items, stock compensation of (i) \$1.6 million and \$3.2 million, respectively, related to research and development personnel, (ii) \$0.01 million and \$0.05 million, respectively, related to sales and marketing personnel and (iii) \$1.6 million and \$3.0 million, respectively, related to general and administrative personnel.

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

Overview

We are a biopharmaceutical company with a mission of pioneering medicines that transform patients' lives. We are devoting most of our resources to the research and development of our most advanced drug candidates and the commercialization of our approved drug, INPEFA® (sotagliflozin):

- We are developing sotagliflozin, an orally-delivered small molecule drug candidate, as a treatment for hypertrophic cardiomyopathy, or HCM, and have completed patient enrollment in our SONATA-HCM pivotal Phase 3 clinical trial of sotagliflozin in that indication.
- We are separately pursuing regulatory approval of ZYNQUISTA® (sotagliflozin) as a treatment for type 1 diabetes. The U.S. Food and Drug Administration, or FDA, issued complete response letters regarding our New Drug Application, or NDA, for ZYNQUISTA in type 1 diabetes in March 2019 and December 2024. At our request, the FDA has issued a public Notice of Opportunity for Hearing, or NOOH, on whether there are grounds for denying approval of our NDA and those proceedings are ongoing.

The FDA has separately provided feedback that a third-party-funded, investigator-initiated study of sotagliflozin appears to be of adequate design and employs sufficient data collection methods to provide viable evidence of the incidence of diabetic ketoacidosis, or DKA, with adequate safety data, prior to its completion, to support review of a resubmission of the NDA. We are preparing to potentially resubmit the NDA for ZYNQUISTA in type 1 diabetes if supported by patient exposure and safety data from such study.

- We are developing pilavapadin, an orally-delivered small molecule drug candidate, as a treatment for neuropathic pain. We have completed two Phase 2 clinical trials evaluating the safety and tolerability of pilavapadin and its effects on diabetic peripheral neuropathic pain, or DPNP. We have reported results from our PROGRESS Phase 2b clinical trial of pilavapadin in DPNP, which demonstrated clear evidence of effect at the 10 mg dose, and positive results from our RELIEF-DPN-1 Phase 2a clinical trial of pilavapadin in DPNP. We have received Fast Track designation from the FDA for development of pilavapadin in that indication and are currently advancing third party collaboration discussions for its further development and commercialization.
- We developed LX9851, an orally-delivered small molecule drug candidate, as a treatment for obesity and associated cardiometabolic disorders. We have granted Novo Nordisk an exclusive, worldwide, royalty-bearing license to develop, manufacture and commercialize LX9851 and Novo Nordisk is currently conducting Phase 1 development.
- We continue to make INPEFA (sotagliflozin) commercially available in the United States. INPEFA is approved to reduce the risk of cardiovascular death, hospitalization for heart failure, and urgent heart failure visits in adults with heart failure or type 2 diabetes mellitus, chronic kidney disease, or CKD, and other cardiovascular risk factors.
- We are conducting preclinical research and development of compounds from a number of additional drug programs originating from our internal drug discovery efforts.

Sotagliflozin, LX9851 and compounds from a number of additional drug programs originated from our own internal drug discovery efforts and pilavapadin originated from our collaborative neuroscience drug discovery efforts with Bristol-Myers Squibb. Our efforts were driven by a systematic, target biology-driven approach in which we used gene knockout technologies and an integrated platform of advanced medical technologies to systematically study the physiological and behavioral functions of almost 5,000 genes in mice and assessed the utility of the proteins encoded by the corresponding human genes as potential drug targets. We have identified and validated in living animals, or in vivo, more than 100 targets with promising profiles for drug discovery.

We have worked both independently and through collaborations and strategic alliances with third parties to capitalize on our drug target discoveries and research and development programs. We seek to retain exclusive or co-exclusive rights to the benefits of certain research and development programs by developing and commercializing drug candidates from those programs internally, particularly in the United States for indications treated by specialist physicians. We seek to collaborate with other pharmaceutical and biotechnology companies with respect to the research, development and commercialization of certain of our drug candidates, particularly with respect to commercialization in territories outside the United States or commercialization in the United States for indications treated by primary care physicians, or when the collaboration may otherwise provide us with access to expertise and resources that we do not possess internally or are complementary to our own.

We have derived substantially all of our revenues from strategic collaborations and other research and development collaborations and technology licenses, as well as from commercial sales of our approved drug products. To date, we have generated a substantial portion of our revenues from a limited number of sources.

Our operating results and, in particular, our ability to generate additional revenues are dependent on many factors, including the success of our ongoing research and development efforts and the ability to obtain necessary regulatory approvals of the drug candidates which are the subject of such efforts; our success in establishing new collaborations and licenses and our receipt of milestones, royalties and other payments under such arrangements; and general and industry-specific economic conditions which may affect research, development and commercialization expenditures.

Our ability to secure future revenue-generating agreements will depend upon our ability to address the needs of our potential future collaborators and licensees, and to negotiate agreements that we believe are in our long-term best interests. We may determine, as we have with sotagliflozin in the United States and Europe, that our interests are better served by retaining rights to our discoveries and advancing our therapeutic programs to a later stage, which could limit our near-term revenues and increase expenses. Because of these and other factors, our operating results have fluctuated in the past and are likely to do so in the future, and we do not believe that period-to-period comparisons of our operating results are a good indication of our future performance.

Since our inception, we have incurred significant losses and, as of June 30, 2026, we had an accumulated deficit of approximately \$2.1 billion. Our losses have resulted principally from costs incurred in research and development, selling, general and administrative costs associated with our operations, and non-cash stock-based compensation expenses associated with stock options and restricted stock units granted to employees and consultants. Research and development expenses consist primarily of salaries and related personnel costs, external research and material costs related to our nonclinical efforts and clinical trials, and other expenses related to our drug discovery and development programs. Selling, general and administrative expenses consist primarily of salaries and related expenses for executive, sales and marketing, and administrative personnel, professional fees and other corporate expenses, including information technology, facilities costs and general legal activities. We expect to continue to incur significant research and development costs in connection with the continuing research and development of our drug candidates. As a result, we will need to generate significantly higher revenues to achieve profitability.

Critical Accounting Policies

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make judgments, estimates and assumptions in the preparation of our condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates. We believe there have been no significant changes in our critical accounting policies as discussed in our Annual Report on Form 10-K for the year ended December 31, 2025.

Results of Operations

Revenues

Revenues were \$0.7 million and \$28.9 million, respectively, for the three months ended June 30, 2026 and 2025 and \$21.8 million and \$30.1 million, respectively, for the six months ended June 30, 2026 and 2025. Revenues for the six months ended June 30, 2026 included \$20.0 million in development milestone revenue recognized from the Novo Nordisk licensing agreement. Revenues for the three and six months ended June 30, 2025 included \$27.5 million in licensing revenue recognized from the Novo Nordisk licensing agreement. See Note 5, *Collaborations and Strategic Alliances*, for further information. Total revenues for each of the periods presented also include product revenues from sales of INPEFA.

Cost of Sales

Cost of sales during the three months ended June 30, 2026 and 2025 were less than \$0.1 million for each of the periods and during the six months ended June 30, 2026 and 2025 were \$0.1 million and less than \$0.1 million, respectively. Cost of sales primarily consist of third-party manufacturing costs and freight associated with sales of INPEFA. Prior to receiving regulatory approval of INPEFA in May 2023, we had completed or begun the manufacturing of certain raw materials that were either received at “zero-cost” to us in conjunction with a terminated agreement in 2019 or recorded as research and development expense. We began capitalizing inventory manufactured subsequent to regulatory approval of INPEFA to the extent the related costs were expected to be recoverable through commercial sales.

The time period over which the “zero-cost” materials is consumed will depend on a number of factors, including the amount utilized for future commercial production and sold to customers, the amount required to satisfy manufacturing and supply agreements associated with strategic alliances (for further information, see our Annual Report on Form 10-K for the year ended December 31, 2025) or amounts utilized in clinical development or other research and development activities, production lead times, and/or the ability to utilize inventory prior to its expiration date.

As of June 30, 2026, we estimate the remaining amount of the zero-cost materials total approximately \$21 million based on future manufacturing costs. A portion of this remaining “zero-cost” inventory will continue to support future sales of INPEFA which will result in a lower average per unit cost of materials until such inventory is depleted. Subsequent to the utilization of all of the remaining “zero-cost” inventory, we estimate our cost of goods sold as a percentage of net product revenue will be less than 10%.

Research and Development Expenses

Research and development expenses and dollar and percentage changes as compared to the corresponding periods in the prior year are as follows (dollar amounts are presented in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Total research and development expense	\$ 17.4	\$ 15.7	\$ 30.2	\$ 31.1
Dollar increase (decrease)	\$ 1.7		\$ (0.9)	
Percentage increase (decrease)	11 %		(3)%	

Research and development expenses consist primarily of third-party services including external research costs related to our nonclinical and clinical efforts and material costs, salaries and related personnel costs, stock-based compensation and facilities, equipment and other costs related to our drug discovery and development programs each of which are described below.

- *Third-party services* – Third-party services relate principally to our clinical trial and related development activities, such as preclinical and clinical studies and contract manufacturing. Overall, third-party services for the three months ended June 30, 2026 increased 20% to \$10.6 million from \$8.8 million, reflecting higher HCM study costs, and for the six months ended June 30, 2026 decreased 3% to \$16.3 million from \$16.8 million, reflecting lower LX9211 study costs upon completion of the Phase 2b activities in 2025, as compared to the corresponding periods in 2025.
- *Personnel* – Salaries, bonuses, employee benefits, payroll taxes and recruiting costs are included in personnel costs. Personnel costs were \$3.8 million for each of the three months ended June 30, 2026 and 2025. and decreased 1% to \$8.2 million from \$8.3 million for the six months ended June 30, 2026 as compared to the corresponding period in 2025.
- *Stock-based compensation* – Stock-based compensation expenses for the three months ended June 30, 2026 decreased 13% to \$1.4 million from \$1.6 million, and for the six months ended June 30, 2026 decreased 13% to \$2.8 million from \$3.2 million as compared to the corresponding periods in 2025.
- *Facilities, equipment, and other* – Facilities, equipment, and other costs relate primarily to rent, insurance, travel and training, and software licensing costs. Facilities, equipment, and other costs for the three months ended June 30, 2026 increased 7% to \$1.6 million from \$1.5 million, and for the six months ended June 30, 2026 increased 4% to \$2.9 million from \$2.8 million as compared to the corresponding periods in 2025.

Selling, General and Administrative Expenses

Selling, general and administrative expenses and dollar and percentage changes as compared to the corresponding periods in the prior year are as follows (dollar amounts are presented in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Total selling, general and administrative expense	\$ 9.8	\$ 9.4	\$19.0	\$21.0
Dollar increase (decrease)	\$ 0.4		\$(2.0)	
Percentage increase (decrease)	4 %		(10)%	

Selling, general and administrative expenses consist primarily of personnel costs to support the continued commercialization of INPEFA and support of our research and development activities, professional and consulting fees, stock-based compensation expense, and facilities, equipment and other costs, each of which are described further below.

- *Personnel* – Salaries, bonuses, employee benefits, payroll taxes, recruiting and relocation costs are included in personnel costs. Personnel costs for the three months ended June 30, 2026 decreased 14% to \$3.1 million from \$3.6 million, and for the six months ended June 30, 2026 decreased 28% to \$6.2 million from \$8.6 million as compared to the corresponding periods in 2025, primarily due to decreased headcount.
- *Professional and consulting fees* – Professional and consulting fees for the three months ended June 30, 2026 increased 27% to \$3.3 million from \$2.6 million, primarily due to higher consulting fees, and for the six months ended June 30, 2026 decreased 3% to \$6.3 million from \$6.5 million, primarily due to lower marketing costs, as compared to the corresponding periods in 2025.
- *Stock-based compensation* – Stock-based compensation expenses for the three months ended June 30, 2026 increased 25% to \$2.0 million from \$1.6 million, and for the six months ended June 30, 2026 increased 23% to \$3.7 million from \$3.0 million as compared to the corresponding periods in 2025.
- *Facilities, equipment, and other* – Facilities, equipment, and other costs relate primarily to rent, insurance, travel and training, and software licensing costs. Facilities, equipment, and other costs for the three months ended June 30, 2026 decreased 13% to \$1.4 million from \$1.6 million, and for the six months ended June 30, 2026 decreased 1% to \$2.8 million from \$2.9 million as compared to the corresponding periods in 2025.

Interest and Other Expense

Interest and Other Expense. Interest on the outstanding debt principal, amortization of debt issuance cost and discount, and changes in the fair value of warrants are included in interest and other expense. Interest and other expense for the three months ended June 30, 2026 increased to \$2.6 million from \$2.3 million, as compared to the corresponding period in 2025, and was \$4.2 million for each of the six months ended June 30, 2026 and 2025.

Interest and Other Income

Interest Income and Other. Interest earned on cash, cash equivalents and short-term investments is included in interest income and other. Interest income and other for the three months ended June 30, 2026 decreased to \$1.7 million from \$1.8 million, and for the six months ended June 30, 2026 decreased to \$3.3 million from \$4.1 million as compared to the corresponding periods in 2025.

Loss on early extinguishment of debt

In connection with the repayment of the Oxford term loans in May 2026, the company recorded a loss on early extinguishment of debt of \$4.3 million for the three and six months ended June 30, 2026. For further details, please see Note 6 of the Notes to Condensed Consolidated Financial Statements.

Net (Loss) Income and Net (Loss) Income per Common Share

Net loss was \$31.8 million, or \$0.07 per share, in the three months ended June 30, 2026 as compared to a net income of \$3.3 million, or \$0.01 per diluted share, in the corresponding period in 2025. Net loss was \$32.8 million, or \$0.08 per share,

in the six months ended June 30, 2026 as compared to a net loss of \$22.0 million, or \$0.06 per share, in the corresponding period in 2025.

Our quarterly operating results have fluctuated in the past and are likely to do so in the future, and we believe that quarter-to-quarter comparisons of our operating results are not a good indication of our future performance.

Liquidity and Capital Resources

We have financed our operations from inception primarily through sales of common and preferred stock, contract and milestone payments we received under our collaborations and strategic licenses, target validation, database subscription and technology license agreements, government grants and contracts, and financing under debt, lease and other project financing arrangements, as well as from commercial sales of our approved drug products.

As of June 30, 2026 and December 31, 2025, total cash, cash equivalents, short-term investments and restricted cash were \$190.6 million and \$125.2 million, respectively. We used cash of \$23.9 million from operations in the six months ended June 30, 2026, primarily reflective of the net loss for the period of \$32.8 million (which included total non-cash stock-based compensation expense of \$6.4 million) and working capital changes. Investing activities used cash of \$86.7 million in the six months ended June 30, 2026, primarily due to net purchases of investments. Financing activities provided cash of \$88.2 million, primarily due to the common and preferred stock issuance as further described below.

Common and Preferred Stock Issuance. In February 2026, we received approximately \$96.2 million in net cash proceeds from the issuance of our common and preferred stock as follows:

- 34,089,403 shares of our common stock sold in an underwritten public offering for \$1.30 per share, resulting in net cash proceeds of approximately \$40.6 million (after deducting underwriting discounts and commissions and other offering expenses); and
- 22,400,000 shares of our common stock and 408,434.7 shares of our Series B Convertible Preferred Stock sold to affiliates of Invus, L.P. for \$1.30 per share and \$65.00 per share, respectively, resulting in aggregate gross cash proceeds of \$55.6 million. In April 2026, each share of preferred stock was converted into 50 shares of our common stock, or into 20,421,735 shares in the aggregate following the satisfaction of certain conditions.

For further details, please see Note 9 of the Notes to Condensed Consolidated Financial Statements.

Open Market Sale Agreement. In December 2023, we entered into an Open Market Sale AgreementSM with Jefferies LLC pursuant to which we may offer and sell shares of our common stock having an aggregate sales price of up to \$75 million from time to time through Jefferies as sales agent. As of June 30, 2026, the full amount is still available for issuance under the agreement.

Financing Obligations. In May 2026, we entered into a loan and security agreement with Hercules Capital, Inc. and certain of its affiliates that provides up to \$100 million in borrowing capacity available in three tranches, each maturing in May 2030. Monthly interest-only payments are due during an initial 18-month period, which may be extended to 24 or 30 months if specified performance milestones are achieved. The interest-only period will be followed by an amortization period extending through the maturity date.

The first \$55 million tranche was funded at closing. The second \$20 million tranche is available for draw at our option by no later than June 15, 2028, subject to the achievement of specified performance milestones and certain additional timing restrictions. The third \$25 million tranche is available for draw at our option, subject to Hercules's consent, at any time prior to the expiration of the interest-only payment period. The amounts funded under the Hercules term loan bear interest at a floating rate equal to the prime rate plus 3.10%, but not less than 9.85%.

We may prepay the Hercules term loan in whole or in part at our option at any time. Any prepayment of the Hercules term loan is initially subject to prepayment fees equal to 3.0% of the outstanding principal being repaid, subject to a declining scale depending on when prepayment occurs relative to the applicable closing date. A final payment equal to 6.25% of the amount funded under the Hercules term loan is due upon prepayment or maturity.

Our obligations under the Hercules term loan are secured by a first lien security interest in all of our assets. Financial covenants include (a) a minimum cash covenant beginning on June 1, 2027, which will be extended to January 1, 2028 upon achievement of specified performance milestones and waived at any time we meet specified market capitalization requirements and (b) a minimum revenue covenant relating to net sales of our products beginning only at specified times after we draw the second or third tranche, which will be waived at any time we meet specified minimum cash and/or market capitalization requirements. We were in compliance with our debt covenants as of June 30, 2026.

Concurrent with our execution of the loan and security agreement with Hercules in May 2026, we repaid \$54.3 million to Oxford, including pro-rata final payment exit fees equal to 7% of the amount funded under the Oxford Term Loans. In April 2025, we repaid \$45 million to Oxford, including pro-rata final payment exit fees equal to 7% of the amount funded under the Oxford term loans. In December 2025 and February 2026, we repaid an additional \$3 million and \$5 million to Oxford, respectively, including a pro-rata portion of the final payment exit fees. In connection with the Oxford repayment we are no longer subject to the \$29 million minimum restricted cash requirement.

Collaborations and Strategic Alliances.

In March 2025, we entered into an exclusive license agreement with Novo Nordisk A/S for the worldwide development, manufacture and commercialization of LX9851, our preclinical drug candidate for obesity and associated cardiometabolic disorders, pursuant to which we received an upfront payment of \$45 million in April 2025 and development milestone payments of \$10 million each in February and April 2026. For additional information on our exclusive license agreement with Novo Nordisk, refer to Note 5 of the Notes to Condensed Consolidated Financial Statements.

In October 2024, we entered into an exclusive license agreement with Viartis for the development and commercialization of sotagliflozin in all markets outside of the United States and Europe, pursuant to which we received an upfront payment of \$25 million. For additional information on our exclusive license agreement with Viartis, please refer to Note 5 of the Notes to Condensed Consolidated Financial Statements.

Other commitments. Upon the regulatory approval of sotagliflozin for the treatment of type 1 diabetes in a major market, we will be required to make certain royalty payments, totaling \$4.5 million, in three equal annual installments of \$1.5 million. Under our drug discovery alliance with Bristol-Myers Squibb, we will be required to make a milestone payment of \$5 million upon dosing of the first patient in a Phase 3 clinical trial of pilavapadin.

For a further discussion of other commitments and contingencies including our operating lease obligations and legal proceedings see Note 7 of the Notes to Condensed Consolidated Financial Statements.

Outlook. Our future capital requirements will be substantial and will depend on many factors, including the success of our ongoing research and development efforts and the ability to obtain necessary regulatory approvals of the drug candidates which are the subject of such efforts; our success in establishing new collaborations and licenses and our receipt of milestones, royalties and other payments under such arrangements; the amount and timing of our research, development and commercialization expenditures; the resources we devote to commercializing, developing and supporting our products and other factors. Our capital requirements will also be affected by any expenditures we make in connection with license agreements and acquisitions of and investments in complementary technologies and businesses.

We expect to continue to devote substantial capital resources to the research and development of our drug candidates and for other general corporate activities. We believe that our current unrestricted cash and investment balances and cash and revenues we expect to derive from strategic and other collaborations and other sources will be sufficient to fund our currently planned operations for at least the next 12 months from the date of this report.

In future periods, if cash on hand or generated by operations is insufficient to satisfy our liquidity requirements, we will need to obtain additional liquidity through future strategic and other collaborations or sell additional equity or debt securities or obtain additional credit arrangements. Additional financing may not be available on terms acceptable to us or at all, and the sale of additional equity or convertible debt securities may result in additional dilution to our stockholders. If we are unable to obtain adequate financing when needed, we may have to delay or reduce the scope of our commercialization efforts or one or more of our clinical trials and other research and development programs.

Disclosure about Market Risk

We are exposed to limited market and credit risk on our cash equivalents which have maturities of three months or less at the time of purchase. We had \$190.6 million in cash and cash equivalents and short-term investments as of June 30, 2026. We maintain a short-term investment portfolio which consists of U.S. Treasury bills and corporate debt securities that mature three to 12 months from the time of purchase, which we believe are subject to limited market and credit risk. We currently do not hedge interest rate exposure or hold any derivative financial instruments in our investment portfolio.

As of June 30, 2026, we are subject to interest rate sensitivity on our outstanding Hercules Term Loan which bears interest at a floating rate equal to the prime rate plus 3.10%, but not less than 9.85%. For further details see Note 6 of the Notes to Condensed Consolidated Financial Statements.

We have operated primarily in the United States and substantially all sales to date have been made in U.S. dollars. Accordingly, we have not had any material exposure to foreign currency rate fluctuations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See “Disclosure about Market Risk” under “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” for quantitative and qualitative disclosures about market risk.

Item 4. Controls and Procedures

Our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective to ensure that the information required to be disclosed by us in the reports we file under the Securities Exchange Act is gathered, analyzed and disclosed with adequate timeliness, accuracy and completeness, based on an evaluation of such controls and procedures as of the end of the period covered by this report. There have been no changes in our internal control over financial reporting during the three months ended June 30, 2026 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 from time to time party to claims and legal proceedings that arise in the normal course of our business and that we believe will not have, individually or in the aggregate, a material adverse effect on our results of operations, financial condition or liquidity.

Item 1A. Risk Factors

The following risks and uncertainties are important factors that could cause actual results or events to differ materially from those indicated by forward-looking statements. The factors described below are not the only ones we face and additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

Risks Related to Our Business and Industry

- We depend heavily on our ability to successfully complete the ongoing research and development of our drug programs. If we fail to successfully complete and gain positive results from such research and development efforts, our business will suffer and our stock price will likely decline.
- Clinical testing of our drug candidates in humans is an inherently risky and time-consuming process that may fail to demonstrate safety and efficacy, which could result in the delay, limitation or prevention of regulatory approval.
- Our drug candidates are subject to a lengthy and uncertain regulatory process that may not result in the necessary regulatory approvals, which could adversely affect our and our collaborators' ability to commercialize products.
- The commercial success of any products that we or our collaborators may develop will depend upon the degree of market acceptance among physicians, patients, health care payers and the medical community.
- If we are unable to establish an effective sales force, marketing infrastructure and distribution capabilities, we will not be able to successfully commercialize any products that we or our collaborators may develop.
- If we are unable to establish adequate coverage and reimbursement from third-party payers for any products that we or our collaborators may develop, our revenues and prospects for profitability will suffer.
- We may not be able to manufacture products that we or our collaborators may develop in commercial quantities, which would impair our ability to commercialize such products.
- We and our collaborators are subject to extensive and rigorous ongoing regulation relating to any products that we or our collaborators may develop.
- We are subject to certain healthcare laws, regulation and enforcement; our failure to comply with those laws could have a material adverse effect on our results of operations and financial condition.
- Current healthcare laws and regulations and future legislative or regulatory reforms to the healthcare system may negatively affect our revenues and prospects for profitability.
- Our competitors may develop products that impair the value of any products that we or our collaborators may develop.
- The outbreak of the novel coronavirus, or COVID-19, had an adverse impact on our business operations and clinical trials and another novel coronavirus could adversely affect our business in the future.
- Changes in government trade policies including tariffs, sanctions and trade barriers could disrupt our supply chain or increase the costs of our clinical and commercial supply, negatively impacting our ability to conduct our clinical and

commercial operations, price our commercial product competitively and conduct clinical development in a cost effective manner.

Risks Related to Our Capital Requirements and Financial Results

- We will need additional capital in the future and, if it is unavailable, we will be forced to delay, reduce or eliminate our research and development programs. If additional capital is not available on reasonable terms, we will be forced to obtain funds, if at all, by entering into financing agreements on unattractive terms.
- We do not have sufficient capital to support Phase 3 development of pilavapadin in DPNP or in neuropathic pain broadly. If we are unable to establish a strategic collaboration or other arrangement for that purpose, our capital needs will be substantially higher and we may be unable to obtain financing sufficient to fund Phase 3 development of pilavapadin on acceptable terms, or at all, and may be required to forego or reduce the scope of any such Phase 3 development program.
- We have a history of net losses, and we expect to continue to incur net losses and may not achieve or maintain profitability.
- Our operating results have fluctuated and likely will continue to fluctuate, and we believe that period-to-period comparisons of our operating results are not a good indication of our future performance.
- We have substantial indebtedness that may limit cash flow available to invest in the ongoing needs of our business.
- If we do not effectively manage our affirmative and restrictive covenants under the Oxford Term Loans, our financial condition and results of operations could be adversely affected.

Risks Related to Our Relationships with Third Parties

- We depend on our ability to establish collaborations or other arrangements with pharmaceutical and biotechnology companies for the development and commercialization of our drug candidates. If we are unable to establish such collaborations or arrangements, or if pharmaceutical products are not successfully and timely developed and commercialized under such collaborations or arrangements, our opportunities to generate revenues from milestones and royalties or our other drug candidates will be greatly reduced.
- Conflicts with our collaborators could jeopardize the success of our collaborative agreements and harm our product development efforts.
- We rely on third parties to carry out our preclinical studies and clinical trials, which may harm or delay our research and development efforts.
- We lack the capability to manufacture commercial supplies of INPEFA and any other products which gain regulatory approval and other materials for our research and development activities relating to our drug candidates. Our reliance on third parties to manufacture our drugs and drug candidates may harm or delay our research, development and commercialization efforts.

Risks Related to Our Intellectual Property

- If we are unable to adequately protect our intellectual property, third parties may be able to use our products and technologies, which could adversely affect our ability to compete in the market.
- We may be involved in patent litigation and other disputes regarding intellectual property rights and may require licenses from third parties for our planned research, development and commercialization activities. We may not prevail in any such litigation or other dispute or be able to obtain required licenses.

- Data breaches and cyber-attacks could compromise our intellectual property or other sensitive information and cause significant damage to our business, reputational harm and financial loss.
- We may be subject to damages resulting from claims that we, our employees or independent contractors have wrongfully used or disclosed alleged trade secrets of their former employers.

Risks Related to Our Employees and Facilities

- If we are unable to manage our business, financial condition, results of operations and prospects may be adversely affected.
- The loss of key personnel or the inability to attract and retain additional personnel could impair our ability to operate and expand our operations.
- Our facilities are located near coastal zones, and the occurrence of a hurricane or other disaster could damage our facilities and equipment, which could harm our operations.

Risks Related to Environmental and Product Liability

- We have used hazardous chemicals and radioactive and biological substances in our business. Any claims relating to improper handling, storage or disposal of these substances could be time consuming and costly.
- Our business has a substantial risk of product liability and we face potential product liability exposure far in excess of our limited insurance coverage.

Risks Related to Our Common Stock

- Invus, L.P. and its affiliates own a substantial interest in our outstanding common stock and may have interests which conflict with those of our other stockholders.
- Invus has additional rights under its stockholders' agreement relating to the membership of our board of directors and under our certificate of incorporation relating to preemptive and consent rights, which provide Invus with substantial influence over significant corporate matters.
- Our stock price may be extremely volatile.
- Future issuances or sales of our common stock, or the perception that such issuances or sales may occur, may depress our stock price.
- If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.
- If we are unable to meet Nasdaq continued listing requirements in the future, including minimum trading price, Nasdaq may take action to delist our common stock.

For additional discussion of the risks and uncertainties that affect our business, see "Item 1A. Risk Factors" included in our annual report on Form 10-K for the year ended December 31, 2025 as filed with the Securities and Exchange Commission.

Item 5. Other Information

Insider Trading Arrangements

During the three months ended June 30, 2026, none of our directors or executive officers adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit No.	Description
*4.1	— Form of Warrant Agreement , dated May 4, 2026, with Hercules Capital, Inc. and affiliated parties.
*†10.1	— Loan and Security Agreement , dated May 4, 2026, with Hercules Capital, Inc. and the lender parties thereto.
10.2	— 2026 Equity Incentive Plan (filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K dated April 30, 2026 and incorporated by reference herein).
10.3	— 2026 Non-Employee Directors’ Equity Incentive Plan (filed as Exhibit 10.2 to the Company’s Current Report on Form 8-K dated April 30, 2026 and incorporated by reference herein).
*31.1	— Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31.2	— Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*32.1	— Certification of Principal Executive and Principal Financial Officers Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	— XBRL Instance Document
101.SCH	— XBRL Taxonomy Extension Schema Document
101.CAL	— XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	— XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	— XBRL Taxonomy Extension Label Linkbase Document
101.PRE	— XBRL Taxonomy Extension Presentation Linkbase Document
104	— Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

† Certain information (indicated by “[**]”) has been excluded from this exhibit because it is both not material and would likely cause competitive harm to the Company if publicly disclosed.

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.

Lexicon Pharmaceuticals, Inc.

Date: August 6, 2026

By: /s/ Michael S. Exton
Michael S. Exton, Ph.D.
Chief Executive Officer

Date: August 6, 2026

By: /s/ Scott M. Coiante
Scott M. Coiante
Senior Vice President and Chief Financial Officer

THIS WARRANT AND THE SHARES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”), OR ANY STATE SECURITIES LAWS, AND MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR, SUBJECT TO SECTION 11 HEREOF, AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT, OR ANY APPLICABLE STATE SECURITIES LAWS.

WARRANT AGREEMENT

To Purchase Shares of the Common Stock of

LEXICON PHARMACEUTICALS, INC.

Dated as of May 4, 2026 (the “Effective Date”)

WHEREAS, Lexicon Pharmaceuticals, Inc., a Delaware corporation (the “Company”), has entered into a Loan and Security Agreement of even date herewith (as in effect on the date hereof, the “Loan Agreement”) with Hercules Capital, Inc., a Maryland corporation, in its capacity as administrative and collateral agent, [●] (the “Warrantholder”), and the lender parties thereto;

WHEREAS, pursuant to the Loan Agreement and as additional consideration to the Warrantholder for, among other things, its agreements in the Loan Agreement, the Company has agreed to issue to the Warrantholder this Warrant Agreement, evidencing the right to purchase shares of the Company’s Common Stock (this “Warrant”, “Warrant Agreement”, or this “Agreement”);

NOW, THEREFORE, in consideration of the Warrantholder having executed and delivered the Loan Agreement and provided the financial accommodations contemplated therein, and in consideration of the mutual covenants and agreements contained herein, the Company and Warrantholder agree as follows:

SECTION 1. GRANT OF THE RIGHT TO PURCHASE COMMON STOCK.

(a) For value received, the Company hereby grants to the Warrantholder, and the Warrantholder is entitled, upon the terms and subject to the conditions hereinafter set forth, to subscribe for and purchase, from the Company, up to the aggregate number of fully paid and non-assessable shares of Common Stock (as defined below) as determined pursuant to Section 1(b) below, at a purchase price per share equal to the Exercise Price (as defined below). The number and Exercise Price of such shares are subject to adjustment as provided in Section 8. As used herein, the following terms shall have the following meanings:

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

“Charter” means the Company’s Certificate of Incorporation or other constitutional document, as may be amended and in effect from time to time.

“Common Stock” means the Company’s common stock, \$0.001 par value per share, as presently constituted under the Charter, and any class and/or series of Company capital stock for or into which such common stock may be converted or exchanged in a reorganization, recapitalization or similar transaction.

“Exercise Price” means \$1.59, subject to adjustment from time to time in accordance with the provisions of this Warrant.

“Liquid Sale” means the closing of a Merger Event in which the consideration received by the Company and/or its stockholders, as applicable, consists solely of cash and/or Marketable

Securities.

“Marketable Securities” in connection with a Merger Event means securities meeting all of the following requirements: (i) the issuer thereof is then subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and is then current in its filing of all required reports and other information under the Act and the Exchange Act; (ii) the class and series of shares or other security of the issuer that would be received by the Warrantholder in connection with the Merger Event were the Warrantholder to exercise this Warrant on or prior to the closing thereof is then traded on a national securities exchange or over-the-counter market, and (iii) following the closing of such Merger Event, the Warrantholder would not be restricted from publicly re-selling all of the issuer’s shares and/or other securities that would be received by the Warrantholder in such Merger Event were the Warrantholder to exercise this Warrant in full on or prior to the closing of such Merger Event, except to the extent that any such restriction (x) arises solely under federal or state securities laws, rules or regulations, and (y) does not extend beyond six (6) months from the closing of such Merger Event.

“Merger Event” means any of the following: (i) a sale, lease or other disposition of all or substantially all of the assets of the Company, (ii) any merger or consolidation involving the Company in which the Company is not the surviving entity (other than a merger or consolidation effected exclusively to change the Company’s domicile) or in which the holders of all outstanding shares of the Company’s capital stock immediately prior to such merger or consolidation own less than a majority of the Company’s (or the surviving or successor entity’s) outstanding voting power immediately after such merger or consolidation, or (iii) any sale by holders of the outstanding voting equity securities of the Company in a single transaction or series of related transactions of shares constituting a majority of the outstanding combined voting power of the Company.

“Purchase Price” means, with respect to any exercise of this Warrant, an amount equal to the then-effective Exercise Price multiplied by the number of shares of Common Stock as to which this Warrant is then exercised.

“Warrant Coverage” means 2.0% times the aggregate principal amount of the portion of the Term Loan Advances (as defined in the Loan Agreement) made and funded by the Warrantholder under the Loan Agreement from time to time (but exclusive of any paid-in-kind interest that is capitalized as principal).

(b) Number of Shares. This Warrant shall be exercisable for a number of shares of Common Stock equal to the quotient derived by dividing (i) the Warrant Coverage by (ii) the Exercise Price, subject to adjustment from time to time in accordance with the provisions of this Warrant.

SECTION 2. TERM OF THE AGREEMENT.

The term of this Agreement and the right to purchase Common Stock as granted herein shall commence on the Effective Date and, subject to Section 8(a) below, shall be exercisable until 5:00 p.m. (Eastern Time) on the fifth (5th) anniversary of the Effective Date.

SECTION 3. EXERCISE OF THE PURCHASE RIGHTS.

(a) Exercise. The purchase rights set forth in this Agreement are exercisable by the Warrantholder, in whole or in part, at any time, or from time to time, prior to the expiration of the term set forth in Section 2, by tendering to the Company at its principal office a notice of exercise in the form attached hereto as Exhibit I (the “Notice of Exercise”), duly completed and executed. Promptly upon receipt of the Notice of Exercise and the payment of the Purchase Price in accordance with the terms set forth

below, and in no event later than three (3) business days thereafter, the Company or its transfer agent shall either (i) issue to the Warrantholder a certificate for the number of shares of Common Stock purchased or (ii) credit the same via book entry to the Warrantholder, and the Company shall execute the acknowledgment of exercise in the form attached hereto as Exhibit II (the “Acknowledgment of Exercise”) indicating the number of shares which remain subject to future purchases under this Warrant, if any.

The Purchase Price may be paid at the Warrantholder’s election either (i) by cash or check, or (ii) by surrender of all or a portion of the Warrant for shares of Common Stock to be exercised under this Agreement and, if applicable, an amended Agreement setting forth the remaining number of shares purchasable hereunder, as determined below (“Net Issuance”). If the Warrantholder elects the Net Issuance method, the Company will issue shares of Common Stock in accordance with the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where: X = the number of shares of Common Stock to be issued to the Warrantholder.
Y = the number of shares of Common Stock requested to be exercised under this Agreement (inclusive of the shares of Common Stock surrendered to the Company in payment of the Purchase Price).
A = the then-current fair market value of one (1) share of Common Stock at the time of exercise of this Warrant.
B = the then-effective Exercise Price.

For purposes of the above calculation, the current fair market value of shares of Common Stock shall mean with respect to each share of Common Stock:

- (i) at all times when the Common Stock is traded on a national securities exchange, inter-dealer quotation system or over-the-counter bulletin board service, the average of the closing prices over a five (5) day period ending three days before the day the current fair market value of the securities is being determined;
- (ii) if the exercise is in connection with a Merger Event, the fair market value of a share of Common Stock shall be deemed to be the per share value received by the holders of the outstanding shares of Common Stock pursuant to such Merger Event as determined in accordance with the definitive transaction documents executed among the parties in connection therewith; or
- (iii) in cases other than as described in the foregoing clauses (i) and (ii), the current fair market value of a share of Common Stock shall be determined in good faith by the Company's Board of Directors (the "Board").

Upon partial exercise by either cash or Net Issuance, prior to the expiration or earlier termination hereof, the Company shall promptly issue an amended Agreement representing the remaining number of shares purchasable hereunder. All other terms and conditions of such amended Agreement shall be identical to those contained herein, including, but not limited to the Effective Date hereof.

(b) Exercise Prior to Expiration. To the extent this Warrant is not previously exercised as to all shares of Common Stock subject hereto, and if the then-current fair market value of one share of Common Stock is greater than the Exercise Price then in effect, or, in the case of a Liquid Sale, where the value per share of Common Stock (as determined as of the closing of such Liquid Sale in accordance with the definitive agreements executed by the parties in connection with such Merger Event) to be paid to the holders thereof is greater than the Exercise Price then in effect, this Agreement shall be deemed automatically exercised on a Net Issuance basis pursuant to Section 3(a) (even if not surrendered) as of immediately before its expiration determined in accordance with Section 2. For purposes of such automatic exercise, the fair market value of one share of Common Stock upon such expiration shall be determined

pursuant to Section 3(a). To the extent this Warrant or any portion hereof is deemed automatically exercised pursuant to this Section 3(b), the Company agrees to promptly notify the Warrantholder of the number of shares of Common Stock if any, the Warrantholder is to receive by reason of such automatic exercise, and to issue or cause its transfer agent to issue a certificate or a book-entry credit to the Warrantholder evidencing such shares.

(c) Issuance Cap. Unless stockholder approval has been previously obtained by the Company, in the event that any issuance of shares of Common Stock upon the exercise of this Warrant would, together with any other issuance of shares of Common Stock by the Company to any holder of any Warrant that would be aggregated with such proposed issuance under this Warrant for determining whether such issuances collectively would require approval by a vote of Company stockholders under the applicable listing rules of the Nasdaq Capital Market, any successor stock exchange operated by the NASDAQ Stock Market LLC or any successor thereto (such other issuances the "Related Issuances"), exceed 19.99% of the Common Stock outstanding on the date of signing of the Loan Agreement (the "**Aggregation Date**"), the Warrantholder shall receive only a number of shares of Common Stock, rounded down to the nearest whole number, equal to (A) the maximum number of shares of Common Stock which could be issued to the WarrantHolder and any other recipients of any then-proposed Related Issuances in the aggregate without the Related Issuances exceeding 19.99% of the Common Stock outstanding on the Aggregation Date multiplied by a ratio equal to (B)(1) the number of shares of Common Stock that would be otherwise received by the Holder under this Warrant divided by (2) the number of all of the shares of Common Stock that would be otherwise received by the Holder under this Warrant and the recipients of any then-proposed

that would be otherwise received by the Holder under this warrant and the recipients of any then-proposed Related Issuances in the aggregate. To the extent the Holder is entitled to receive from the Company a number of shares of Common Stock upon exercise of this Warrant is reduced by this Section 3(c), the Company shall pay to the Warrantholder, in satisfaction of the Company's obligation to deliver such shares of Common Stock, a cash amount equivalent to the fair market value, determined as of the date of exercise in accordance with Section 3(a), of the number of shares of Common Stock by which such exercise was reduced within three (3) Business Days of the date of exercise.

SECTION 4. RESERVATION OF SHARES.

During the term of this Agreement, the Company will at all times have authorized and reserved a sufficient number of shares of its Common Stock to provide for the exercise of the rights to purchase Common Stock as provided for herein. If at any time during the term hereof the number of authorized but unissued shares of Common Stock shall not be sufficient to permit exercise of this Warrant in full, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes.

SECTION 5. NO FRACTIONAL SHARES OR SCRIP.

No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Agreement, but in lieu of such fractional shares the Company shall make a cash payment therefor in an amount equal to the product of (a) the Exercise Price then in effect multiplied by (b) the fraction of a share.

SECTION 6. NO RIGHTS AS STOCKHOLDER.

The Warrantholder agrees that this Agreement does not entitle the Warrantholder to any voting rights or other rights as a stockholder of the Company prior to the exercise of any of the purchase rights set forth in this Agreement.

SECTION 7. WARRANTHOLDER REGISTRY.

The Company shall maintain a registry showing the name and address of the registered holder of this Agreement. The Warrantholder's initial address, for purposes of such registry, is set forth in

Section 12(g) below. The Warrantholder may change such address by giving written notice of such changed address to the Company.

SECTION 8. ADJUSTMENT RIGHTS.

The Exercise Price and the number of shares of Common Stock purchasable hereunder are subject to adjustment from time to time, as follows:

(a) Merger Event. In connection with a Merger Event that is a Liquid Sale, this Warrant shall, on and after the closing thereof, automatically and without further action on the part of any party or other person, represent the right to receive the consideration payable on or in respect of all shares of Common Stock that are issuable hereunder as of immediately prior to the closing of such Merger Event less the Purchase Price for all such shares of Common Stock (such consideration to include both the consideration payable at the closing of such Merger Event and all deferred consideration payable thereafter, if any, including, but not limited to, payments of amounts deposited at such closing into escrow and payments in the nature of earn-outs, milestone payments or other performance-based payments), and such Merger Event consideration shall be paid to the Warrantholder as and when it is paid to the holders of the outstanding shares of Common Stock. In connection with a Merger Event that is not a Liquid Sale, the Company shall cause the successor or surviving entity to assume this Warrant and the obligations of the Company hereunder on the closing thereof, and thereafter this Warrant shall be exercisable for the same number and type of securities or other property as the Warrantholder would have received in consideration for the shares of Common Stock issuable hereunder had it exercised this Warrant in full as of immediately prior to such closing, at an aggregate Exercise Price no greater than the aggregate Exercise Price in effect as of immediately prior to such closing, and subject to further adjustment from time to time in accordance with the provisions of this Warrant. The provisions of this Section 8(a) shall similarly apply to successive Merger Events.

(b) Reclassification of Shares. Except for Merger Events subject to Section 8(a), if the Company at any time shall, by combination, reclassification, exchange or subdivision of securities, change any of the securities as to which purchase rights under this Agreement exist into the same or a different number of securities of any other class or classes of securities, this Agreement shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities which were subject to the purchase rights under this Agreement immediately prior to such combination, reclassification, exchange, subdivision or other change. The provisions of this Section 8(b) shall similarly apply to successive combination, reclassification, exchange, subdivision or other change.

(c) Subdivision or Combination of Shares. If the Company at any time shall combine or subdivide its Common Stock, (i) in the case of a subdivision, the Exercise Price shall be proportionately decreased and the number of shares for which this Warrant is exercisable shall be proportionately increased, or (ii) in the case of a combination, the Exercise Price shall be proportionately increased and the number of shares for which this Warrant is exercisable shall be proportionately decreased.

(d) Dividends. If the Company at any time while this Agreement is outstanding and unexpired shall:

(i) pay a dividend with respect to the Common Stock payable in additional shares of Common Stock, then the Exercise Price shall be adjusted, from and after the date of determination of stockholders entitled to receive such dividend, to that price determined by multiplying the Exercise Price in effect immediately prior to such date of determination by a fraction (A) the numerator of which shall be the total number of shares of Common Stock outstanding immediately prior to such dividend or distribution, and (B) the denominator of which shall be the total number of shares of Common Stock outstanding immediately after such dividend or distribution, and the number of shares of Common Stock for which this Warrant is exercisable shall be proportionately increased; or

Stock, except any dividend or distribution specifically provided for in any other clause of this Section 8, then, in each such case, provision shall be made by the Company such that the Warrantholder shall receive upon exercise or conversion of this Warrant a proportionate share of any such dividend or distribution as though it were the holder of the Common Stock (or other stock for which the Common Stock is convertible) as of the record date fixed for the determination of the stockholders of the Company entitled to receive such dividend or distribution.

(e) Notice of Certain Events. If: (i) the Company shall declare any dividend or distribution upon its outstanding Common Stock, payable in stock, cash, property or other securities (provided that the Warrantholder in its capacity as lender under the Loan Agreement consents to such dividend); (ii) the Company shall offer for subscription pro rata to the holders of its Common Stock any additional shares of stock of any class or other rights; (iii) there shall be any Merger Event; or (iv) there shall be any voluntary dissolution, liquidation or winding up of the Company; then, in connection with each such event, the Company shall give the Warrantholder notice thereof at the same time and in the same manner as it gives notice thereof to the holders of outstanding Common Stock. In addition, if at any time the number of shares of Common Stock (or other securities of any other class or classes of securities of the Company for which this Warrant is then exercisable) outstanding is reduced such that the number of shares of Common Stock or other securities issuable upon exercise of this Warrant shall exceed five percent (5%) of the then outstanding class of such securities, then, within three (3) business days of such event, the Company shall give the Warrantholder written notice thereof.

SECTION 9. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY.

(a) Reservation of Common Stock. The Company covenants and agrees that all shares of Common Stock that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be validly issued, fully paid and non-assessable, and will be free of any liens, charges or encumbrances of any nature whatsoever; provided, that the Common Stock issuable pursuant to this Agreement may be subject to restrictions on transfer provided for herein or under state and/or federal securities laws. The Company has made available to the Warrantholder true, correct and complete copies of its Charter and bylaws currently in effect. The issuance of certificates or book-entry credit for shares of Common Stock upon exercise of this Warrant shall be made without charge to the Warrantholder for any issuance tax in respect thereof, or other cost incurred by the Company in connection with such exercise and related issuance of shares of Common Stock. The Company further covenants and agrees that the Company will, at all times during the term hereof, have authorized and reserved, free from preemptive rights, a sufficient number of shares of Common Stock to provide for the exercise of the rights represented by this Warrant.

(b) Due Authority. The execution and delivery by the Company of this Agreement and the performance of all obligations of the Company hereunder, including the issuance to the Warrantholder of the right to acquire the shares of Common Stock, have been duly authorized by all necessary corporate action on the part of the Company. This Agreement: (i) does not violate the Charter or the Company's current bylaws; (ii) except as could not reasonably be expected to have a Material Adverse Effect (as defined in the Loan Agreement), does not contravene any law or governmental rule, regulation or order applicable to the Company; and (iii) except as could not reasonably be expected to have a Material Adverse Effect (as defined in the Loan Agreement), does not and will not constitute a default under, any indenture, mortgage, contract or other instrument to which the Company is a party or by which it is bound. This Agreement constitutes a legal, valid and binding agreement of the Company, enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally (including, without limitation, fraudulent conveyance laws) and by general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(c) Consents and Approvals. No consent or approval of, giving of notice to, or registration with, any state, federal or other governmental authority or agency is required with respect to the execution, delivery and performance by the Company of its obligations under this Agreement, except for (i) the filing of notices pursuant to Regulation D under the Act, (ii) any filing required by applicable state securities law, which filings will be effective by the time required thereby, (iii) the approval for listing on the Nasdaq of the shares of Common Stock issuable on exercise of this Warrant and (iv) such consents as have been obtained or where the failure of the Company to obtain or make any such consent, approval, notice or registration would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect (as defined in the Loan Agreement).

(d) Exempt Transaction. Subject to the accuracy of the Warrantholder's representations in

(d) Exempt Transaction. Subject to the accuracy of the Warrantholder's representations in Section 10, the issuance of the Common Stock upon exercise of this Agreement will constitute a transaction exempt from (i) the registration requirements of Section 5 of the Act, in reliance upon Section 3(a)(9) or Section 4(a)(2) thereof, and (ii) the qualification requirements of the applicable state securities laws.

(e) Information Rights. At all times (if any) prior to the earlier to occur of (x) the date on which all shares of Common Stock issued on exercise of this Warrant have been sold, or (y) the expiration or earlier termination of this Warrant, when the Company shall not be required to file reports pursuant to Section 13 or 15(d) of the Exchange Act or shall not have timely filed all such required reports, the Warrantholder shall be entitled to the information rights contained in Section 7.1(b) – (f) of the Loan Agreement, and in any such event Section 7.1(b) – (f) of the Loan Agreement is hereby incorporated into this Agreement by this reference as though fully set forth herein, provided, however, that the Company shall not be required to deliver a Compliance Certificate once all Indebtedness (as defined in the Loan Agreement) owed by the Company to Warrantholder has been repaid.

(f) Registration of Shares.

(i) On or prior to the 90th calendar day following the Effective Date, the Company shall file with the Securities and Exchange Commission (the “SEC”) a registration statement registering for resale on a delayed or continuous basis under Rule 415 of the Act all of the shares of Common Stock issuable on exercise of this Warrant (the “Registration Statement”). The Company shall use its commercially reasonable efforts to cause the Registration Statement to be declared effective as soon as reasonably practicable thereafter; provided, however, that the Company's obligation to include the resale of the shares of Common Stock issuable on exercise of this Warrant in the Registration Statement is contingent upon Warrantholder furnishing in writing to the Company such information regarding Warrantholder, the securities of the Company held by Warrantholder and the intended method of disposition of the shares of Common Stock issuable on exercise of this Warrant as shall be reasonably requested by the Company to effect the registration of such shares of Common Stock, and executing such documents in connection with such registration as the Company may reasonably request that are customary of a selling shareholder in similar situations. All fees and expenses incident to the Company's performance of or compliance with its obligations under this Section 9(f) (excluding any underwriting discounts and selling commissions) shall be borne by the Company.

(ii) Notwithstanding anything to the contrary contained herein, the Company may, upon written notice to Warrantholder, (a) delay the filing of the Registration Statement, (b) delay requesting effectiveness of such Registration Statement or (c) if such Registration Statement has already become effective, suspend the use of any prospectus which is a part of the Registration Statement if the Board determines in its reasonable good faith judgment that such use or filing would: (i) materially interfere with a significant acquisition, corporate organization, financing, securities offering or other similar transaction involving the Company or its subsidiaries; (ii) require premature disclosure of material non-public information regarding the Company and its subsidiaries (“Non-Public Information”) that the Company has a bona fide business purpose for preserving as confidential; or (iii) render the Company unable to materially comply with requirements under the Act or the 5 Exchange Act (each of items (a) through (c) above, an “Allowed Delay”); provided that the Company shall promptly (A) notify

Warrantholder in writing of the commencement of an Allowed Delay, and (B) advise Warrantholder in writing to cease all sales under the Registration Statement until the end of such Allowed Delay (in which event Warrantholder shall discontinue sales of Common Stock pursuant to such Registration Statement but Warrantholder may settle any contracted sales of Common Stock), in both cases which notice shall not contain any material non-public information regarding the Company; provided, further, that in no event shall the Company delay or suspend under this Section 9(f) for a period that, in aggregate, exceeds 60 calendar days during any 180-day period or 90 calendar days during any 365-day period. Upon notice by the Company to Warrantholder of any determination to delay the filing of the Registration Statement, delay requesting effectiveness of the Registration Statement or suspend the use of any prospectus which is a part of the Registration Statement, Warrantholder shall keep the fact of any such suspension strictly confidential and shall not use or disclose such notice or information to any Person other than Warrantholder's legal counsel or as required by applicable law. Upon disclosure of such information or the termination of the condition described above, the Company shall provide prompt notice to Warrantholder and shall promptly terminate any suspension of sales it has put into effect and shall take such other actions to permit registered sales of Common Stock as contemplated in this Section 9(f).

(g) Rule 144 Compliance. The Company shall, at all times prior to the earlier to occur of (i) the date of sale or other disposition by Warrantholder of this Warrant or all shares of Common Stock issued on exercise of this Warrant, (ii) the registration pursuant to subsection (f) above of the shares issued on exercise of this Warrant, or (iii) the expiration or earlier termination of this Warrant if the Warrant has not been

of this Warrant, or (iii) the expiration or earlier termination of this Warrant if the Warrant has not been exercised in full or in part on such date, use all commercially reasonable efforts to timely file all reports required under the Exchange Act and otherwise timely take all actions necessary to permit the Warrantholder to sell or otherwise dispose of this Warrant and the shares of Common Stock issued on exercise hereof pursuant to Rule 144 promulgated under the Act ("Rule 144"), provided that the foregoing shall not apply in the event of a Merger Event following which the successor or surviving entity is not subject to the reporting requirements of the Exchange Act. If the Warrantholder proposes to sell Common Stock issuable upon the exercise of this Agreement in compliance with Rule 144, then, upon the Warrantholder's written request to the Company, the Company shall furnish to the Warrantholder, within five (5) business days after receipt of such request, a written statement confirming the Company's compliance with the current public information requirement of such Rule 144.

SECTION 10. REPRESENTATIONS AND COVENANTS OF THE WARRANTHOLDER.

This Agreement has been entered into by the Company in reliance upon the following representations and covenants of the Warrantholder:

(a) Investment Purpose. This Warrant and the shares issued on exercise hereof will be acquired for investment and not with a view to the sale or distribution of any part thereof in violation of applicable federal and state securities laws, and the Warrantholder has no present intention of selling or engaging in any public distribution of the same except pursuant to a registration or exemption.

(b) Private Issue. The Warrantholder understands that (i) the Common Stock issuable upon exercise of this Agreement is not, as of the Effective Date, registered under the Act or qualified under applicable state securities laws, and (ii) the Company's reliance on exemption from such registration is predicated on the representations set forth in this Section 10.

(c) Financial Risk. The Warrantholder has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment, and has the ability to bear a complete loss of its investment.

(d) Accredited Investor. The Warrantholder is an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Act, as presently in effect ("Regulation D").

(e) No Short Sales. The Warrantholder has not at any time on or prior to the Effective Date engaged in any short sales or equivalent transactions in the Common Stock. Warrantholder agrees that at all times from and after the Effective Date and on or before the expiration or earlier termination of this Warrant, it shall not engage in any short sales or equivalent transactions in the Common Stock.

SECTION 11. TRANSFERS.

Subject to compliance with applicable federal and state securities laws, this Agreement and all rights hereunder are transferable, in whole or in part, without charge to the holder hereof (except for transfer taxes) upon surrender of this Agreement properly endorsed. Each taker and holder of this Agreement, by taking or holding the same, consents and agrees that this Agreement, when endorsed in blank, shall be deemed negotiable, and that the holder hereof, when this Agreement shall have been so endorsed and its transfer recorded on the Company's books, shall be treated by the Company and all other persons dealing with this Agreement as the absolute owner hereof for any purpose and as the person entitled to exercise the rights represented by this Agreement. The transfer of this Agreement shall be recorded on the books of the Company upon receipt by the Company of a notice of transfer in the form attached hereto as Exhibit III (the "Transfer Notice"), at its principal offices and the payment to the Company of all transfer taxes and other governmental charges imposed on such transfer. Until the Company receives such Transfer Notice, the Company may treat the registered owner hereof as the owner for all purposes. Notwithstanding anything herein or in any legend to the contrary, the Company shall not require an opinion of counsel in connection with any sale, assignment or other transfer by the Warrantholder of this Warrant (or any portion hereof or any interest herein) or of any shares of Common Stock issued upon any exercise hereof to an affiliate (as defined in Regulation D) of the Warrantholder, provided that such affiliate is an "accredited investor" as defined in Regulation D.

SECTION 12. MISCELLANEOUS.

(a) Effective Date. The provisions of this Agreement shall be construed and shall be given effect in all respects as if it had been executed and delivered by the Company on the date hereof. This Agreement shall be binding upon any successors or assigns of the Company.

(b) Remedies. In the event of any default hereunder, the non-defaulting party may proceed to protect and enforce its rights either by suit in equity and/or by action at law, including but not limited to an action for damages as a result of any such default, and/or an action for specific performance for any default where the Warrantholder will not have an adequate remedy at law and where damages will not be readily ascertainable.

(c) No Impairment of Rights. The Company will not, by amendment of its Charter or through any other means, avoid or seek to avoid the observance or performance of any of the terms of this Agreement, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate in order to protect the rights of the Warrantholder against impairment.

(d) Additional Documents. The Company agrees to supply such other documents as the Warrantholder may from time to time reasonably request.

(e) Attorneys' Fees. In any litigation, arbitration or court proceeding between the Company and the Warrantholder relating hereto, the prevailing party shall be entitled to attorneys' fees and expenses and all costs of proceedings incurred in enforcing this Agreement. For the purposes of this Section 12(e), attorneys' fees shall include without limitation fees incurred in connection with the following: (i) contempt proceedings; (ii) discovery; (iii) any motion, proceeding or other activity of any kind in connection with an insolvency proceeding; (iv) garnishment, levy, and debtor and third party examinations; and (v) post-judgment motions and proceedings of any kind, including without limitation any activity taken to collect or enforce any judgment.

(f) Severability. In the event any one or more of the provisions of this Agreement shall for any

reason be held invalid, illegal or unenforceable, the remaining provisions of this Agreement shall be unimpaired, and the invalid, illegal or unenforceable provision shall be replaced by a mutually acceptable valid, legal and enforceable provision, which comes closest to the intention of the parties underlying the invalid, illegal or unenforceable provision.

(g) Notices. Except as otherwise provided herein, any notice, demand, request, consent, approval, declaration, service of process or other communication that is required, contemplated, or permitted under this Agreement or with respect to the subject matter hereof shall be in writing, and shall be deemed to have been validly served, given, delivered, and received upon the earlier of: (i) personal delivery to the party to be notified, (ii) when sent by confirmed telex, electronic transmission or facsimile if sent during normal business hours of the recipient, if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt, and shall be addressed to the party to be notified as follows:

If to the Warrantholder:

[•]
Attention: [•]
Facsimile: [•]
Telephone: [•]

With a copy to:

[•]

If to the Company:

Lexicon Pharmaceuticals, Inc
Attention: Chief Financial Officer
2445 Technology Forest Blvd., 11th Floor
The Woodlands, TX 77381
Telephone: (908) 360-4656
Email: scoiante@lexpharma.com

With a copy to:

Vinson & Elkins L.L.P.
845 Texas Avenue, Suite 4700
Houston, TX 77002
Attention: Zach A. Rider; Jackson A. O'Maley
Email: zrider@velaw.com; jomaley@velaw.com

or to such other address as each party may designate for itself by like notice.

(h) Entire Agreement; Amendments. This Agreement constitutes the entire agreement and understanding of the parties hereto in respect of the subject matter hereof, and supersedes and replaces in their entirety any prior proposals, term sheets, letters, negotiations or other documents or agreements, whether written or oral, with respect to the subject matter hereof. None of the terms of this Agreement may be amended except by an instrument executed by each of the parties hereto.

(i) Headings. The various headings in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provisions hereof.

(j) Advice of Counsel. Each of the parties represents to each other party hereto that it has discussed (or had an opportunity to discuss) with its counsel this Agreement and, specifically, the provisions of Sections 12(n), 12(o), 12(p), 12(q) and 12(r).

(k) No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

(l) No Waiver. No omission or delay by the Warrantholder at any time to enforce any right or remedy reserved to it, or to require performance of any of the terms, covenants or provisions hereof by the Company at any time designated, shall be a waiver of any such right or remedy to which the Warrantholder is entitled, nor shall it in any way affect the right of the Warrantholder to enforce such provisions thereafter during the term of this Agreement.

(m) Survival. All agreements, representations and warranties contained in this Agreement or in any document delivered pursuant hereto shall be for the benefit of the Warrantholder and shall survive the execution and delivery of this Agreement and the expiration or other termination of this Agreement.

(n) Governing Law. This Agreement has been negotiated and delivered to the Warrantholder in the State of New York, and shall be deemed to have been accepted by the Warrantholder in the State of New York. Delivery of Common Stock to the Warrantholder by the Company under this Agreement is due in the State of New York. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

(o) Consent to Jurisdiction and Venue. All judicial proceedings arising in or under or related to this Agreement may be brought in any state or federal court of competent jurisdiction located in the State of New York. By execution and delivery of this Agreement, each party hereto generally and unconditionally: (i) consents to personal jurisdiction in the United States District Court for the Southern District of New York sitting in the Borough of Manhattan (or if such court lacks subject matter jurisdiction, the Supreme Court of the State of New York sitting in the Borough of Manhattan); (ii) waives any objection as to jurisdiction or venue in clause (i) of this Section 12(o); (iii) agrees not to assert any defense based on lack of jurisdiction or venue in the aforesaid courts; and (iv) irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement. Service of process on any party hereto in any action arising out of or relating to this Agreement shall be effective if given in accordance with the requirements for notice set forth in Section 12(g), and shall be deemed effective and received as set forth in Section 12(g). Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of either party to bring proceedings in the courts of any other jurisdiction.

(p) Mutual Waiver of Jury Trial. Because disputes arising in connection with complex financial transactions are most quickly and economically resolved by an experienced and expert person and the parties wish applicable state and federal laws to apply (rather than arbitration rules), the parties desire that their disputes arising under or in connection with this Warrant be resolved by a judge applying such applicable laws. EACH OF THE COMPANY AND THE WARRANTHOLDER SPECIFICALLY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, CROSS-CLAIM, COUNTERCLAIM, THIRD PARTY CLAIM OR ANY OTHER CLAIM (COLLECTIVELY, "CLAIMS") ASSERTED BY THE COMPANY AGAINST THE WARRANTHOLDER OR ITS ASSIGNEE OR BY THE WARRANTHOLDER OR ITS ASSIGNEE AGAINST THE COMPANY RELATING TO THIS WARRANT. This waiver extends to all such Claims, including Claims that involve persons or entities other than the Company and the Warrantholder; Claims that arise out of or are in any way connected to the relationship between the Company and the Warrantholder; and any Claims for damages, breach of contract, specific performance, or any equitable or legal relief of any kind, arising out of this Agreement.

(q) Arbitration. If the Mutual Waiver of Jury Trial set forth in Section 12(p) is ineffective or unenforceable, the parties agree that all Claims shall be submitted to binding arbitration in accordance with

the commercial arbitration rules of JAMS (the "Rules"), such arbitration to occur before one arbitrator, which arbitrator shall be a retired New York state judge or a retired Federal court judge. Such proceeding shall be conducted in the Borough of Manhattan, New York, with New York rules of evidence and discovery applicable to such arbitration. The decision of the arbitrator shall be binding on the parties, and shall be final and nonappealable to the maximum extent permitted by law. Any judgment rendered by the arbitrator may be entered in a court of competent jurisdiction and enforced by the prevailing party as a final judgment of such court.

(r) Pre-arbitration Relief. In the event Claims are to be resolved by arbitration, either party may seek from a court of competent jurisdiction identified in Section 12(o), any prejudgment order, writ or other relief and have such prejudgment order, writ or other relief enforced to the fullest extent permitted by law notwithstanding that all Claims are otherwise subject to resolution by binding arbitration.

(s) Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts (including by facsimile or electronic delivery (PDF)), and by different parties hereto in separate counterparts, each of which when so delivered shall be deemed an original, but all of which counterparts shall constitute but one and the same instrument.

(t) Specific Performance. The parties hereto hereby declare that it is impossible to measure in money the damages which will accrue to the Warrantholder by reason of the Company's failure to perform any of the obligations under this Agreement and agree that the terms of this Agreement shall be specifically

any of the obligations under this Agreement and agree that the terms of this Agreement shall be specifically enforceable by the Warrantholder. If the Warrantholder institutes any action or proceeding to specifically enforce the provisions hereof, any person against whom such action or proceeding is brought hereby waives the claim or defense therein that the Warrantholder has an adequate remedy at law, and such person shall not offer in any such action or proceeding the claim or defense that such remedy at law exists.

(u) Lost, Stolen, Mutilated or Destroyed Warrant. If this Warrant is lost, stolen, mutilated or destroyed, the Company may, on such terms as to indemnity or otherwise as it may reasonably impose (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant of like denomination and tenor as this Warrant so lost, stolen, mutilated or destroyed. Any such new Warrant shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated or destroyed Warrant shall be at any time enforceable by anyone.

(v) Legends. To the extent required by applicable laws, this Warrant and the shares of Common Stock issuable hereunder (and the securities issuable, directly or indirectly, upon conversion of such shares of Common Stock, if any) may be imprinted with a restricted securities legend in substantially the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION RELATED THERETO OR, SUBJECT TO SECTION 11 OF THE WARRANT AGREEMENT DATED MAY 4, 2026, BETWEEN THE COMPANY AND [●], AN OPINION OF COUNSEL (WHICH MAY BE COMPANY COUNSEL) REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT OR ANY STATE SECURITIES LAWS.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Warrant Agreement to be executed by its officers thereunto duly authorized as of the Effective Date.

COMPANY: LEXICON PHARMACEUTICALS, INC.

By: _____
Name: Scott M. Coiante
Title: Senior Vice President and Chief Financial Officer

WARRANTHOLDER: [●]

By: _____
Name: _____
Title: _____

NOTICE OF EXERCISE

To: _____

- (1) The undersigned Warrantholder hereby elects to purchase _____ shares of the Common Stock of Lexicon Pharmaceuticals, Inc., pursuant to the terms of the Warrant Agreement dated the 4th day of May, 2026 (the “Warrant Agreement”) between Lexicon Pharmaceuticals, Inc., a Delaware corporation (“Company”) and the Warrantholder, and tenders herewith payment of the Purchase Price in full, together with all applicable transfer taxes, if any. [NET ISSUANCE: elects pursuant to Section 3(a) of the Warrant Agreement to effect a Net Issuance.]
- (2) By its execution hereof and for the benefit of the Company, the undersigned Warrantholder hereby restates each of the representations and warranties in Section 10 of the Warrant Agreement as of the date set forth below.
- (3) Please issue a certificate or certificates or book-entry credit(s) representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below.

(Name)

(Address)

WARRANTHOLDER: [●]

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT II

1. ACKNOWLEDGMENT OF EXERCISE

The undersigned _____ hereby acknowledges receipt of the “Notice of Exercise” from [●] to purchase [] shares of the Common Stock of Lexicon Pharmaceuticals, Inc., a Delaware corporation (“Company”), pursuant to the terms of the Warrant Agreement by and between Company and Warrantholder dated May 4, 2026 (the “Agreement”),

and further acknowledges that _____ shares remain subject to purchase under the terms of the Agreement.

COMPANY:

LEXICON PHARMACEUTICALS, INC.

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT III

TRANSFER NOTICE

(To transfer or assign the foregoing Agreement execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Agreement and all rights evidenced thereby are hereby transferred and assigned to

(Please Print)

whose address is _____

Dated: _____

Holder's Signature: _____

Holder's Address: _____

Signature Guaranteed: _____

NOTE: The signature to this Transfer Notice must correspond with the name as it appears on the face of the Agreement, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Agreement.

By its execution hereof, and for the benefit of the Company, _____
makes each of the representations and warranties set forth in Section 10 of the Warrant Agreement and agrees to all other provisions of the Warrant Agreement as of the date set forth below.

TRANSFeree:

By: _____

Name: _____

Title: _____

Date: _____

[**] Certain information has been omitted from this exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

THE LOANS MAY HAVE BEEN ISSUED WITH “ORIGINAL ISSUE DISCOUNT” FOR U.S. FEDERAL INCOME TAX PURPOSES. [] WILL MAKE AVAILABLE TO ANY LENDER: (1) THE AMOUNT OF ORIGINAL ISSUE DISCOUNT OF THE LOAN, (2) THE ISSUE PRICE OF THE LOAN, (3) THE ISSUE DATE OF THE LOAN AND (4) THE YIELD TO MATURITY OF THE LOAN UPON RECEIVING A WRITTEN REQUEST FOR SUCH INFORMATION.**

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT is made and dated as of May 4, 2026 and is entered into by and among LEXICON PHARMACEUTICALS, INC., a Delaware corporation (“Company”), its Subsidiary LEXICON PHARMACEUTICALS (NEW JERSEY), INC., a Delaware corporation (“Lexicon Sub”), its Subsidiary LION ACQUISITION CORPORATION, a Delaware corporation (“Lion”), each other Person that has delivered a Joinder Agreement pursuant to Section 7.13 from time to time party hereto (together with Company, Lexicon Sub, and Lion individually or collectively, as the context may require, “Borrower”), the several banks and other financial institutions or entities from time to time party hereto (each, a “Lender”, and collectively “Lenders”) and HERCULES CAPITAL, INC., a Maryland corporation, in its capacity as administrative agent and collateral agent for itself and Lenders (in such capacity, including any successors or assigns, “Agent”).

RECITALS

A. Borrower has requested Lenders make available to Borrower up to three (3) tranches of term loans in an aggregate principal amount of up to One Hundred Million Dollars (\$100,000,000); and

B. Lenders are willing to make the Term Loans on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, Borrower, Agent and Lenders agree as follows:

SECTION 1. DEFINITIONS AND RULES OF CONSTRUCTION

1.1 Unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“Account Control Agreement(s)” means any agreement (or pledge, as applicable) entered into by and among Agent, Borrower and a third-party bank or other institution (including a Securities Intermediary) in which Borrower maintains a Deposit Account or an account holding Investment Property and which perfects Agent’s first priority security interest in the subject account or accounts.

“ACH Authorization” means the ACH Debit Authorization Agreement in substantially the form of Exhibit H, which account numbers shall be redacted for security purposes if and when filed publicly by Borrower.

“Acquisition” means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business, line of business or division or other unit of operation of a Person, (b) the acquisition of fifty percent (50.00%) or more of the Equity Interests of any Person, whether or not involving a merger,

“Advance(s)” means a Term Loan Advance.

“Advance Date” means the funding date of any Advance.

“Advance Request” means a request for an Advance submitted by Borrower to Agent in substantially the form of Exhibit A, which account numbers shall be redacted for security purposes if and when filed publicly by Borrower.

“Affiliate” means any Person (a) that directly or indirectly controls, is controlled by, or is under common control with the Person in question, (b) directly or indirectly owning, controlling or holding with power to vote ten percent (10.00%) or more of the outstanding voting securities of another Person, or (c) ten percent (10.00%) or more of whose outstanding voting securities are directly or indirectly owned, controlled or held by another Person with power to vote such securities. As used in the definition of “Affiliate,” the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

“Agreement” means this Loan and Security Agreement, as amended, restated, amended and restated, supplemented or otherwise modified from time to time.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to Borrower or any of its Affiliates from time to time concerning or relating to bribery or corruption, including without limitation the United States Foreign Corrupt Practices Act of 1977, as amended, the UK Bribery Act 2010 and other similar legislation in any other jurisdictions.

“Anti-Terrorism Laws” means any laws, rules, regulations or orders relating to terrorism or money laundering, including without limitation Executive Order No. 13224 (effective September 24, 2001), the USA PATRIOT Act, the laws comprising or implementing the Bank Secrecy Act, and the laws administered by OFAC.

“Bankruptcy Code” means the federal bankruptcy law of the United States as from time to time in effect, currently as Title 11 of the United States Code. Section references to current sections of the Bankruptcy Code shall refer to comparable sections of any revised version thereof if section numbering is changed.

“Blocked Person” means any Person: (a) listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (b) owned fifty percent (50.00%) or more by any Person that is listed in the annex to, or is otherwise the subject of the provisions of, Executive Order No. 13224, (c) with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law, (d) that commits, threatens or conspires to commit or supports “terrorism” as defined in Executive Order No. 13224, or (e) that is named a “specially designated national” or “blocked person” on the most current list published by OFAC or other similar list.

“[**]” means [**].

“Board of Directors” means, with respect to any Person that is a corporation, its board of directors, with respect to any Person that is a limited liability company, its board of managers, board of

members or similar governing body, and with respect to any other Person that is another form of a legal entity, such Person’s governing body in accordance with its Organizational Documents.

“Borrower Products” means all products, software, service offerings, technical data or technology currently being designed, manufactured or sold or that are under beta testing, clinical investigation or development by Borrower or any of its Subsidiaries or which Borrower or any of its Subsidiaries intends to sell, license, or distribute in the future including any products or service offerings under development, collectively, together with all products, software, service offerings, technical data or technology that have been sold, licensed or distributed by Borrower or any of its Subsidiaries since its formation or incorporation, as applicable.

“Borrower Product Activities” means the research, design, development, manufacture, production, use, commercialization, marketing, importing, storage, transport, offer for sale, license, distribution or sale of the Borrower Products.

“Borrower’s Books” means Borrower’s or any of its Subsidiaries’ books and records including ledgers, federal, state, local and foreign tax returns, records regarding Borrower’s or its Subsidiaries’ assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

“Business Day” means any day other than Saturday, Sunday and any other day on which banking institutions in the State of New York are closed for business.

“Cash” means all cash, cash equivalents and liquid funds, in each case, excluding Digital Assets.

“Change in Control” means (a) at any time, any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of Securities Exchange Act of 1934, as amended) other than Invus, shall become, or obtain rights (whether by means of warrants, options or otherwise) to become, the “beneficial owner” (as defined in Rules 13(d)-3 and 13(d)-5 under Securities Exchange Act of 1934, as amended), directly or indirectly, of forty-nine percent (49.00%) or more of the ordinary voting power for the election of directors, partners, managers and members, as applicable, of Company (determined on a fully diluted basis); (b) during any period of twelve (12) consecutive months, a majority of the members of the Board of Directors of Company cease to be composed of individuals (i) who were members of that Board of Directors on the first (1st) day of such period, (ii) whose election or nomination to that Board of Directors was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that Board of Directors or (iii) whose election or nomination to that Board of Directors was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that Board of Directors; or (c) at any time, Company shall cease to own and control, of record and beneficially, directly or indirectly, one hundred percent (100.00%) of each class of outstanding stock, partnership, membership, or other ownership interest or other equity securities of each Subsidiary of Company free and clear of all Liens (other than Permitted Liens), except pursuant to a transaction that is permitted under this Agreement.

“Charter” means, with respect to any Person, such Person’s incorporation, formation or equivalent documents, as in effect from time to time.

“Closing Date” means the date of this Agreement.

“Code” means the U.S. Internal Revenue Code of 1986, as amended.

“Collateral Claim” means any and all present and future “claims” (used in its broadest sense, as contemplated by and defined in Section 101(5) of the Bankruptcy Code, but without regard to whether such claim would be disallowed under the Bankruptcy Code) of a Lender now or hereafter arising or existing under or relating to this Agreement and related Loan Documents, whether joint, several, or joint and several, whether fixed or indeterminate, due or not yet due, contingent or non-contingent, matured or unmatured, liquidated or unliquidated, or disputed or undisputed, whether under a guaranty or a letter of credit, and whether arising under contract, in tort, by law, or otherwise, any interest or fees thereon (including interest or fees that accrue after the filing of a petition by or against Borrower under the Bankruptcy Code, irrespective of whether allowable under the Bankruptcy Code), any costs of Enforcement Actions, including reasonable attorneys’ fees and costs, and any prepayment or termination premiums.

“Common Stock” means the Common Stock, \$0.001 par value per share, of Company.

“Company IP” means any and all of the following, as they exist in and throughout the United States of America:

(a) Current Company IP;

(b) improvements, continuations, continuations-in-part, divisions, provisionals or any substitute applications, any Patent issued with respect to any of the Current Company IP, any Patent

right claiming the composition of matter of, or the method of making or using, the Borrower Products in the United States of America, and any confirmation Patent or registration Patent or patent of addition based on any such Patent;

(c) trade secrets and trade secret rights, including any rights to unpatented inventions, know-how, show-how, operating manuals, confidential or proprietary information, research in progress, algorithms, data, databases, data collections, designs, processes, procedures, methods, protocols, materials, formulae, drawings, schematics, blueprints, flow charts, models, strategies, prototypes, techniques, and results of experimentation and testing, including samples, in each case as specifically related to the Borrower Product Activities; and

(d) any and all IP Ancillary Rights specifically relating to any of the foregoing.

“Compliance Certificate” means a certificate in the form attached hereto as Exhibit E.

“Contingent Obligation” means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to (i) any Indebtedness, lease (excluding operating leases of real property), dividend, letter of credit or other obligation of another Person, including any such obligation directly or indirectly guaranteed, endorsed, co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable; (ii) any obligations with respect to undrawn letters of credit, corporate credit cards or merchant services issued for the account of that Person; and (iii) all obligations arising under any interest rate, currency or commodity swap agreement, interest rate cap agreement, interest rate collar agreement, or other agreement or arrangement designed to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; provided, however, that the term “Contingent Obligation” shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation shall be deemed, without duplication of the primary obligation, to be an amount equal to the stated or determined amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith; provided, however, that such amount shall not in any event exceed the maximum amount of the obligations under the guarantee or other support arrangement.

“Copyright License” means any written agreement granting any right to use any Copyright or Copyright registration, now owneded or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

“Copyrights” means all copyrights, whether registered or unregistered, held pursuant to the laws of the United States of America, any State thereof, or of any other country.

“Current Company IP” means any pending or registered Intellectual Property or any in-licensed intellectual property of any third party that is material to the business of Borrower and its Subsidiaries, taken as a whole, relates to the Borrower Product Activities, and is owned or co-owned by or exclusively licensed to Borrower or any of its Subsidiaries.

“Default” means any event, circumstance or condition that has occurred or exists, that would, with the passage of time or the requirement that notice be given or both, become an Event of Default.

“Deposit Accounts” means any “deposit accounts”, as such term is defined in the UCC, and includes any checking account, savings account, or certificate of deposit.

“Digital Assets” means all cryptocurrencies, virtual currencies, coins, tokens and other digital assets.

“Disqualified Equity Interests” means any Equity Interests that, by their terms (or by the terms of any security or other Equity Interests into which they are convertible or for which they are exchangeable), or upon the happening of any event or condition (a) mature or are mandatorily redeemable (other than solely for Qualified Equity Interests) pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Secured Obligations), (b) are redeemable at the option (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Secured Obligations) of the holder thereof (other than solely for Qualified Equity Interests), in whole or in part, (c) provide for scheduled payments of dividends in Cash, or (d) are or become convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is one hundred fifty (150) days after the Term Loan Maturity Date.

“Division” means, in reference to any Person which is an entity, the division of such Person into two (2) or more separate Persons, with the dividing Person either continuing or terminating its existence as part of such division, including, without limitation, as contemplated under Section 18-217 of the Delaware Limited Liability Company Act for limited liability companies formed under Delaware law, Section 17-220 of the Delaware Revised Uniform Limited Partnership Act for limited partnerships formed under Delaware law, or any analogous action taken pursuant to any other applicable law with respect to any corporation, limited liability company, partnership or other entity.

“Domestic Subsidiary” means any Subsidiary organized under the laws of the United States of America, any State thereof, the District of Columbia, or any other jurisdiction within the United States of America.

“Enforcement Action” means, with respect to any Lender and with respect to any Collateral Claim of such Lender or any item of Collateral in which such Lender has or claims a security interest lien or right of offset, any action, whether judicial or nonjudicial, to repossess, collect, accelerate, offset, recoup, give notification to third parties with respect to, sell, dispose of, foreclose upon, give notice of sale,

Collateral Claim or Collateral. The filing, or the joining in the filing, by any Lender of an involuntary bankruptcy or Insolvency Proceeding against Borrower also is an Enforcement Action.

“Equity Interests” means, with respect to any Person, the capital stock, partnership or limited liability company interest, or other equity securities or equity ownership interests of such Person.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

“Excluded Account” means any of the following Deposit Accounts: (a) any Payroll Account, (b) any Deposit Account which is a zero-balance disbursement account, (c) any Deposit Account which is solely used for disbursements and payments of withheld income or other Taxes, payroll Taxes and/or federal, state or local employee Taxes, or (d) any Deposit Account which is solely used as a trust account, escrow account, or other fiduciary account.

“FDA” means the U.S. Food and Drug Administration or any successor thereto.

“FDA Good Manufacturing Practices” means the applicable requirements and standards set forth in the Food, Drug, and Cosmetic Act, 21 U.S.C. Section 301 et seq. and its implementing regulations.

“Foreign Subsidiary” means a Subsidiary other than any Domestic Subsidiary.

“GAAP” means generally accepted accounting principles in the United States of America, as in effect from time to time.

“Governmental Approval” means any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

“Governmental Authority” means any federal, state, municipal, national or other government, governmental department, commission, board, bureau, court, agency, taxing authority or instrumentality or political subdivision thereof (including the FDA) or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case whether associated with a state or locality of the United States, the United States, or a foreign government.

“Guarantor” means any Subsidiary of Borrower that enters into a Guaranty.

“Guaranty” means a guaranty with respect to the Secured Obligations, in form and substance satisfactory to Agent that may be entered into from time to time, as the same may from time to time be amended, restated, modified or otherwise supplemented.

“Indebtedness” means indebtedness of any kind, including (a) all indebtedness for borrowed money or the deferred purchase price of property or services (excluding trade credit entered into in the ordinary course of business due within ninety (90) days or less), including reimbursement and other obligations with respect to surety bonds and letters of credit, (b) all obligations evidenced by notes, bonds, debentures or similar instruments, (c) all capital lease obligations, (d) “earnouts”, purchase price adjustments, profit sharing arrangements, deferred purchase money amounts and similar payment obligations or continuing obligations of any nature arising out of purchase and sale contracts, (e) obligations

arising under bonus, deferred compensation, incentive compensation or similar arrangements (other than those arising in the ordinary course of business), (f) non-contingent obligations to reimburse any bank or Person in respect of amounts paid under a letter of credit, banker’s acceptance or similar instrument, (g) Disqualified Equity Interests and (h) all Contingent Obligations.

“Initial Minimum Cash Test Date” means June 1, 2027; provided, that, upon Borrower’s achievement of the Performance Milestone at any time prior to January 1, 2028, the Initial Minimum Cash Test Date shall be extended to January 1, 2028.

“Initial Performance Covenant Test Date” means, after Borrower draws any Tranche 2

Advance or Tranche 3 Advance, the last day of the month that is [**] following the earlier to occur of (i) Borrower's achievement of the Tranche 2 Milestone or (ii) Borrower's initial draw of a Tranche 3 Advance.

"Insolvency Proceeding" means any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy, liquidation, moratorium, receivership, or insolvency law (including without limitation such laws of other countries), including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, administration, winding-up, arrangement, receivership or other similar relief proceedings in the applicable jurisdiction from time to time in effect and affecting the rights of creditors generally.

"Intellectual Property" means all of Borrower's Copyrights; Trademarks; Patents; Licenses; trade secrets and inventions; mask works; Borrower's applications therefor and reissues, extensions, or renewals thereof; and Borrower's goodwill associated with any of the foregoing, together with Borrower's rights to sue for past, present and future infringement of Intellectual Property and the goodwill associated therewith.

"Intellectual Property Security Agreement" means the Intellectual Property Security Agreement dated as of the Closing Date between Loan Parties and Agent, as the same may from time to time be amended, restated, modified or otherwise supplemented.

"Investment" means (a) any beneficial ownership (including stock, partnership interests, limited liability company interests, or other equity securities or ownership interests) of or in any Person, (b) any loan, advance or capital contribution to any Person, (c) any Acquisition, or (d) other transfers on behalf of or in connection with any equity ownership or similar transfers.

"Invus" means Invus, L.P., a Bermuda limited partnership, and any of its Affiliates that would not otherwise be Affiliates of the Company but for its and their ownership of the Company's capital stock.

"IP Ancillary Rights" means, with respect to any Copyright, Trademark, Patent, software, trade secrets or trade secret rights, including any rights to unpatented inventions, know-how, show-how and operating manuals, all income, royalties, proceeds and liabilities at any time due or payable or asserted under or with respect to any of the foregoing or otherwise with respect thereto, including all rights to sue or recover at law or in equity for any past, present or future infringement, misappropriation, dilution, violation or other impairment thereof, and, in each case, all rights to obtain any other intellectual property right ancillary to any Copyright, Trademark, Patent, software, trade secrets or trade secret rights.

"IRS" means the U.S. Internal Revenue Service.

"Joinder Agreements" means for each Subsidiary required to join as a Borrower or as a Guarantor pursuant to Section 7.13, a completed and executed Joinder Agreement in substantially the form attached hereto as Exhibit F.

"License" means any Copyright License, Patent License, Trademark License or other Intellectual Property license of rights or interests.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment for security, security interest, encumbrance, levy, lien or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise, against any property, any conditional sale or other title retention agreement, and any lease in the nature of a security interest.

"Loan" means the Advances made under this Agreement.

"Loan Documents" means this Agreement, the promissory notes (if any), the ACH Authorization, the Account Control Agreements, any Joinder Agreement, all UCC financing statements, any Guaranty, any Warrant, the Intercompany Subordination Agreement, the Pledge Agreement, the Intellectual Property Security Agreement, and any other documents executed in connection with the Secured Obligations or the transactions contemplated hereby, as the same may from time to time be amended, modified,

“Loan Party” means Borrower or any Guarantor.

“Market Capitalization” means, for any given date of determination, an amount equal to (a) *[**]* multiplied by (b) the total number of issued and outstanding shares of Company’s common Equity Interests that are issued and outstanding on the date of the determination and listed on the Principal Stock Exchange, subject to appropriate adjustment for any stock dividend, stock split, stock combination, reclassification or other similar transaction during the applicable calculation period.

“Market Disruption Event” means any of the following events: (a) any suspension of, or limitation imposed on, trading by the Principal Stock Exchange in shares of common Equity Interests during any period or periods aggregating one hour or longer and whether by reason of movements in price exceeding limits permitted by the Principal Stock Exchange or otherwise relating to the common Equity Interests; or (b) the failure to open of the exchange or quotation system on which the common Equity Interests are traded or the closure of such exchange or quotation system prior to its respective scheduled closing time for the regular trading session on such day (without regard to after hours or other trading outside the regular trading session hours).

“Material Adverse Effect” means a material adverse effect upon: (i) the business, operations, properties, assets or condition (financial or otherwise) or prospects of the Loan Parties and their respective Subsidiaries individually and taken as a whole; or (ii) the ability of Borrower to perform or the prospect of payment the Secured Obligations in accordance with the terms of the Loan Documents, or the ability of Agent or Lenders to enforce any of its rights or remedies with respect to the Secured Obligations; or (iii) the Collateral or Agent’s Liens on the Collateral or the perfection or priority of such Liens.

“Material Agreement” means (a) the Material License, and (b) any license, agreement or other contractual arrangement the termination of which before the end of its stated term could reasonably be expected to result in a Material Adverse Effect individually or in the aggregate.

“Material License” means (a) the licenses set forth on Schedule 7.19 and (b) any other licensing as to which the breach, nonperformance, cancellation, or failure to renew by any party thereto, individually or in the aggregate, would be reasonably expected to have a Material Adverse Effect.

“Minimum Cash Coverage Percentage” means **[**]** percent (**[**]**%); provided, that, upon Borrower's achievement of the Tranche 2 Milestone, the Minimum Cash Coverage Percentage shall be reduced to **[**]** percent (**[**]**%); provided further, however if Borrower has not achieved the Data Milestone by June 1, 2027, the Minimum Cash Coverage Percentage shall be increased to **[**]** percent (**[**]**%) until Borrower achieves the Data Milestone.

“Minimum Revenue Covenant Test Date” means the last day of the calendar month in which both of the following conditions have been satisfied: (i) the reporting period ending **[**]** following Borrower's achievement of the Tranche 2 Milestone and (ii) any Tranche 2 Advance or Tranche 3 Advance has been funded.

“Net Product Revenue” means the Borrower's net revenue (as determined in accordance with GAAP) solely from the sale of sotagliflozin and pilavapadin, which shall not include any royalty, profit sharing, sales-based milestone revenue, upfront or non-sales-based milestone payments under business development or licensing transactions, measured on as of the date of the most recently delivered monthly or quarterly financial statements in accordance with Section 7.1(a) or Section 7.1(b). Net Product Revenue shall not include any of the following to the extent not recognizable as revenue in accordance with GAAP: (i) trade, quantity and cash discounts allowed by Borrower, (ii) discounts, refunds, rebates, charge backs, retroactive price adjustment and any other allowances which effectively reduce net selling price, (iii) product returns and allowances, (iv) allowances for shipping or other distribution expenses, (v) set-offs and counterclaims, and (vi) any other similar and customary deductions that are typically deducted from gross revenue and not included in net revenue in accordance with GAAP.

“New Drug Application” means a new drug application in the United States for authorization to market a product, as defined in the applicable laws and regulations and submitted to the FDA.

“Non-Disclosure Agreement” means that certain Non-Disclosure Agreement by and between Company and Agent dated as of February 5, 2026.

“OFAC” means the Office of Foreign Assets Control of the U.S. Department of Treasury.

“OFAC Lists” means, collectively, the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) and/or any other list of terrorists or other restricted Persons maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Executive Orders.

“Organizational Documents” means with respect to any Person, such Person's Charter, and (a) if such Person is a corporation, its bylaws, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

“Patent License” means any written agreement granting any right with respect to any invention on which a Patent is in existence or a Patent application is pending, in which agreement Borrower now holds or hereafter acquires any interest.

“Patents” means all letters patent in the United States of America or in any other country,

all registrations and recordings thereof, all applications for letters patent in the United States of America or any other country, and any reissues, reexaminations, renewals or patent term extensions or adjustments (including any supplementary protection certificates) thereof.

"Payroll Account" means any Deposit Account exclusively used for payroll, payroll Taxes, and other employee wage and benefit payments to or for the benefit of Borrower's employees.

"Perfection Certificate" means a completed certificate entitled "Perfection Certificate and Diligence Request", dated as of the Closing Date, delivered by Company to Agent and Lenders, signed by Company (as amended pursuant to the terms of this Agreement).

"Performance Covenant A" means Borrower maintains Qualified Cash, at all times, in an amount greater than or equal to **[**]** percent (**[**]**%) of the outstanding principal amount of the Secured Obligations.

"Performance Covenant B" means (i) Borrower maintains Qualified Cash, at all times, in an amount greater than or equal to the outstanding principal amount of the Secured Obligations, multiplied by **[**]** percent (**[**]**%) and (ii) Company's Market Capitalization, at all times, is greater than **[**]**.

"Performance Covenant C" means Borrower generated Net Product Revenue, measured on a trailing six (6) month basis, equal to or greater than the amounts identified in the table set forth on Schedule 7.21(b).

"Permitted Acquisition" means any Acquisition, in each case located entirely within the United States of America, which is conducted in accordance with the following requirements:

(a) of a business or Person or product engaged in a line of business related to that of Borrower or its Subsidiaries;

(b) if such Acquisition is structured as a stock acquisition, then the Person so acquired shall either (i) become a wholly-owned Subsidiary of Borrower or of a Subsidiary and Borrower shall comply, or cause such Subsidiary to comply, with Section 7.13 or (ii) such Person shall be merged with and into Borrower (with Borrower being the surviving entity);

(c) if such Acquisition is structured as the acquisition or in-licensing of assets, such assets shall be acquired by Borrower or a newly-organized wholly-owned Subsidiary (in which event such Subsidiary shall comply with Section 7.13 hereof), and shall be free and clear of Liens other than Permitted Liens;

(d) Borrower shall have delivered to Lenders not less than fifteen (15) nor more than forty five (45) days prior to the date of such Acquisition, notice of such Acquisition together with pro forma projected financial information, copies of all material documents relating to such acquisition, and historical financial statements for such acquired entity, division or line of business, in each case in form and substance satisfactory to Lenders and demonstrating compliance with the covenants set forth in Section 7 on a pro forma basis as if the Acquisition occurred on the first day of the most recent measurement period;

(e) both immediately before and after such Acquisition no Default or Event of Default shall have occurred and be continuing; and

(f) the sum of the purchase price of such proposed new Acquisition, computed on the basis of total acquisition consideration paid or incurred, or to be paid or incurred, by Borrower with respect thereto, including the amount of Permitted Indebtedness assumed or to which such assets, businesses or business or ownership interest or shares, or any Person so acquired, is subject, shall not be greater than (i) **[**]** Dollars (\$**[**]**) for any single acquisition or group of related acquisitions or (ii) **[**]** Dollars (\$**[**]**) for all such acquisitions during the term of this Agreement.

"Permitted Indebtedness" means:

(i) Indebtedness of Borrower in favor of any Lender or Agent arising under this

(ii) Indebtedness existing on the Closing Date which is disclosed in Schedule 1A;

(iii) Indebtedness of up to **[**]** Dollars (\$**[**]**) outstanding at any time secured by a Lien described in clause (vii) of the defined term "Permitted Liens," provided such Indebtedness does not exceed the cost of the Equipment, software or other Intellectual Property financed with such Indebtedness and any fees related thereto;

(iv) Indebtedness to trade creditors incurred in the ordinary course of business (that is overdue by more than ninety (90) days from the date of receipt), including such Indebtedness incurred in the ordinary course of business in an aggregate outstanding amount not to exceed **[**]** Dollars (\$**[**]**) at any time;

(v) Indebtedness that also constitutes a Permitted Investment or is secured by a Permitted Lien;

(vi) Subordinated Indebtedness;

(vii) reimbursement obligations in connection with letters of credit that are at any time outstanding and secured by Cash and issued on behalf of Borrower or a Subsidiary in an amount not to exceed **[**]** Dollars (\$**[**]**) in the aggregate at any time outstanding;

(viii) other unsecured Indebtedness in an amount not to exceed **[**]** Dollars (\$**[**]**) at any time outstanding;

(ix) intercompany Indebtedness of any Loan Party owing to another Loan Party;

(x) extensions, refinancings and renewals of any items of Permitted Indebtedness, provided that the principal amount is not increased or the terms modified to impose materially more burdensome terms upon Borrower or its Subsidiary, as the case may be, and subject to any limitations on the aggregate amount of such Indebtedness;

(xi) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of Borrower's business;

(xii) Indebtedness of Borrower or any of its Subsidiaries with respect to corporate credit cards in an aggregate outstanding amount not to exceed **[**]** Dollars (\$**[**]**) at any given time; and

(xiii) Indebtedness relating to insurance premium financing arrangements, including relating to Borrower's directors and officers policy in the ordinary course of Business.

"Permitted Investment" means:

(i) Investments existing on the Closing Date which are disclosed in Schedule 1B;

(ii) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower's business;

(iii) (a) Investments consisting of Cash, (b) marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or any State thereof maturing within one year from the date of acquisition thereof currently having a rating of at least A-2 or P-2 from either Standard & Poor's Corporation or Moody's Investors Service, (c) commercial paper maturing no more than one year from the date of creation thereof and currently having a rating of at least A-2 or P-2 from either Standard & Poor's Corporation or Moody's Investors Service, (d) certificates of deposit issued by any bank with assets of at least Five Hundred Million Dollars (\$500,000,000) maturing no more than one year from the date of investment therein, (e) money market accounts and (f) any other Investments permitted by Borrower's investment policy existing

as of the Closing Date and as amended from time to time, provided that such investment policy (and any such amendment thereto) has been approved in writing by Agent;

(iv) repurchases of stock of Borrower from former employees, directors, or consultants of Borrower under the terms of applicable repurchase agreements at the original issuance price of such securities in an aggregate amount not to exceed One Million Dollars (\$1,000,000) in any fiscal year, provided that no Event of Default has occurred, is continuing or could exist after giving effect to the repurchases;

(v) Investments accepted in connection with Permitted Transfers;

(vi) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of Borrower's business;

(vii) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business, provided that this subsection (vii) shall not apply to Investments of any Loan Party in any Subsidiary of a Loan Party;

(viii) Investments consisting of loans not involving the net transfer on a substantially contemporaneous basis of cash proceeds to employees, officers or directors relating to the purchase of capital stock of Company pursuant to employee stock purchase plans or other similar agreements approved by Company's Board of Directors;

(ix) Investments consisting of: (A) travel advances and employee relocation loans in the ordinary course of business, and (B) loans to employees, officers, managers or directors relating to the purchase of equity securities of Borrower pursuant to employee stock purchase plans or agreements approved by Borrower's Board of Directors or similar governing body; not to exceed One Million Dollars (\$1,000,000) in the aggregate for (A) and (B), collectively, from the Closing

Date until the time that no Secured Obligations (other than for inchoate indemnification obligations which, by their terms, survive termination of this Agreement) remain outstanding;

(x) Investments in newly-formed Subsidiaries, provided that each such Subsidiary enters into a Joinder Agreement promptly after its formation and executes such other documents as shall be reasonably requested by Agent;

(xi) Investments in Foreign Subsidiaries approved in advance in writing by Agent;

(xii) non-cash Investments in joint ventures or strategic alliances in the ordinary course of Borrower's business consistent of nonexclusive licensing of technology, the development of technology or the providing of technical support;

(xiii) Permitted Acquisitions; and

(xiv) additional Investments that do not exceed [**] Dollars (\$[**]) in the aggregate.

"Permitted Liens" means:

(i) Liens in favor of Agent or Lenders;

(ii) Liens existing on the Closing Date which are disclosed in Schedule 1C;

(iii) Liens for Taxes, fees, assessments or other governmental charges or levies, either that are not yet delinquent or are being contested in good faith by appropriate proceedings diligently conducted and for which Borrower maintains adequate reserves therefor on Borrower's Books in accordance with GAAP;

(iv) Liens securing claims or demands of materialmen, artisans, mechanics, carriers, warehousemen, landlords and other like Persons arising in the ordinary course of Borrower's business and imposed without action of such parties; provided, that such claims are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(v) Liens arising from judgments, decrees or attachments in circumstances which do not constitute an Event of Default hereunder;

(vi) the following deposits, to the extent made in the ordinary course of business: deposits under worker's compensation, unemployment insurance, social security and other similar laws, or to secure the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure indemnity, performance or other similar bonds for the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure statutory obligations (other than Liens arising under ERISA or environmental Liens) or surety or appeal bonds, or to secure indemnity, performance or other similar bonds;

(vii) Liens on Equipment or software or other intellectual property constituting purchase money Liens and other Liens in connection with capital leases securing Indebtedness permitted in clause (iii) of "Permitted Indebtedness";

(viii) Liens incurred in connection with Subordinated Indebtedness;

(ix) leasehold interests in leases or subleases and licenses (other than with respect to

Intellectual Property) granted in the ordinary course of business and not interfering in any material respect with the business of the licensor;

(x) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of custom duties that are promptly paid on or before the date they become due;

(xi) Liens on insurance proceeds securing the payment of financed insurance premiums that are promptly paid on or before the date they become due (provided that such Liens extend only to such insurance proceeds and not to any other property or assets);

(xii) statutory and common law rights of set-off and other similar rights as to deposits of cash and securities in favor of banks, other depository institutions and brokerage firms;

(xiii) easements, servitudes, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business so long as they do not materially impair the value or marketability of the related property;

(xiv) (a) Liens on Cash securing obligations permitted under clause (vii) of the definition of Permitted Indebtedness and (b) security deposits in connection with real property leases, the combination of (a) and (b) in an aggregate amount not to exceed **[**]** Dollars (\$**[**]**) at any time;

(xv) Licenses that qualify as Permitted Transfers;

(xvi) Liens solely on cash collateral pledged to secure Indebtedness in respect of corporate credit cards permitted pursuant to clause (iv) of the definition of Permitted Indebtedness; and

(xvii) Liens incurred in connection with the extension, renewal or refinancing of the Indebtedness secured by Liens of the type described in clauses (i) through (xvi) above; provided, that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the Indebtedness being extended, renewed or refinanced (as may have been reduced by any payment thereon) does not increase.

“Permitted Transfers” means:

(i) sales of Inventory in the ordinary course of business;

(ii) non-exclusive licenses, options and similar arrangements for the use of Intellectual Property in the ordinary course of business and licenses on an arms’ length basis, including in connection with business development transactions, co-development, co-commercialization or co-promotion transactions, collaborations, licensing, partnering or similar transactions with third parties and that are entered into with commercially reasonable terms, that are not exclusive or could not result in a legal transfer of title of any of Borrower’s licensed property that may be exclusive in respects other than territory or may be exclusive as to territory but only as to discrete geographical areas outside of the United States of America in the ordinary course of business;

(iii) transfers by and among Borrower and any Subsidiary that has executed a Joinder Agreement;

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(iv) transfers constituting the making of Permitted Investments, or the granting of Permitted Liens;

(v) dispositions of worn-out, obsolete or surplus Equipment at fair market value in the ordinary course of business; and

(vi) other Transfers of assets having a fair market value of not more than **[**]** Dollars (\$**[**]**) in the aggregate in any fiscal year.

“Person” means any individual, sole proprietorship, partnership, joint venture, trust,

unincorporated organization, association, corporation, limited liability company, institution, other entity or government.

“Pledge Agreement” means the Pledge Agreement dated as of the Closing Date between each Borrower party thereto and Agent, as the same may from time to time be amended, restated, amended and restated, modified or otherwise supplemented.

“Principal Stock Exchange” means the NASDAQ or, if the common Equity Interests are not listed on the NASDAQ, the principal national securities exchange or public quotation system on which the common Equity Interests are then listed for trading or quoted.

“Qualified Cash” means an amount equal to (a) the amount of Borrower’s Cash held in accounts subject to an Account Control Agreement in favor of Agent, minus (b) the Qualified Cash A/P Amount.

“Qualified Cash A/P Amount” means the amount of Borrower’s accounts payable under GAAP not paid after [**] following the receipt of the invoice for such account payable.

“Qualified Equity Interests” means any Equity Interests that are not Disqualified Equity Interests.

“[**]” means [**].

“Receivables” means (i) all of Borrower’s Accounts, Instruments, Documents, Chattel Paper, Supporting Obligations, letters of credit, proceeds of any letter of credit, and Letter of Credit Rights, and (ii) all customer lists, software, and business records related thereto.

“Registration” means any registration, authorization, approval, license, permit, clearance, certificate, and exemption issued or allowed by the FDA or state pharmacy licensing authorities (including, without limitation, New Drug Applications, abbreviated new drug applications, investigational new drug applications, pricing and reimbursement approvals, labelling approvals or their foreign equivalent, and wholesale distributor permits).

“Required Lenders” means at any time, the holders of more than fifty percent (50.00%) of the sum of the aggregate unpaid principal amount of the Term Loans then outstanding.

“Restricted License” means any material License or other agreement with respect to which Borrower is the licensee (a) that prohibits or otherwise restricts Borrower from granting a security interest in Borrower’s interest in such License or agreement or any other property, or (b) for which a default under or termination of could interfere with Agent’s right to sell any Collateral.

“Sanctioned Country” means, at any time, a country or territory which is the subject or target of comprehensive Sanctions (as of the date of this Agreement, Cuba, Iran, North Korea, and the Crimea, Donetsk, Luhansk, Kherson, and Zaporizhzhia regions of Ukraine).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or by the United Nations Security Council, the European Union, any EU member state or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned fifty percent (50.00%) or more or otherwise controlled (as such term is defined in the relevant Sanctions) by any such Person.

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, His Majesty’s Treasury of the United Kingdom or other relevant sanctions authority.

“[**]” means [**].

“Secured Obligations” means Borrower’s obligations under this Agreement and any Loan Document (other than the Warrant), including any obligation to pay any amount now owing or later arising.

“Subordinated Indebtedness” means Indebtedness subordinated to the Secured Obligations in amounts and on terms and conditions satisfactory to Agent in its reasonable discretion and subject to a subordination agreement in form and substance satisfactory to Agent in its reasonable discretion.

“Subsidiary” means an entity, whether a corporation, partnership, limited liability company, joint venture or otherwise, in which Borrower owns or controls, either directly or indirectly, fifty percent (50.00%) or more of the outstanding voting securities, including each entity listed on Schedule 1.

“Supplemental New Drug Application” means a supplemental application submitted to the FDA pursuant to 21 U.S.C. § 314.70 seeking authorization to change an already approved New Drug Application in the United States.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Term Loan” means any Term Loan Advance made under this Agreement.

“Term Loan Advance” means each Tranche 1 Advance, Tranche 2 Advance, Tranche 3 Advance and any other funds advanced under Section 2.2(a).

“Trademark License” means any written agreement granting any right to use any Trademark or Trademark registration, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

“Trading Day” means any day on which (a) there is no Market Disruption Event and (b) the Principal Stock Exchange is open for trading; provided that a “Trading Day” only includes those days that have a scheduled closing time of 4:00 p.m. (Eastern time) or the then standard closing time for regular trading on the relevant exchange or trading system.

“Trademarks” means all trademarks (registered, common law or otherwise) and any applications in connection therewith, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States of America, any State thereof or any other country or any political subdivision thereof.

“Tranche” means the Tranche 1 Advance, Tranche 2 Advance and/or the Tranche 3 Advance, as applicable.

“U.S. Person” means any Person that is a “United States person” as defined in Section 7701(a)(30) of the Code.

“UCC” means the Uniform Commercial Code as the same is, from time to time, in effect in the State of New York; provided, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Agent’s Lien on any Collateral is governed by the Uniform Commercial Code as the same is, from time to time, in effect in a jurisdiction other than the State of New York, then the term “UCC” shall mean the Uniform Commercial Code as in effect, from time to time, in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

“Warrant” means any warrant entered into in connection with the Loan, as may be amended, restated, amended and restated or modified from time to time.

1.2 The following terms are defined in the Sections or subsections referenced opposite such terms:

Defined Term	Section
1940 Act	5.6(b)
Agent	Preamble
Amortization Date	Exhibit K
Assignee	11.14
Borrower	Preamble
Claims	11.11
Collateral	3.1
Company	Preamble
Confidential Information	11.13
Data Milestone	Exhibit K
[**]	Exhibit K
End of Term Charge	Exhibit K
End of Term Charge Percentage	Exhibit K
Event of Default	9
Financial Statements	7.1
First Interest Only Extension	Exhibit K
[**]	Exhibit K
Lenders	Preamble
Lexicon Sub	Preamble

Lion	Preamble
Maximum Rate	2.3
Maximum Term Loan Amount	Exhibit K
Participant Register	11.8
Payment Date	2.2(e)
Performance Milestone	Exhibit K
Prepayment Charge	Exhibit K
Prime Rate	Exhibit K
Publicity Materials	11.19
Register	11.7
Related Person	6.3
RTI Amount	Exhibit K
[**]	7.16
[**]	7.16
[**]	7.16
Second Interest Only Extension Condition	Exhibit K
Subsequent Financing	Exhibit K
Term Commitment	Exhibit K
Term Loan Interest Rate	Exhibit K
Term Loan Maturity Date	Exhibit K
Third Party IP	5.9(d)
Tranche 1 Advance	2.2(a)(i)
Tranche 1 Commitment	Exhibit K
Tranche 2 Advance	2.2(a)(ii)
Tranche 2 Commitment	Exhibit K
Tranche 2 Commitment Period	Exhibit K
Tranche 2 Milestone	Exhibit K
Tranche 2 Minimum Advance Amount	Exhibit K
Tranche 3 Advance	2.2(a)(iii)
Tranche 3 Commitment	Exhibit K
Tranche 3 Commitment Period	Exhibit K
Tranche 3 Minimum Advance Amount	Exhibit K
Tranche Facility Charge	Exhibit K
Transfer	7.8

1.3 Unless otherwise specified, all references in this Agreement or any Annex or Schedule hereto to a “Section,” “subsection,” “Exhibit,” “Annex,” or “Schedule” shall refer to the corresponding

Section, subsection, Exhibit, Annex, or Schedule in or to this Agreement. Unless otherwise specifically provided herein, any accounting term used in this Agreement or the other Loan Documents shall have the meaning customarily given such term in accordance with GAAP as in effect on the date hereof, and all financial computations hereunder shall be computed in accordance with GAAP as in effect on the date hereof, consistently applied. Unless otherwise defined herein or in the other Loan Documents, terms that are used herein or in the other Loan Documents and defined in the UCC shall have the meanings given to them in the UCC. For all purposes under the Loan Documents, in connection with any Division or plan of Division under Delaware law (or any comparable event under a different jurisdiction’s laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person and (b) if any

new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

1.4 If at any time any change in GAAP would affect the computation of any financial requirement set forth in any Loan Document, and either Borrower or the Required Lenders shall so request, Agent, Lenders and Borrower shall negotiate in good faith to amend such requirement to preserve the original intent thereof in light of such change in GAAP; provided that, until so amended, such requirement shall continue to be computed in accordance with GAAP prior to such change.

1.5 Any reference in any Loan Document to a merger, transfer, consolidation, amalgamation, consolidation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a Division of or by a limited liability company, or an allocation of assets to a series of a limited liability company (or the unwinding of such a Division or allocation), as if it were a merger, transfer, consolidation, amalgamation, consolidation, assignment, sale or transfer, or similar term, as applicable, to, of or with a separate Person. Any Division of a limited liability company shall constitute a separate Person under the Loan Documents (and each Division of any limited liability company that is a Subsidiary, joint venture or any other like term shall also constitute such a Person or entity) on the first date of its existence. In connection with any Division, if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then such asset shall be deemed to have been transferred from the original Person to the subsequent Person.

SECTION 2. THE LOAN

2.1 [Reserved]

2.2 Term Loan Advances.

(a) Advances.

(i) Tranche 1. Subject to the terms and conditions of this Agreement, on the Closing Date, Lenders shall severally (and not jointly) make, and Borrower agrees to draw, a Term Loan Advance in an aggregate principal amount equal to the Tranche 1 Commitment, (such Term Loan Advance, the "Tranche 1 Advance").

(ii) Tranche 2. Subject to the terms and conditions of this Agreement, Borrower may request, and the Lenders shall severally (and not jointly) make, in each case, at any time during the Tranche 2 Commitment Period, one or more additional Term Loan Advances in minimum increments of the Tranche 2 Minimum Advance Amount (or if less, the remaining amount of Term Loan Advances available to be drawn pursuant to this Section 2.2(a)(ii)) in an aggregate principal amount up to the Tranche 2 Commitment (such Term Loan Advances, the "Tranche 2 Advances").

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(iii) Tranche 3. Subject to the terms and conditions of this Agreement, Borrower may request, and the Lenders shall severally (and not jointly) make, in each case, at any time during the Tranche 3 Commitment Period, and conditioned on approval by Lenders' investment committee in its sole and unfettered discretion, one or more additional Term Loan Advances in minimum increments of the Tranche 3 Minimum Advance Amount (or if less, the remaining amount of Term Loan Advances available to be drawn pursuant to this Section 2.2(a)(iii)) in an aggregate principal amount up to the Tranche 3 Commitment, to be used, among other things, to support strategic initiatives (such Term Loan Advances, the "Tranche 3 Advances").

(b) Maximum Term Loan Amount. The aggregate outstanding Term Loan Advances shall not exceed the Maximum Term Loan Amount. Each Term Loan Advance of each Lender shall not exceed its respective Term Commitment. After repayment, no Term Loan Advance (or any portion thereof) may be reborrowed.

(c) Advance Request. To obtain a Term Loan Advance, Borrower shall complete, sign and deliver an Advance Request (at least one (1) Business Day before the Closing Date and at least five (5) Business Days before each Advance Date other than the Closing Date to Agent. Lenders shall fund the Term Loan Advance in the manner requested by the Advance Request

provided that each of the conditions precedent set forth in Section 4 and applicable to such Term Loan Advance is satisfied as of the requested Advance Date. The proceeds of any Term Loan Advance shall be deposited into an account that is subject to an Account Control Agreement.

(d) Term Loan Interest Rate. The principal balance of each Term Loan Advance shall bear interest thereon from such Advance Date at the Term Loan Interest Rate, based on a year consisting of three hundred sixty (360) days, with interest computed daily based on the actual number of days elapsed. The Term Loan Interest Rate will float and change on the day the Prime Rate changes from time to time.

(e) Payment. Prior to the Amortization Date, Borrower will pay accrued but unpaid interest on each Term Loan Advance on the first Business Day of each month (each such date, a "Payment Date"), beginning the month after the Advance Date. Following the Amortization Date, Borrower shall repay the aggregate principal balance of, and all accrued but unpaid interest on, the Term Loan Advances that is outstanding on the day immediately preceding the Amortization Date, in equal monthly installments of principal and interest (mortgage style) beginning on the Amortization Date and continuing on the first Business Day of each month thereafter until the Secured Obligations (other than inchoate indemnity obligations which, by their terms, survive termination of this Agreement) are repaid. The entire principal balance of the Term Loan Advances and all accrued but unpaid interest hereunder, shall be due and payable on the Term Loan Maturity Date; provided, that if the Term Loan Maturity Date is not a Business Day, the Term Loan Maturity Date shall be the immediately subsequent Business Day. Borrower shall make all payments under this Agreement without setoff, recoupment or deduction and regardless of any counterclaim or defense. If a payment hereunder becomes due and payable on a day that is not a Business Day, the due date thereof shall be the immediately subsequent Business Day. Agent or Lenders will initiate debit entries to Borrower's account as authorized on the ACH Authorization (i) on each Payment Date of all periodic obligations payable to Lenders under each Term Loan Advance and (ii) out-of-pocket legal fees and costs incurred by Agent or Lenders in connection with Section 11.12, to the extent an invoice of such legal fees and expenses has been delivered to Borrower no less than five (5) Business Days prior to the date of any debiting of such accounts in accordance with this clause (ii) and Borrower has had a reasonable opportunity to review such invoiced amount; provided that,

with respect to clause (i) above, in the event that Lenders or Agent informs Borrower that Lenders will not initiate a debit entry to Borrower's account for a certain amount of the periodic obligations due on a specific Payment Date, Borrower shall pay to Lenders, such amount of periodic obligations in full in immediately available funds on such Payment Date; provided, further, that, with respect to clause (i) above, if Lenders or Agent informs Borrower that Lenders will not initiate a debit entry as described above later than the date that is three (3) Business Days prior to such Payment Date, Borrower shall pay to Lenders such amount of periodic obligations in full in immediately available funds on the date that is three (3) Business Days after the date on which Lenders or Agent notifies Borrower of such; provided, further, that, with respect to clause (ii) above, in the event that Lenders or Agent informs Borrower that Lenders will not initiate a debit entry to Borrower's account for specified out-of-pocket legal fees and costs incurred by Agent or Lenders, Borrower shall pay to Lenders such amount in full in immediately available funds within three (3) Business Days.

2.3 Maximum Interest. Notwithstanding any provision in this Agreement or any other Loan Document to the contrary, it is the parties' intent not to contract for, charge or receive interest at a rate that is greater than the maximum rate permissible by law that a court of competent jurisdiction shall deem applicable hereto (which under the laws of the State of New York shall be deemed to be the laws relating to permissible rates of interest on commercial loans) (the "Maximum Rate"). If a court of competent jurisdiction shall finally determine that Borrower has actually paid to Lenders an amount of interest in excess of the amount that would have been payable if all of the Secured Obligations had at all times borne interest at the Maximum Rate, then such excess interest actually paid by Borrower shall be applied as follows: first, to the payment of the Secured Obligations consisting of the outstanding principal; second, after all principal is repaid, to the payment of Lenders' accrued interest, costs, expenses, professional fees and any other Secured Obligations; and third, after all Secured Obligations are repaid, the excess (if any) shall be refunded to Borrower.

2.4 Default Interest. **[**]** In addition, upon the occurrence and during the continuation of an Event of Default hereunder, all outstanding Secured Obligations, including principal, interest, compounded interest, and professional fees, shall bear interest at a rate per annum equal to the rate set forth in Section 2.2(d) plus **[**]** per annum. In the event any interest is not paid when due hereunder, delinquent interest shall be added to principal and shall bear interest on interest, compounded at the rate set forth in Section 2.2(d) or this Section 2.4, as applicable.

2.5 Prepayment. At its option upon at least seven (7) Business Days prior written notice, Borrower may prepay all or a portion of the outstanding Advances by paying the entire principal balance (or such portion thereof) all accrued and unpaid interest thereon, all unpaid Lender's fees and expenses due hereunder accrued to the date of the repayment (including, without limitation, the portion of the End of Term Charge applicable to the aggregate original principal amount of the Term Loan Advances being prepaid in accordance with Section 2.6(a)), together with a Prepayment Charge with respect to the outstanding principal amount of such Advance amount being so prepaid. Borrower agrees that the Prepayment Charge is a reasonable calculation of Lenders' lost profits in view of the difficulties and impracticality of determining actual damages resulting from an early repayment of the Advances. Borrower shall prepay the outstanding amount of all principal and accrued interest through the prepayment date and the Prepayment Charge upon the occurrence of a Change in Control or any other prepayment hereunder. Notwithstanding the foregoing, Agent and Lenders agree to waive the Prepayment Charge if Agent and Lenders (in their sole and absolute discretion) agree in writing to refinance the Advances prior to the Term Loan Maturity Date. Any amounts paid under this Section shall be applied by Agent to the then unpaid amount of any outstanding Secured Obligations (including principal and interest) in such order and priority as Agent may choose in its

day that is not a Business Day, the due date thereof shall be the immediately subsequent Business Day.

2.6 End of Term Charge.

(a) On any date that Borrower partially prepays the outstanding Secured Obligations pursuant to Section 2.5, Borrower shall pay Lenders a charge equal to the product of the End of Term Charge Percentage multiplied by the principal amount of such Term Loan Advances being prepaid.

(b) On the earliest to occur of (i) the Term Loan Maturity Date, (ii) the date that Borrower prepays the outstanding Secured Obligations (other than any inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) in full, (iii) the date that the outstanding Secured Obligations become due and payable, or (iv) as required pursuant to Section 2.5, Borrower shall pay Lenders a charge equal to the End of Term Charge.

(c) Notwithstanding the required payment date of such End of Term Charge, the applicable pro rata portion of the End of Term Charge shall be deemed earned by Lenders as of each date that an applicable Term Loan Advance is made. For the avoidance of doubt, if a payment hereunder becomes due and payable on a day that is not a Business Day, the due date thereof shall be the immediately subsequent Business Day.

2.7 Pro Rata Treatment. Each payment (including prepayment) on account of any fee and any reduction of the Term Loan Advances shall be made pro rata according to the Term Commitments of the relevant Lender.

2.8 Taxes; Increased Costs. Borrower, Agent and Lenders each hereby agree to the terms and conditions set forth on Addendum 1 attached hereto.

2.9 Treatment of Prepayment Charge and End of Term Charge. Borrower agrees that any Prepayment Charge and any End of Term Charge payable shall be presumed to be the liquidated damages sustained by each Lender as the result of the early termination, and Borrower agrees that it is reasonable under the circumstances currently existing and existing as of the Closing Date. The Prepayment Charge and the End of Term Charge shall also be payable in the event the Secured Obligations (and/or this Agreement) are satisfied or released by foreclosure (whether by power of judicial proceeding), deed in lieu of foreclosure, or by any other means. Each Loan Party expressly waives (to the fullest extent it may lawfully do so) the provisions of any present or future statute or law that prohibits or may prohibit the collection of the foregoing Prepayment Charge and End of Term Charge in connection with any such acceleration. Borrower agrees (to the fullest extent that each may lawfully do so): (a) each of the Prepayment Charge and the End of Term Charge is reasonable and is the product of an arm's length transaction between sophisticated business people, ably represented by counsel; (b) each of the Prepayment Charge and the End of Term Charge shall be payable notwithstanding the then prevailing market rates at the time payment is made; (c) there has been a course of conduct between Lenders and Borrower giving specific consideration in this transaction for such agreement to pay the Prepayment Charge and the End of Term Charge as a charge (and not interest) in the event of prepayment or acceleration; and (d) Borrower shall be estopped from claiming differently than as agreed to in this Section. Borrower expressly acknowledges that its agreement to pay each of the Prepayment Charge and the End of Term Charge

to Lenders as herein described was on the Closing Date and continues to be a material inducement to Lenders to provide the Term Loan Advances.

2.10 [].** Borrower agrees that [**] is due to Agent on or/has been paid to Agent and received by Agent prior to the Closing Date, and shall be deemed fully earned on such date regardless of the early termination of this Agreement. Notwithstanding the foregoing, and for the avoidance of doubt, the parties hereto acknowledge and agree that [**] constitutes a deposit with respect to [**] and will be applied to reimburse [**] on the Closing Date.

3.1 Grant of Security Interest. As security for the prompt and complete payment when due (whether on the payment dates or otherwise) of all the Secured Obligations, each Borrower grants to Agent a security interest in all of such Borrower's right, title, and interest in, to and under the following property, whether now owned or hereafter acquired (collectively, the "Collateral"): (a) Receivables; (b) Equipment; (c) Fixtures; (d) General Intangibles (including Intellectual Property); (e) Inventory; (f) Investment Property; (g) Deposit Accounts; (h) Cash; (i) Goods; (j) real property; (k) commercial tort claims and (l) all other tangible and intangible personal property of such Borrower whether now or hereafter owned or existing, leased, consigned by or to, or acquired by, Borrower and wherever located, and any of such Borrower's property in the possession or under the control of Agent; and, to the extent not otherwise included, all Proceeds of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of each of the foregoing.

3.2 Notwithstanding the broad grant of the security interest set forth in Section 3.1, above, the Collateral shall not include (a) any "intent to use" trademarks at all times prior to the first use thereof, whether by the actual use thereof in commerce, the recording of a statement of use with the United States Patent and Trademark Office or otherwise, provided, that upon submission and acceptance by the United States Patent and Trademark Office of an amendment to allege use of an intent-to-use trademark application pursuant to 15 U.S.C. Section 1060(a) (or any successor provision) such intent-to-use application shall constitute Collateral, (b) nonassignable licenses or contracts, which by their terms require the consent of the licensor thereof or another party (but only to the extent such prohibition on transfer is enforceable under applicable law, including, without limitation, Sections 9-406, 9407 and 9-408 of the UCC) and (c) any Excluded Account.

SECTION 4. CONDITIONS PRECEDENT TO LOAN

The obligations of Lenders to make the Loan hereunder are subject to the satisfaction by Borrower of the following conditions:

4.1 Initial Advance. On or prior to the Closing Date, Borrower shall have delivered to Agent the following:

(a) duly executed copies of the Loan Documents (other than the Warrant, which shall be an original), and all other documents and instruments reasonably required by Agent to effectuate the transactions contemplated hereby or to create and perfect the Liens of Agent with respect to all Collateral, in all cases in form and substance reasonably acceptable to Agent;

(b) duly executed Account Control Agreement(s) with respect to each Deposit Account and account holding Investment Property (other than an Excluded Account) maintained by Borrower or any Subsidiary;

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(c) a legal opinion of Borrower's counsel in form and substance reasonably acceptable to Agent;

(d) copy of resolutions of each Borrower's Board of Directors, certified by an officer of such Borrower, (i) evidencing approval of the Loan and other transactions evidenced by the Loan Documents (including the Warrant), (ii) authorizing a specified person or persons to execute the Loan Documents to which it is a party on its behalf, (iii) authorizing a specified person or persons, on its behalf, to sign and/or dispatch all documents and notices (including, if relevant, any Advance Request or other relevant notice) to be signed and/or dispatched by it under or in connection with the Loan Documents to which it is a party, and (iv) acknowledging that the Board of Directors is acting for a proper purpose and that the Loan Documents are in the best interests of that Borrower and for its commercial benefit;

(e) certified copies of the Charter of Borrower, certified by the Secretary of State of the applicable jurisdiction of organization and the other Organizational Documents, as amended through the Closing Date, of Borrower;

(f) a certificate of good standing for Borrower from its jurisdiction of organization and similar certificates from all other jurisdictions in which it does business and where the failure

to be qualified could have a Material Adverse Effect;

(g) certified copies, dated as of a recent date, of searches for financing statements filed in the central filing office of the State of Delaware, accompanied by written evidence (including any UCC termination statements) that the Liens on any Collateral indicated in any such financing statements either constitute Permitted Liens or have been or, in connection with the initial Term Loan Advance, will be terminated or released;

(h) payment of the [**] and reimbursement of Agent's and Lenders' current expenses reimbursable pursuant to this Agreement, which amounts may be deducted from the initial Advance;

(i) a duly executed copy of the Perfection Certificate and each exhibit and addendum thereto;

(j) all certificates of insurance and copies of each insurance policy required hereunder except as set forth in Section 4.5(d);

(k) (i) the certificates representing the Equity Interests required to be pledged pursuant to the Pledge Agreement, together with an undated stock power or similar instrument of transfer for each such certificate endorsed in blank by a duly authorized officer of the pledgor thereof, and (ii) each material debt instrument (if any) endorsed (without recourse) in blank (or accompanied by an transfer form endorsed in blank) by the pledgor thereof required to be pledged to Agent under the Pledge Agreement;

(l) all reports, declarations and forms required by [**], including but not limited to [**];

(m) a duly executed payoff letter from Oxford Finance LLC, as agent for the lenders from time to time party to that Loan and Security Agreement dated March 17, 2022, between, among others, the Borrower, and Oxford Finance LLC (as amended, restated, amended and restated, supplemented, or otherwise as modified from time to time) (the "Oxford LSA");

(n) evidence that (i) the Liens securing Indebtedness owed by Borrower under the Oxford LSA will be terminated and (ii) the documents and/or filings evidencing the perfection of such Liens, including, without limitation, any financing statements and/or control agreements, have been or will be, concurrently with the initial Advance, terminated; and

(o) such other documents as Agent may reasonably request.

4.2 All Advances. On each Advance Date:

(a) Agent shall have received (i) an Advance Request for the relevant Advance as required by Section 2.2(c), duly executed by Borrower's Chief Executive Officer or Chief Financial Officer, and (ii) any other documents Agent may reasonably request in good faith in connection with verifying the satisfaction of the conditions set forth in this Section;

(b) The representations and warranties set forth in this Agreement shall be true and correct in all material respects on and as of the applicable Advance Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date); provided that any representation and warranty qualified by "materiality", "Material Adverse Effect" or similar language shall be true and correct (after giving effect to any such qualification therein) in all respects;

(c) Borrower shall be in compliance with all the terms and provisions set forth herein and in each other Loan Document on its part to be observed or performed;

(d) With respect to any Tranche 2 Advance and Tranche 3 Advance (subject to investment committee approval) made available on such Advance Date, the Loan Parties shall have paid the Tranche Facility Charge applicable to such Advance; and

(e) Each Advance Request shall be deemed to constitute a representation and warranty by Borrower on the relevant Advance Date as to the matters specified in Section 4.2(b), Section 4.2(c) and Section 4.4 and as to the matters set forth in the Advance Request.

4.3 [Reserved].

4.4 No Default. As of the Closing Date and at the time of and immediately after each Advance Date, (i) no fact or condition exists that could (or could, with the passage of time, the giving of notice, or both) constitute an Event of Default, (ii) no event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing and (iii) there has been no material adverse deviation by Borrower from the most recent business plan of Borrower presented to and accepted by Agent.

4.5 Post-Closing Obligations. Borrower will deliver the following documents and other evidence, each in form and substance satisfactory to Agent in its sole discretion, on or before the dates below (or such later date as Agent shall consent to in writing (which may be via email)):

(a) no later than [**] after the Closing Date (or such later date that is acceptable to Agent), Borrower shall deliver a duly executed Account Control Agreement with respect to the Deposit Account into which the proceeds of the Tranche 1 Advance shall be deposited;

(b) no later than [**] after the Closing Date, Borrower shall deliver to the Agent the

original issued and outstanding stock certificate of Lexicon Sub and stock powers executed in blank;

(c) no later than [**] after the Closing Date, Borrower shall deliver to Agent, duly executed Account Control Agreement(s) with respect to each Deposit Account and account holding Investment Property (other than an Excluded Account maintained by Borrower or any Subsidiary);

(d) no later than [**] after the Closing Date, all endorsements of each insurance policy required under Section 6.2;

(e) no later than [**] after the Closing Date, Borrower shall deliver duly executed landlord consents for its (i) chief executive office or its principal place of business and (ii) its other offices or business locations, including warehouses, containing in excess of One Million Dollars (\$1,000,000) of Borrower's assets or property; and

(f) no later than [**] after the Closing Date, Borrower shall deliver duly executed bailee agreements for any bailee location holding a portion of Borrower's assets or property valued, individually or in the aggregate, in excess of One Million Dollars (\$1,000,000).

SECTION 5. REPRESENTATIONS AND WARRANTIES OF BORROWER

Borrower represents and warrants that:

5.1 Corporate Status; Execution and Delivery; Binding Effect. Each Borrower is a corporation duly organized, legally existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation, limited liability company or partnership, as the case may be, in all jurisdictions in which the nature of its business or location of its properties require such qualifications and where the failure to be qualified could reasonably be expected to have a Material Adverse Effect. Borrower's present name, former names (if any), locations, place of formation, tax identification number, organizational identification number and other information are correctly set forth in Exhibit B, as may be updated by Borrower in a written notice (including any Compliance Certificate) provided to Agent after the Closing Date in accordance with this Agreement. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by the Borrower. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting creditors' rights generally and by general principles of equity.

5.2 Collateral. Borrower owns or otherwise has the rights to use the Collateral, free of all Liens, except for Permitted Liens. Borrower has the power and authority to grant to Agent a Lien in the Collateral as security for the Secured Obligations.

5.3 Consents. Borrower's execution, delivery and performance of this Agreement and all other Loan Documents to which it is a party, and Borrower's execution of the Warrant, (i) have been duly authorized by all necessary action of Borrower in accordance with its Organizational Documents and applicable law, (ii) will not result in the creation or imposition of any Lien upon the

Collateral, other than Permitted Liens, (iii) do not violate any provisions of Borrower's Organizational Documents, (iv) do not violate any, law, regulation, order, injunction, judgment, decree or writ to which Borrower is subject and (v) except as described on Schedule 5.3, do not violate any contract or agreement or require the consent or approval of any other Person or Governmental Authority which has not already been obtained, in the cases of clauses (iv) and (v) above, that would reasonably be expected to have a Material Adverse Effect. The individual or individuals executing the Loan Documents and the Warrant are duly authorized to do so.

5.4 Material Adverse Effect. No event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing. Borrower is not aware of any event

or circumstance that is likely to occur that is reasonably expected to result in a Material Adverse Effect.

5.5 Actions Before Governmental Authorities. There are no actions, suits, claims, disputes or proceedings at law or in equity or by or before any Governmental Authority now pending or, to the knowledge of Borrower, threatened against or affecting Borrower or its property, that are reasonably expected to result in a Material Adverse Effect.

5.6 Laws.

(a) Neither Borrower nor any of its Subsidiaries is in violation of any law, rule or regulation, or in default with respect to any judgment, writ, injunction or decree of any Governmental Authority to which Borrower or such Subsidiaries are subject, where such violation or default could reasonably be expected to result in a Material Adverse Effect. Borrower is not in default in any manner under any provision of any agreement or instrument evidencing Indebtedness, or any other material agreement to which it is a party or by which it is bound that could reasonably be expected to result in a Material Adverse Effect.

(b) Neither Borrower nor any of its Subsidiaries is an “investment company,” a company that would be an “investment company” except for the exclusion from the definition of “investment company” in Section 3(c) of the Investment Company Act of 1940, as amended (the “1940 Act”), or a company “controlled” by an “investment company” under the 1940 Act. Neither Borrower nor any of its Subsidiaries is engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower and each of its Subsidiaries has complied in all material respects with the Federal Fair Labor Standards Act. Neither Borrower nor any of its Subsidiaries is a “holding company” or an “affiliate” of a “holding company” or a “subsidiary company” of a “holding company” as each term is defined and used in the Public Utility Holding Company Act of 2005. Neither Borrower’s nor any of its Subsidiaries’ properties or assets have been used by Borrower or such Subsidiary or, to Borrower’s knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than in material compliance with applicable laws. Borrower and each of its Subsidiaries has obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Governmental Authorities that are necessary to continue their respective businesses as currently conducted.

(c) None of Borrower, any of its Subsidiaries, or any of Borrower’s or its Subsidiaries’ Affiliates or any of their respective agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement is (i) in violation of any Anti-Terrorism Law, (ii) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism

Law, or (iii) is a Blocked Person. None of Borrower, any of its Subsidiaries, or (to the knowledge of Borrower) any of their Affiliates or agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement, (x) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or (y) deals in, or otherwise engages in any transaction relating to, any property or interest in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law. None of the funds to be provided under this Agreement will be used, directly or indirectly, (a) for any activities in violation of any applicable anti-money laundering, economic sanctions and anti-bribery laws and regulations or (b) for any payment to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

5.7 Information Correct and Current. No information, report, Advance Request, financial statement, exhibit or schedule furnished, by or on behalf of Borrower to Agent in connection with any Loan Document or included therein or delivered pursuant thereto contained, or, when taken as a whole, contains or will contain any material misstatement of fact or, when taken together with all other such information or documents, omitted, omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which

they were, are or will be made, not materially misleading at the time such statement was made or deemed made. Additionally, any and all financial or business projections provided by Borrower to Agent, whether prior to or after the Closing Date, shall be (i) provided in good faith and based on the most current data and information available to Borrower, and (ii) the most current of such projections provided to Borrower's Board of Directors.

5.8 Tax Matters. Except as set forth on Schedule 5.8, (a) Borrower and its Subsidiaries have filed all federal and state income Tax returns and other material Tax returns that they are required to file, (b) Borrower and its Subsidiaries have duly paid all federal and state income Taxes and other material Taxes or installments thereof that they are required to pay, except (i) Taxes being contested in good faith by appropriate proceedings and for which Borrower and its Subsidiaries maintain adequate reserves in accordance with GAAP and (ii) state and other material Taxes in an aggregate amount not to exceed Twenty Five Thousand Dollars (\$25,000), and (c) to the best of Borrower's knowledge, no proposed or pending Tax assessments, deficiencies, audits or other proceedings with respect to Borrower or any Subsidiary have had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5.9 Intellectual Property Claims. Exhibit C is a true, correct and complete list of each of Borrower's pending or registered Patents, Trademarks, Copyrights, and material agreements under which Borrower licenses intellectual property from third parties (other than shrink-wrap software licenses, "off-the-shelf" licenses, or open-source software), together with application or registration numbers, as applicable, owned by Borrower or any Subsidiary. Borrower is not in material breach of, nor has Borrower failed to perform any material obligations under, any of the foregoing contracts, licenses or agreements and, to Borrower's knowledge, no third party to any such contract, license or agreement is in material breach thereof or has failed to perform any material obligations thereunder. Borrower is the sole owner of and has valid title to, or otherwise has the valid right to use, the Intellectual Property material to Borrower's business as currently conducted and proposed to be conducted by Borrower. Except as described on Schedule 5.9, to the knowledge of Borrower, (i) each of the Patents, Trademarks and Copyrights listed in Exhibit C is valid and enforceable, (ii) no material part of the Intellectual Property has been judged invalid or

unenforceable, in whole or in part, and (iii) no claim has been made to Borrower that the ownership of or use of any material part of the Intellectual Property violates the rights of any third party.

5.10 Intellectual Property.

(a) Schedule 5.10(a), as updated as set forth in the most recent Compliance Certificate delivered in accordance with Section 7.1(d) for which such updates are required (provided that any such updates made in such Compliance Certificate shall not apply to a period covered by a prior Compliance Certificate and shall not cure any default arising from any false or misleading misrepresentations and warranties when made or when deemed made), sets forth a true, correct and complete list of all updates to the Current Company IP (including all Patents, registered Trademarks and registered Copyrights, and all pending applications therefor) since the prior Compliance Certificate, together with any new or updated application or registration numbers, as applicable. Except as set forth on Schedule 5.10(a), as updated as set forth in the most recent Compliance Certificate delivered in accordance with Section 7.1(d) for which such updates are required (provided that any such updates made in such Compliance Certificate shall not apply to a period covered by a prior Compliance Certificate and shall not cure any default arising from any false or misleading misrepresentations and warranties when made or when deemed made), to the knowledge of Borrower, (i) each Patent, Trademark and Copyright contained in the Current Company IP is valid, subsisting and (other than with respect to Patent applications) enforceable, and no such item has lapsed, expired, been cancelled, invalidated, abandoned or become unenforceable, and (ii) no written notice has been received challenging the inventorship, ownership, validity or enforceability of any such Patent, Trademark or Copyright. There are no Liens on any Company IP other than Permitted Liens. To the knowledge of Borrower, there are no published Patents, Patent applications, articles or prior art references that would reasonably be expected to materially adversely affect the exploitation of the Borrower Products.

(b) Except as set forth on Schedule 5.10(b), as updated in the most recent Compliance Certificate delivered in accordance with Section 7.1(d) for which such updates are required (provided that any such disclosures made in such Compliance Certificate shall not apply to a period covered by a prior Compliance Certificate and shall not cure any default arising from any false or misleading misrepresentations and warranties when made or when deemed made), to the best of Borrower's knowledge, each inventor or assignee who has or has had any rights in or to Company IP owned by Borrower or any of its Subsidiaries has executed an agreement assigning his, her or its entire right, title, inventorship rights and interest therein to the stated owner thereof, and all such assignments of issued Patents have been duly recorded with the U.S. Patent and Trademark Office. To the best of Borrower's knowledge, there are no material maintenance, annuity or renewal fees currently overdue beyond their allotted grace period for any Current Company IP.

(c) Each Material Agreement is in full force and effect and is legal, valid, binding and enforceable in accordance with its respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws. Except as set forth on Schedule 5.10(c), to the knowledge of Borrower, neither Borrower nor any of its Subsidiaries is in breach or default under any Material Agreement in any manner that could reasonably be expected to materially affect the Borrower Products, and no circumstances or grounds exist that would give rise to a claim of breach or right of rescission, termination or nonrenewal of any of the Material Agreements, including the execution, delivery and performance of this Agreement and the other Loan Documents. Except as set forth on Schedule 5.10(c), as updated in accordance with Section 7.19, there are no unpaid fees or royalties under any Material Agreements that have become due or are expected to become overdue.

(d) Except as described on Schedule 5.9, as updated in the most recent Compliance Certificate delivered in accordance with Section 7.1(d) for which such updates are required (provided that any such disclosures made in such Compliance Certificate shall not apply to a period covered by a prior Compliance Certificate and shall not cure any default arising from any false or misleading misrepresentations and warranties when made or when deemed made), there is no pending or, to the knowledge of Borrower, threatened (in writing) opposition, interference, reissue, reexamination, inter-partes review, post-grant review, cancellation, injunction, litigation, or other proceeding challenging the legality, validity, enforceability or ownership of any Patents, Trademarks or Copyrights contained in the Current Company IP, in each case, that would have a material adverse effect on the Borrower Products. Except as described on Schedule 5.9, as updated in the most recent Compliance Certificate delivered in accordance with Section 7.1(d) for which such updates are required (provided that any such disclosures made in such Compliance Certificate shall not apply to a period covered by a prior Compliance Certificate and shall not cure any default arising from any false or misleading misrepresentations and warranties when made or when deemed made), to the knowledge of Borrower, there are no pending or threatened (in writing) claims against Borrower or any of its Subsidiaries alleging that any Borrower Product Activities infringes, violates or misappropriates the intellectual property of any third party ("Third Party IP"), or that any Patents, Trademarks or Copyrights contained in the Current Company IP are invalid or unenforceable. Except as described on Schedule 5.9, as updated in the most recent Compliance Certificate delivered in accordance with Section 7.1(d) for which such updates are required (provided that any such disclosures made in such Compliance Certificate shall not apply to a period covered by a prior Compliance Certificate and shall not cure any default arising from any false or misleading misrepresentations and warranties when made or when deemed made), no Borrower Product Activities, to the knowledge of Borrower, infringe or violate any issued or registered Third Party IP.

(e) Except as set forth on Schedule 5.10(e), there are no settlements, covenants not to sue, consents, judgments, orders or similar obligations that (i) restrict the rights of Borrower or any of its Subsidiaries to use any Intellectual Property relating to Borrower Product Activities (in order to accommodate any Third Party IP or otherwise), or (ii) permit any third parties to use any Intellectual Property. To the knowledge of Borrower, there is no infringement, violation or misappropriation by any Person of any Company IP.

(f) Borrower and each of its Subsidiaries have taken all commercially reasonable measures customary in the Borrower's industry to protect the confidentiality and value of all trade secrets owned by Borrower or any of its Subsidiaries or used or held for use by Borrower or any of its Subsidiaries relating to the Borrower Product Activities.

(g) Except for restrictions that are unenforceable under Article 9 of the UCC, Borrower has the right, to the extent required to operate Borrower's business, to freely transfer, license or assign Intellectual Property that is necessary or material in the operation or conduct of Borrower's business as currently conducted and proposed to be conducted, without condition, restriction or payment of any kind (other than license payments in the ordinary course of business) to any third party, except for customary covenants in inbound license agreements and equipment leases where Borrower is the licensee or lessee. Borrower owns or has the right to use, pursuant to valid licenses, all software development tools, library functions, compilers and all other third-party software and other items that are material to Borrower's business and Borrower Product Activities. Except as disclosed on Schedule 5.10(g), Borrower is not a party to, nor is it bound by, any Restricted License.

(h) No material software or other materials used by Borrower or any of its Subsidiaries (or used in any Borrower Products) are subject to an open-source or similar license (including the General Public License, Lesser General Public License, Mozilla Public License, or Affero License) in a manner that would cause such software or other materials to have to be (i) distributed to third parties at no charge or a minimal charge (royalty-free basis), (ii) licensed to third parties to modify, make derivative works based on, decompile, disassemble, or reverse engineer, or (iii) disclosed or distributed in source code form.

or Borrower Product has been or is subject to any actual or, to the knowledge of Borrower, threatened (in writing) litigation, proceeding (including any proceeding in the United States Patent and Trademark Office or any corresponding foreign office or agency) or outstanding decree, order, judgment, settlement agreement or stipulation that restricts in any manner Borrower's use, transfer or licensing thereof or that may affect the validity, use or enforceability thereof. There is no decree, order, judgment, agreement, stipulation, arbitral award or other provision entered into in connection with any litigation or proceeding that obligates Borrower to grant licenses or ownership interest in any future Intellectual Property related to the operation or conduct of the business of Borrower or Borrower Products. Borrower has not received any notice or claim challenging or questioning Borrower's ownership in, or rights to use, any Intellectual Property or suggesting that any third party has any claim of legal or beneficial ownership with respect thereto nor, to Borrower's knowledge, is there a reasonable basis for any such claim. To the knowledge of Borrower, neither Borrower's use of its Intellectual Property nor the production and sale of Borrower Products infringes the intellectual property or other rights of others. At the time of any shipment of Borrower Products in the United States, to the knowledge of Borrower, the units thereof so shipped complied with their relevant specifications and were manufactured in all material respects in accordance with applicable current FDA Good Manufacturing Practices.

5.12 Financial Accounts. Exhibit D, as may be updated by Borrower in a written notice provided to Agent after the Closing Date, is a true, correct and complete list of (a) all banks and other financial institutions at which Borrower or any Subsidiary maintains Deposit Accounts and (b) all institutions at which Borrower or any Subsidiary maintains an account holding Investment Property, and such exhibit correctly identifies the name, address and telephone number of each bank or other institution, the name in which the account is held, a description of the purpose of the account, and the complete account number therefor. Neither Borrower nor any Subsidiary owns or holds any Digital Assets.

5.13 Employee Loans. Except for loans constituting Permitted Investments or as described on Schedule 5.13, Borrower has no outstanding loans to any employee, officer or director of Borrower nor has Borrower guaranteed the payment of any loan made to an employee, officer or director of Borrower by a third party.

5.14 Capitalization and Subsidiaries. Borrower's capitalization as of the Closing Date is set forth on Schedule 5.14 annexed hereto. Borrower does not own any stock, partnership interest or other securities of any Person, except for Permitted Investments. Attached as Schedule 5.14, as may be updated by Borrower in a written notice provided after the Closing Date, is a true, correct and complete list of each Subsidiary as of the Closing Date.

5.15 Solvency. The fair salable value of Borrower's consolidated assets (including goodwill minus disposition costs) exceeds the fair value of Borrower's liabilities; Borrower is not

left with unreasonably small capital after the transactions in this Agreement; and Borrower and each of its Subsidiaries are able to pay their debts (including trade debts) as they mature. The amount of any contingent liability at any time shall be computed as the amount that would reasonably be expected to become an actual and matured liability.

SECTION 6. INSURANCE; INDEMNIFICATION

6.1 Coverage. Borrower shall cause to be carried and maintained commercial general liability insurance covering Borrower and its Subsidiaries, on an occurrence form, against risks and in such amounts customarily insured against in Borrower's line of business. Such risks shall include the risks of bodily injury, including death, property damage, personal injury, advertising injury, and contractual liability per the terms of the indemnification agreement found in Section 6.3. Borrower must maintain a minimum of [**] Dollars (\$[**]) of commercial general liability insurance for each occurrence. Borrower maintains and shall continue to maintain a minimum of [**] Dollars (\$[**]) of directors' and officers' insurance for each occurrence and [**] Dollars (\$[**]) in the aggregate. So long as there are any Secured Obligations outstanding (other than inchoate indemnity obligations which, by their terms, survive termination of this Agreement), Borrower shall also cause to be carried and maintained insurance upon the business and assets of Borrower and its Subsidiaries, insuring against all risks of physical loss or damage howsoever caused, in an amount not less than

the full replacement cost of the Collateral, provided that such insurance may be subject to standard exceptions and deductibles. If Borrower fails to obtain the insurance called for by this Section 6.1 or fails to pay any premium thereon or fails to pay any other amount which Borrower is obligated to pay under this Agreement or any other Loan Document or which may be required to preserve the Collateral, Agent may obtain such insurance or make such payment, and all amounts so paid by Agent are immediately due and payable, bearing interest at the then highest rate applicable to the Secured Obligations, and secured by the Collateral. Agent will make reasonable efforts to provide Borrower with notice of Agent obtaining such insurance at the time it is obtained or within a reasonable time thereafter. No payments by Agent are deemed an agreement to make similar payments in the future or Agent's waiver of any Event of Default.

6.2 Certificates. Borrower shall deliver to Agent certificates of insurance that evidence Borrower's compliance with its insurance obligations in Section 6.1 and the obligations contained in this Section 6.2. Borrower's insurance certificate shall reflect Agent (shown as "Hercules Capital, Inc., as Agent, and its successors and/or assigns") is an additional insured for commercial general liability, a lender's loss payable for all risk property damage insurance, subject to the insurer's approval, and a lender's loss payable for property insurance, an additional insured for liability insurance for any future insurance that Borrower may acquire from such insurer and any other designations as requested by Agent with respect to any other insurance policies (including cybersecurity policies) of Borrower. Attached to the certificates of insurance will be additional insured endorsements for liability, lender's loss payable endorsements for all risk property damage insurance and any other endorsements as requested by Agent with respect to any other insurance policies (including cybersecurity policies) of Borrower. All certificates of insurance will provide for a minimum of thirty (30) days advance written notice to Agent of cancellation (other than cancellation for non-payment of premiums, for which ten (10) days' advance written notice shall be sufficient) or any other change adverse to Agent's interests. Any failure of Agent to scrutinize such insurance certificates for compliance is not a waiver of any of Agent's rights, all of which are reserved. Borrower shall provide Agent with copies of each insurance policy, and upon entering into or amending any insurance policy required hereunder, Borrower shall provide Agent with copies of such policies and shall promptly deliver to Agent updated insurance certificates with respect to such policies.

6.3 Indemnity. Borrower agrees to indemnify and hold Agent, Lenders and each of their respective officers, directors, employees, agents, in-house attorneys, representatives and shareholders (each, a “Related Person”) harmless from and against any and all third-party claims, costs, expenses, damages and liabilities (including such claims, costs, expenses, damages and liabilities based on liability in tort, including strict liability in tort), including reasonable attorneys’ fees and disbursements and other costs of investigation or defense (including those incurred upon any appeal) (collectively, “Liabilities”), that may be instituted or asserted against or incurred by such Related Person as the result of credit having been extended, suspended or terminated under this Agreement and the other Loan Documents or the administration of such credit, or in connection with or arising out of the transactions contemplated hereunder and thereunder, or any actions or failures to act in connection therewith, or arising out of the disposition or utilization of the Collateral, excluding in all cases Liabilities to the extent such Liabilities arise solely out of (i) gross negligence or willful misconduct of any Related Person, (ii) claims among Related Persons or (iii) changes in Tax rates. This Section 6.3 shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim. In no event shall any Related Person be liable on any theory of liability for any special, indirect, consequential or punitive damages (including any loss of profits, business or anticipated savings). This Section 6.3 shall survive the repayment of indebtedness under, and otherwise shall survive the expiration or other termination of, this Agreement, in each case, subject to the applicable statute of limitations.

SECTION 7. COVENANTS OF BORROWER

Borrower agrees as follows:

7.1 Financial Reports. Borrower shall furnish to Agent the financial statements and reports listed hereinafter (the “Financial Statements”):

(a) upon Borrower drawing any Tranche 2 Advance or Tranche 3 Advance, as soon as practicable (and in any event within thirty (30) days) after the end of each month (other than any month that is the final month of any calendar quarter or the final month of the calendar year), unaudited balance sheet and related statements of income and cash flows (prepared on a consolidated basis, if applicable) accompanied by a report detailing any material contingencies (including the commencement of any material litigation by or against Borrower) or any other occurrence that could reasonably be expected to have a Material Adverse Effect, all certified by a duly authorized officer of Borrower to the effect that they have been prepared in accordance with GAAP, except (i) for the absence of footnotes, (ii) that they are subject to normal year-end adjustments, and (iii) they do not contain certain non-cash items that are customarily included in quarterly and annual financial statements;

(b) as soon as practicable (and in any event within forty-five (45) days after the end of each calendar quarter), unaudited interim and year-to-date financial statements as of the end of such calendar quarter (prepared on a consolidated basis, if applicable), including balance sheet and related statements of income and cash flows accompanied by a report detailing any material contingencies (including the commencement of any material litigation by or against Borrower) or any other occurrence that could reasonably be expected to have a Material Adverse Effect, certified by a duly authorized officer of Borrower to the effect that they have been prepared in accordance with GAAP, except (i) for the absence of footnotes, and (ii) that they are subject to normal year-end adjustments;

(c) as soon as practicable (and in any event within ninety (90) days) after the end of

each fiscal year, audited financial statements as of the end of such year (prepared on a consolidated basis, if applicable), including balance sheet and related statements of income and cash flows, and setting forth in comparative form the corresponding figures for the preceding fiscal year, certified without qualification (other than a going-concern qualification typical for companies similar to Borrower) by a firm of independent certified public accountants selected by Borrower and reasonably acceptable to Agent;

(d) as soon as practicable (and in any event within thirty (30) days after the end of each month, a Compliance Certificate which shall include written notice of Borrower's consolidated cash balances as of the last day of each month for which Compliance Certificate is delivered; provided that, notwithstanding the foregoing, it is understood and agreed that only Compliance Certificates delivered concurrently with the delivery of the Financial Statements provided for in Section 7.1(b) and (c) shall be required to provide any update or supplement of any schedules in respect of any Intellectual Property or any claims in respect thereof;

(e) as soon as practicable (and in any event within forty-five (45) days) after the end of each calendar quarter, a report showing agings of accounts receivable and accounts payable; provided, that, following Borrower drawing any Tranche 2 Advance or Tranche 3 Advance, such report shall instead be delivered together with the monthly financial reporting required pursuant to Section 7.1(a);

(f) promptly after the sending or filing thereof, as the case may be, copies of any proxy statements, financial statements, information or reports that Company has made available to holders of its common stock and copies of any regular, periodic and special reports or registration statements that Company files with the Securities and Exchange Commission or any Governmental Authority that may be substituted therefor, or any national securities exchange;

(g) copies of any material Governmental Approvals obtained by Borrower or any of its Subsidiaries;

(i) financial and business projections promptly following their approval by Company's Board of Directors, and in any event, within thirty (30) days following the end of Borrower's fiscal year, as well as budgets, operating plans and other financial information reasonably requested by Agent;

(j) [reserved];

(h) insurance renewal statements, annually or otherwise promptly upon renewal of insurance policies required to be maintained in accordance with Section 6.1;

(i) together with the Compliance Certificate delivered annually with the audited financial statements pursuant to Section 7.1(c), copies of the annual renewal statements of Borrower's insurance policies;

(j) prompt notice of any legal process that is reasonably likely to result in damages, expenses or liabilities in excess of [**]; and

(k) prompt (but in any event no more than two (2) Business Days') notice if Borrower or any Subsidiary has knowledge that Borrower, or any Subsidiary or Affiliate of Borrower, is listed on the OFAC Lists or (a) is convicted on, (b) pleads *nolo contendere* to, (c) is indicted on, or

(d) is arraigned and held over on charges involving money laundering or predicate crimes to money laundering.

Borrower shall not (without the consent of Agent, such consent not to be unreasonably withheld or delayed), make any change in its (a) accounting policies or reporting practices, except as required by GAAP or (b) fiscal years or fiscal quarters. The fiscal year of Borrower shall end on December 31.

The executed Compliance Certificate, and all Financial Statements required to be delivered hereunder shall be sent per instructions (i) specified on Addendum 2 or (ii) otherwise provided by Agent to Borrower via a written notice from time to time.

Notwithstanding the foregoing, documents required to be delivered under Sections 7.1(a), (b), (c) or (f) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically by filing such documents with the SEC and if so delivered, shall be deemed to have been delivered on the date of such filing; provided that Borrower shall [**].

7.2 Management Rights. Borrower shall permit any representative that Agent or Lenders authorizes, including its attorneys and accountants, to inspect the Collateral and examine and make copies and abstracts of the books of account and records of Borrower at reasonable times and upon reasonable notice during normal business hours; provided, however, that so long as no Event of Default has occurred and is continuing, such examinations shall be limited to no more often than twice per fiscal year. In addition, in connection with such inspections, any such representative shall have the right to meet with management and officers of Borrower to discuss such books of account and records. In addition, Agent or Lenders shall be entitled at reasonable times and intervals to consult with and advise the management and officers of Borrower concerning significant business issues affecting Borrower. Such consultations shall not unreasonably interfere with Borrower's business operations. The parties intend that the rights granted Agent and Lenders shall constitute "management rights" within the meaning of 29 C.F.R. Section 2510.3-101(d)(3)(ii), but that any advice, recommendations or participation by Agent or Lenders with respect to any business issues shall not be deemed to give Agent or Lenders, nor be deemed an exercise by Agent or Lenders of, control over Borrower's management or policies.

7.3 Further Assurances. Borrower shall, and shall cause each other Loan Party to, from time to time execute, deliver and file, alone or with Agent, any financing statements, security agreements, collateral assignments, notices, control agreements, promissory notes or other documents reasonably necessary to perfect, give the highest priority to Agent's Lien on the Collateral or otherwise evidence Agent's rights herein. Borrower shall from time to time procure any instruments or documents as may be reasonably requested by Agent, and take all further action that may be necessary, or that Agent may reasonably request, to perfect and protect the Liens granted hereby or pursuant to applicable Loan Documents. In addition, and for such purposes only, Borrower hereby authorizes Agent to execute and deliver on behalf of Borrower and to file such financing statements (including an indication that the financing statement covers "all assets or all personal property" of Borrower in accordance with Section 9-504 of the UCC), collateral assignments, notices, control agreements, security agreements and other documents without the signature of Borrower either in Agent's name or in the name of Agent as agent and attorney-in-fact for Borrower. Borrower shall protect and defend Borrower's title to the Collateral and Agent's Lien thereon against all Persons claiming any interest adverse to Borrower or Agent other than Permitted Liens.

7.4 Indebtedness. Borrower shall not create, incur, assume, guarantee or be or remain liable with respect to any Indebtedness, or permit any Subsidiary to do so, other than Permitted

Indebtedness, or prepay any Indebtedness or take any actions which impose on Borrower an obligation to prepay any Indebtedness, except for (a) the conversion of Indebtedness into equity securities and the payment of cash in lieu of fractional shares in connection with such conversion, (b) purchase money Indebtedness pursuant to its then applicable payment schedule, (c) prepayment by any Subsidiary of (i) inter-company Indebtedness owed by such Subsidiary to any Borrower, or (ii) if such Subsidiary is not a Borrower, intercompany Indebtedness owed by such Subsidiary to another Subsidiary that is not a Borrower, (d) payments made on Subordinated Indebtedness to the extent permitted under the relevant Subordination Agreement or (e) as otherwise permitted hereunder or approved in writing by Agent.

7.5 Collateral. Borrower shall (a) at all times keep the Collateral and all other property and assets used in Borrower's business or in which Borrower now or hereafter holds any interest free and clear from any legal process or Liens whatsoever (except for Permitted Liens), and (b) give Agent prompt written notice of any legal process affecting the Collateral, such other property and assets, or any Liens thereon, provided however, that the Collateral and such other property or assets may be subject to Permitted Liens. Borrower shall not agree with any Person other than Agent or Lenders not to encumber its property other than in connection with Permitted Liens. Borrower shall not enter into or suffer to exist or become effective any agreement that prohibits or limits the ability of any Borrower to create, incur, assume or suffer to exist any Lien upon any of its property (including

Intellectual Property), whether now owned or hereafter acquired, to secure its obligations under the Loan Documents to which it is a party other than (i) this Agreement and the other Loan Documents, (ii) any agreements governing any purchase money Liens or capital lease obligations otherwise permitted hereby (in which case, any prohibition or limitation shall only be effective against the assets financed thereby) and (iii) customary restrictions on the assignment of leases, licenses and other agreements. Borrower shall cause its Subsidiaries to protect and defend such Subsidiary's title to its assets from and against all Persons claiming any interest adverse to such Subsidiary, and Borrower shall cause its Subsidiaries at all times to keep such Subsidiary's property and assets free and clear from any legal process or Liens whatsoever (except for Permitted Liens), and shall give Agent prompt written notice of any legal process affecting such Subsidiary's assets.

7.6 Investments. Borrower shall not directly or indirectly acquire or own, or make any Investment in or to any Person, or permit any of its Subsidiaries to do so, other than Permitted Investments. Neither Borrower nor any Subsidiary shall directly or indirectly acquire or own, nor make any Investment in Digital Assets, nor permit any Subsidiary so to do.

7.7 Distributions. Borrower shall not, and shall not allow any Subsidiary to, (a) repurchase or redeem any class of stock or other Equity Interest other than repurchases pursuant to the terms of employee, consultant or director stock purchase or equity incentive plans, employee, consultant or director stock option, restricted stock or restricted stock unit agreements, stockholder rights plans, or similar plans or arrangements, provided, however, in each case the repurchase or redemption price does not exceed the original consideration paid for such stock or Equity Interest, or (b) declare or pay any cash dividend or make any other cash distribution on any class of stock or other Equity Interest, except that a Subsidiary may pay dividends or make other distributions to Borrower or any Subsidiary of Borrower, or (c) except for Permitted Investments, lend money to any employees, officers or directors or guarantee the payment of any such loans granted by a third party in excess of One Hundred Thousand Dollars (\$100,000) in the aggregate, or (d) convert any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof other than pursuant to the terms thereof so long as such conversion does not result in a Change in Control, or (e) waive, release or forgive any Indebtedness owed by

any employees, officers or directors in excess of One Hundred Thousand Dollars (\$100,000) in the aggregate.

7.8 Transfers. Except for Permitted Transfers, Borrower shall not, and shall not permit any Subsidiary to, voluntarily or involuntarily transfer, sell, lease, license, lend or in any other manner convey ("Transfer") any equitable, beneficial or legal interest in any material portion of its assets (including, without limitation, pursuant to a Division).

7.9 Mergers and Consolidations. Borrower shall not, nor will it permit any Subsidiary to, merge, dissolve, liquidate, consolidate with or into another Person, or dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person (other than mergers or consolidations of (a) a Subsidiary which is not a Borrower into another Subsidiary or into Borrower or (b) a Borrower into another Borrower).

7.10 Taxes. Borrower shall, and shall cause each of its Subsidiaries to, pay when due all material Taxes owed by Borrower or such Subsidiary or the Collateral or upon Borrower's (or such Subsidiary's) ownership, possession, use, operation or disposition thereof or upon Borrower's (or such Subsidiary's) rents, receipts or earnings arising therefrom, except Taxes being contested in good faith by appropriate proceedings and for which Borrower and its Subsidiaries maintain adequate reserves in accordance with GAAP. Borrower shall, and shall cause each of its Subsidiaries to, timely file (taking into account proper extensions) all federal and state income Tax returns and other material Tax returns required to be filed by Borrower or such Subsidiary.

7.11 Corporate Changes.

(a) Neither Borrower nor any Subsidiary shall change its corporate name, legal form or jurisdiction of formation without twenty (20) days' **prior** written notice to Agent.

(b) Neither Borrower nor any Subsidiary shall suffer a Change in Control.

(c) Neither Borrower nor any Subsidiary shall relocate its chief executive office or its principal place of business unless: (i) it has provided prior written notice to Agent; and (ii) such relocation shall be within the continental United States of America.

(d) If Borrower intends to add any new offices or business locations, including warehouses, containing any portion of Borrower's assets or property valued, individually or in the aggregate, in excess of One Million Dollars (\$1,000,000), then Borrower will cause the landlord of any such new offices or business locations, including warehouses, to execute and deliver a landlord consent in form and substance satisfactory to Agent.

(e) If Borrower intends to deliver any portion of Borrower's assets or property valued, individually or in the aggregate, in excess of One Million Dollars (\$1,000,000) to a bailee, and Agent and such bailee are not already parties to a bailee agreement governing both the Collateral and the location to which Borrower intends to deliver the Collateral, then Borrower will cause such bailee to execute and deliver a bailee agreement in form and substance satisfactory to Agent.

(f) The Borrower will not, and will not permit any Subsidiary to, engage to any material extent in any business other than those businesses conducted by the Borrower and its Subsidiaries on the date hereof or any business reasonably related or incidental thereto or representing a reasonable expansion thereof.

to make, any modification, amendment or waiver of any of the terms or provisions of Borrower's Organizational Documents that is adverse to Agent or any of the Lenders.

7.12 Deposit Accounts.

(a) No Loan Party shall maintain any Deposit Accounts, any accounts or sub-accounts in connection with an insured cash sweep program, or accounts holding Investment Property, except with respect to which Agent has an Account Control Agreement on terms and conditions satisfactory to Agent in its sole discretion; provided that no Account Control Agreement shall be required for any Excluded Account.

(b) No Loan Party shall own or hold any Digital Assets.

(c) No Loan Party shall allow the aggregate balance of Payroll Accounts to exceed amounts needed for the then-next [**] payroll cycles, at any time.

(d) Company shall designate any Excluded Account as such in writing to Agent as of the Closing Date or, with respect to any Deposit Account opened after the Closing Date, in the next Compliance Certificate delivered after such Deposit Account is opened.

7.13 Joinder of Subsidiaries. Borrower shall notify Agent of each Subsidiary formed or acquired subsequent to the Closing Date (including any new Subsidiary formed by Division) and, within thirty (30) days of such formation or acquisition (or such longer period of time as agreed to by Agent in writing in its sole discretion), shall cause any such Subsidiary to execute and deliver to Agent a Joinder Agreement and such other documents and instruments as shall be requested by Agent to effectuate the transactions contemplated by such Joinder Agreement (in each case in form and substance acceptable to Agent), or, if requested by Agent, a Guaranty and appropriate collateral security documents to secure the obligations pursuant to such Guaranty (in each case in form and substance acceptable to Agent); it being agreed that if such new Subsidiary is formed by a Division, the foregoing requirements shall be satisfied substantially concurrently with the formation of such Subsidiary.

7.14 [Reserved.]

7.15 Notification of Event of Default. Borrower shall notify Agent immediately of the occurrence of any Event of Default.

7.16 []**

7.17 Use of Proceeds. Borrower agrees that the proceeds of the Loans shall be used solely to refinance existing indebtedness, to pay related fees and expenses in connection with this Agreement and for working capital and general corporate purposes. The proceeds of the Loans will not be used in violation of Anti-Corruption Laws or applicable Sanctions.

7.18 [Reserved.]

7.19 Material Agreement. Borrower shall (a) not, without the consent of Agent, terminate the Material License or amend the Material License in a manner that is reasonably likely to have a material and adverse impact on Agent or Lenders, and (b) give prompt written notice to

Agent of entering into a Material Agreement or materially amending or terminating a Material Agreement, including delivery of an updated Schedule 5.10(c), if applicable.

7.20 Compliance with Laws.

(a) Borrower (i) shall maintain, and shall cause its Subsidiaries to maintain, compliance in all material respects with all applicable laws, rules or regulations (including any law, rule or regulation with respect to the making or brokering of loans or financial accommodations), and (ii) shall, or cause its Subsidiaries to, obtain and maintain all required governmental authorizations, approvals, licenses, franchises, permits or registrations reasonably necessary in

connection with the conduct of Borrower's business. Borrower shall not become an "investment company," a company that would be an "investment company" except for the exclusion from the definition of "investment company" in Section 3(c) of the 1940 Act, or a company controlled by an "investment company" under the 1940 Act, or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation X, T and U of the Federal Reserve Board of Governors).

(b) Neither Borrower nor any of its Subsidiaries shall, nor shall Borrower or any of its Subsidiaries permit any Affiliate to, directly or indirectly, knowingly enter into any documents, instruments, agreements or contracts with any Person listed on the OFAC Lists in violation of Sanctions. Neither Borrower nor any of its Subsidiaries shall, nor shall Borrower or any of its Subsidiaries, permit any Affiliate to, directly or indirectly, (i) unlawfully conduct any business or engage in any transaction or dealing with any Blocked Person, including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person, (ii) unlawfully deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224 or any similar executive order or other Anti-Terrorism Law, or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or other Anti-Terrorism Law.

(c) Borrower has implemented and shall maintain in effect policies and procedures designed to ensure compliance by Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and Borrower, its Subsidiaries and their respective officers and employees and to the knowledge of Borrower its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects.

(d) None of Borrower, any of its Subsidiaries or any of their respective directors, officers or employees, or to the knowledge of Borrower, any agent for Borrower or its Subsidiaries that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Loan, use of proceeds or other transaction contemplated by this Agreement violates Anti-Corruption Laws or applicable Sanctions.

7.21 Financial Covenants.

(a) Minimum Cash. Beginning on the Initial Minimum Cash Test Date and at all times thereafter, the Borrower shall maintain Qualified Cash in an amount greater than or equal to the aggregate amount of the Secured Obligations, multiplied by the Minimum Cash Coverage Percentage. Notwithstanding the foregoing, this Section 7.21(a) shall not be required to be complied with at any time in which Company's Market Capitalization for such day is equal to or greater than [**].

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(b) Performance Covenant. Beginning on the Initial Performance Covenant Test Date, Borrower shall either:

- (i) satisfy Performance Covenant C, to be tested as of the last day of each month after the Initial Performance Covenant Test Date; or
- (ii) satisfy either of Performance Covenant A or Performance Covenant B, at all times during any month occurring after the Initial Performance Covenant Test Date.

7.22 Intellectual Property. Borrower shall (i) protect, defend and maintain the validity and enforceability of its Intellectual Property that has any material value in Borrower's reasonable judgment; (ii) promptly advise Agent in writing of (A) material infringements of its Intellectual Property, and (B) any claim (whether or not in writing) against Borrower or any of its Subsidiaries alleging that Borrower's or such Subsidiary's conduct of its business infringes, violates or misappropriates the intellectual property of any third party; (iii) not allow any Intellectual Property material to Borrowers' business to be abandoned, forfeited or dedicated to the public without Agent's written consent; and (iv) at all times conduct its business without infringement of any intellectual property rights of others that could reasonably be expected to have a Material Adverse Effect. If

Borrower (a) obtains any Patent, registered Trademark, registered Copyright, registered mask work, or any pending application for any of the foregoing, whether as owner, licensee or otherwise, or (b) applies for any Patent or for the registration of any Trademark, then Borrower shall provide written notice thereof to Agent with the next Compliance Certificate required to be delivered to Agent and updated in accordance with Section 7.1(d), and shall execute such intellectual property security agreements and other documents and take such other actions as Agent may request in its good faith business judgment to perfect and maintain a first priority perfected security interest in favor of Agent in such property. If Borrower decides to register any Copyrights or mask works in the United States Copyright Office, such Borrower shall: (x) provide Agent with at least fifteen (15) days prior written notice of such Borrower's intent to register such Copyrights or mask works together with a copy of the application it intends to file with the United States Copyright Office (excluding exhibits thereto); (y) execute an intellectual property security agreement and such other documents and take such other actions as Agent may request in its good faith business judgment to perfect and maintain a first priority perfected security interest in favor of Agent in the Copyrights or mask works intended to be registered with the United States Copyright Office; and (z) record such intellectual property security agreement with the United States Copyright Office contemporaneously with filing the Copyright or mask work application(s) with the United States Copyright Office. Borrower shall make available to Agent copies of all applications that it files for Patents or for the registration of Trademarks, Copyrights or mask works, together with evidence of the recording of the intellectual property security agreement required for Agent to perfect and maintain a first priority perfected security interest in such property. Borrower shall provide written notice to Agent within thirty (30) days of entering into or becoming bound by any Restricted License (other than off-the-shelf software that is commercially available to the public). Borrower shall take such steps as Agent reasonably requests to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for (1) any Restricted License to be deemed "Collateral" and for Agent to have a security interest in it that might otherwise be restricted or prohibited by law or by the terms of any such Restricted License, whether now existing or entered into in the future, and (2) Agent to have the ability in the event of a liquidation of any Collateral to dispose of such Collateral in accordance with Agent's rights and remedies under this Agreement and the other Loan Documents.

7.23 Transactions with Affiliates. Except as otherwise described on Schedule 7.23, Borrower shall not, and shall not permit any Subsidiary to, directly or indirectly, enter into or permit to exist any transaction of any kind with any Affiliate of Borrower or such Subsidiary on terms that are less favorable to Borrower or such Subsidiary, as the case may be, than those that might be obtained in an arm's length transaction from a Person who is not an Affiliate of Borrower or such Subsidiary.

SECTION 8. RIGHT TO INVEST

8.1 Right to Invest.

(a) Lenders or their assignee or nominee shall, for so long as such applicable Lender shall constitute a "Lender" under this Agreement, have the right, in its discretion, to participate in any Subsequent Financing in an aggregate amount of up to the RTI Amount on the same terms, conditions and pricing afforded to others participating in any such Subsequent Financing.

(b) Borrower shall provide Agent and each Lender a written notice of any proposed Subsequent Financing no less than seven (7) Business Days prior to the proposed closing date of such Subsequent Financing, which notice shall include the material commercial terms of such Subsequent Financing (including the proposed closing date thereof). Thereafter, each Lender may elect to participate in such Subsequent Financing in accordance with the preceding Section 8.1(a) by giving notice to Borrower no less than one (1) Business Day prior to the proposed closing date of such Subsequent Financing (as set forth in the notice delivered to the Agent and the Lenders). If any Lender fails to provide written notice of their election to participate in any such Subsequent Financing by the time periods provided for therein, such Lender will be deemed to have elected not to participate.

(c) This Section 8.1, and all rights and obligations provided for hereunder, shall terminate upon the earliest to occur of (a) termination of this Agreement and (b) such time that the Lenders or their assignees or nominees, have purchased Borrower's Equity Interests in an aggregate amount of at least the RTI Amount in Subsequent Financings.

SECTION 9. EVENTS OF DEFAULT

The occurrence of any one or more of the following events shall be an "Event of Default":

9.1 Payments. A Loan Party fails to pay any amount due under this Agreement or any of the other Loan Documents on the due date; provided, however, that an Event of Default shall not occur on account of a failure to pay due solely to an administrative or operational error of Agent or Lenders or Borrower's bank if Borrower had the funds to make the payment when due and makes the payment within three (3) Business Days following Borrower's knowledge of such failure to pay; or

9.2 Covenants. A Loan Party breaches or defaults in the performance of any covenant or Secured Obligation under this Agreement, or any of the other Loan Documents or any other agreement among Borrower, Agent and Lenders, and (a) with respect to a Default under any covenant under this Agreement (other than under Sections 4.5, 6, 7.4, 7.5, 7.6, 7.7, 7.8, 7.9, 7.15, 7.16, 7.17, 7.19, 7.21, and 7.22), any other Loan Document, or any other agreement among Borrower, Agent and Lenders, such default continues for more than [**] after the earlier of the date on which (i) Agent or Lenders has given notice of such default to Borrower and (ii) Borrower has

7.5, 7.6, 7.7, 7.8, 7.9, 7.15, 7.16, 7.17, 7.19, 7.21, and 7.22, the occurrence of such Default; or

9.3 ~~9.3~~; or

9.4 Representations. Any representation or warranty made by any Loan Party in any Loan Document shall have been false or misleading in any material respect when made or when deemed made; or

9.5 Insolvency. (a) A Loan Party or any of its Subsidiaries fails to be solvent as described under Section 5.15 hereof; (b) a Loan Party begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against a Loan Party or any of its Subsidiaries and is not dismissed or stayed within forty-five (45) days (but no Advances shall be made while any of the conditions described in clause (a) exist or until any Insolvency Proceeding is dismissed); or

9.6 Judgments; Penalties. One or more fines, penalties or final judgments, orders or decrees for the payment of money in an amount, individually or in the aggregate, of at least ~~9.6~~ (not covered by independent third-party insurance as to which liability has been accepted by such insurance carrier) shall be rendered against any Loan Party or any of its Subsidiaries by any Governmental Authority, and the same are not, within fifteen (15) days after the entry, assessment or issuance thereof, discharged, or after execution thereof, or stayed pending appeal, or such judgments are not discharged prior to the expiration of any such stay (provided that no Advances shall be made prior to the discharge, or stay of such fine, penalty, judgment, order or decree); or

9.7 Attachment; Levy; Restraint on Business.

(a) (i) The service of process seeking to attach, by trustee or similar process, any funds of any Loan Party or any of its Subsidiaries, or (ii) a notice of lien or levy is filed against any of any Loan Party's or any of its Subsidiaries' assets by any Governmental Authority, and the same under subclauses (i) and (ii) hereof are not, within twenty (20) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); provided, however, no Advances shall be made during any twenty (20) day cure period; or

(b) (i) any material portion of any Loan Party's or any of its Subsidiaries' assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents any Loan Party from conducting all or any material part of its business

9.8 Other Obligations. The occurrence of any default under (i) any agreement or obligation of a Loan Party involving any Indebtedness in excess of ~~9.8~~, (ii) any other material agreement or obligation, if a Material Adverse Effect could reasonably be expected to result from such default or (iii) any Material Agreement.

9.9 Governmental Approvals; FDA Action.

(a) Any Governmental Approval shall have been revoked, rescinded, suspended, modified in an adverse manner, or not renewed in the ordinary course for a full term and such revocation, rescission, suspension, modification or non-renewal has resulted in or could reasonably be expected to result in a Material Adverse Effect; or (b) (i) the FDA, DOJ or other Governmental Authority initiates a regulatory action or any other enforcement action against Borrower or any of its Subsidiaries or any supplier of Borrower or any of its Subsidiaries that causes Borrower or any of its Subsidiaries to recall, withdraw, remove or discontinue manufacturing, distributing, and/or

marketing any of its products, even if such action is based on previously disclosed conduct; (ii) the FDA or any other comparable Governmental Authority issues a warning letter to Borrower or any of its Subsidiaries with respect to any of its activities or products which could reasonably be expected to result in a Material Adverse Effect; (iii) Borrower or any of its Subsidiaries conducts a mandatory or voluntary recall which could reasonably be expected to have a Material Adverse Effect; (iv) Borrower or any of its Subsidiaries enters into a settlement agreement with the FDA, DOJ or other Governmental Authority that could reasonably be expected to result in a Material Adverse Effect, even if such settlement agreement is based on previously disclosed conduct; (v) the FDA or any other comparable Governmental Authority revokes any authorization or permission granted under any Registration, or Borrower or any of its Subsidiaries withdraws any Registration,

that could reasonably be expected to result in a Material Adverse Effect; (vi) there occurs any adverse event or adverse drug reaction in connection with any Borrower Product which could reasonably be expected to result in a Material Adverse Effect; or (vii) any Borrower Product is determined by the FDA or any other Governmental Authority to be adulterated or misbranded within the meaning of the FDCA in any material respect, or any Borrower Product becomes an article prohibited from introduction into interstate commerce under Section 505 of the FDCA.

9.10 [**]

SECTION 10. REMEDIES

10.8 General. Upon the occurrence of any one or more Events of Default, Agent may, and at the direction of the Required Lenders shall, accelerate and demand payment of all or any part of the outstanding Secured Obligations together with a Prepayment Charge and declare them to be immediately due and payable (provided, that upon the occurrence of an Event of Default of the type described in Section 9.5, all of the Secured Obligations (including, without limitation, the Prepayment Charge and the End of Term Charge) shall automatically be accelerated and made due and payable, in each case without any further notice or act). Borrower hereby irrevocably appoints Agent as its lawful attorney-in-fact to, exercisable following the occurrence of an Event of Default: (i) sign Borrower's name on any invoice or bill of lading for any account or drafts against account debtors; (ii) demand, collect, sue, and give releases to any account debtor for monies due, settle and adjust disputes and claims about the accounts directly with account debtors, and compromise, prosecute, or defend any action, claim, case, or proceeding about any Collateral (including filing a claim or voting a claim in any bankruptcy case in Agent's or Borrower's name, as Agent may elect); (iii) make, settle, and adjust all claims under Borrower's insurance policies; (iv) pay, contest or settle any Lien, charge, encumbrance, security interest, or other claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; (v) transfer the Collateral into the name of Agent or a third party as the UCC permits; and (vi) receive, open and dispose of mail addressed to Borrower; (vii) endorse Borrower's name on any checks, payment instruments, or other forms of payment or security; and (viii) notify all account debtors to pay Agent directly. Borrower hereby appoints Agent as its lawful attorney-in-fact to sign Borrower's name on any documents necessary to perfect or continue the perfection of Agent's security interest in the Collateral regardless of whether an Event of Default has occurred until all Secured Obligations have been satisfied in full and the Loan Documents (other than the Warrant) have been terminated. Agent's foregoing appointment as Borrower's attorney in fact, and all of Agent's rights and powers, coupled with an interest, are irrevocable until all Secured Obligations (other than inchoate indemnity obligations which, by their terms, survive termination of this Agreement) have been fully repaid and performed and the Loan Documents have been terminated. Agent may, and at the direction of the Required Lenders shall, exercise all rights and remedies with respect to the Collateral under the Loan Documents (other than the Warrant) or otherwise available to it under the

UCC and other applicable law, including the right to release, hold, sell, lease, liquidate, collect, realize upon, or otherwise dispose of all or any part of the Collateral and the right to occupy, utilize, process and commingle the Collateral. All Agent's rights and remedies shall be cumulative and not exclusive.

10.9 Collection; Foreclosure. Upon the occurrence and during the continuance of any Event of Default, Agent may, and at the direction of the Required Lenders shall, at any time or from time to time, apply, collect, liquidate, sell in one or more sales, lease or otherwise dispose of, any or all of the Collateral, in its then condition or following any commercially reasonable preparation or processing, in such order as Agent may elect. Any such sale may be made either at public or private sale at its place of business or elsewhere. Borrower agrees that any such public or private sale may occur upon ten (10) calendar days' prior written notice to Borrower. Agent may require Borrower to assemble the Collateral and make it available to Agent at a place designated by Agent that is reasonably convenient to Agent and Borrower. The proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be applied by Agent in the following order of priorities:

First, to Agent, in an amount equal to the sum of all fees owing to Agent hereunder and under any other Loan Document;

Second, to Agent and Lenders in an amount sufficient to pay in full Agent's and Lenders' reasonable costs and professionals' and advisors' fees and expenses as described in Section 11.12;

Third, to Lenders, ratably, in an amount equal to the sum of all accrued interest owing to Lenders on the Term Loan Advances hereunder;

Fourth, to Lenders, ratably, in an amount equal to the sum of the outstanding principal and premium, if any owing to Lenders from Borrower on the Term Loan Advances hereunder;

Fifth, to Lenders and Agent, ratably (in proportion to all remaining Secured Obligations owing to each), in an amount equal to the sum of all other outstanding and unpaid Secured Obligations (including principal, interest, and the default rate interest set forth in Section 2.4, if required under this Agreement), in such order and priority as Agent may choose in its sole discretion; and

Finally, after the full and final payment in Cash of all of the Secured Obligations (other than inchoate obligations which, by their terms, survive termination of this Agreement), to any creditor holding a junior Lien on the Collateral, or to Borrower or its representatives or as a court of competent jurisdiction may direct.

Agent shall be deemed to have acted reasonably in the custody, preservation and disposition of any of the Collateral if it complies with the obligations of a secured party under the UCC.

10.10 No Waiver. Agent shall be under no obligation to marshal any of the Collateral for the benefit of Borrower or any other Person, and Borrower expressly waives all rights, if any, to require Agent to marshal any Collateral.

10.11 Waivers. Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Agent on which Borrower is liable.

10.12 Cumulative Remedies. The rights, powers and remedies of Agent hereunder shall be in addition to all rights, powers and remedies given by statute or rule of law and are cumulative. The exercise of any one or more of the rights, powers and remedies provided herein shall not be construed as a waiver of or election of remedies with respect to any other rights, powers and remedies of Agent.

SECTION 11. MISCELLANEOUS

11.1 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent and duration of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

11.2 Notice. Except as otherwise provided herein, any notice, demand, request, consent, approval, declaration, service of process or other communication (including the delivery of financial statements) that is required, contemplated, or permitted under the Loan Documents or with respect to the subject matter hereof shall be in writing, and shall be deemed to have been validly served, given, delivered, and received upon the earlier of: (i) the day of transmission by electronic mail or hand delivery or delivery by an overnight express service or overnight mail delivery service; or (ii) the third calendar day after deposit in the United States of America mails, with proper first class postage prepaid, in each case addressed to the party to be notified as follows:

(a) If to Agent:

HERCULES CAPITAL, INC.
Legal Department
Attention: Chief Legal Officer; [**]
1 North B Street, Suite 2000
San Mateo, CA 94401
email: [**]
Telephone: [**]

(b) If to Lenders:

HERCULES CAPITAL, INC.
Legal Department
Attention: Chief Legal Officer; [**]
1 North B Street, Suite 2000
San Mateo, CA 94401
email: [**]
Telephone: [**]

(c) If to Borrower:

LEXICON PHARMACEUTICALS, INC.
Attention: Chief Financial Officer
2445 Technology Forest Blvd., 11th Floor
The Woodlands, TX 77381

Telephone: [**]

with a copy to:

Attention: General Counsel
2445 Technology Forest Blvd., 11th Floor
The Woodlands, TX 77381
email: [**]
Telephone: [**]

or to such other address as each party may designate for itself by like notice.

11.3 Entire Agreement; Amendments.

(a) This Agreement and the other Loan Documents constitute the entire agreement and understanding of the parties hereto in respect of the subject matter hereof and thereof, and supersede and replace in their entirety any prior proposals, term sheets, non-disclosure or confidentiality agreements, letters, negotiations or other documents or agreements, whether written or oral, with respect to the subject matter hereof or thereof (including Agent's revised proposal letter dated April 6, 2026 and the Non-Disclosure Agreement).

(b) Neither this Agreement, any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 11.3(b). The Required Lenders and Loan Parties party to the relevant Loan Document may, or, with the written consent of the Required Lenders, Agent and Loan Parties party to the relevant Loan Document may, from time to time, (i) enter into written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of Lenders or of Loan Parties hereunder or thereunder or (ii) waive, on such terms and conditions as the Required Lenders or Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (A) forgive the principal amount or extend the final scheduled date of maturity of any Loan, extend the scheduled date of any amortization payment in respect of any Term Loan Advance, reduce the stated rate of any interest (or fee payable hereunder) or extend the scheduled date of any payment thereof, in each case without the written consent of each Lender directly affected thereby; (B) eliminate or reduce the voting rights of any Lender under this Section 11.3(b) without the written consent of such Lender; (C) reduce any percentage specified in the definition of Required Lenders, consent to the assignment or transfer by Loan Parties of any of its rights and obligations under this Agreement and the other Loan Documents, release all or substantially all of the Collateral or release a Loan Party from its obligations under the Loan Documents, in each case without the written consent of all Lenders; or (D) amend, modify or waive any provision of Section 11.18 or Addendum 4 without the written consent of Agent. Any such waiver and any such amendment, supplement or modification shall apply equally to each Lender and shall be binding upon the applicable Loan Parties, Lenders, Agent and all future holders of the Loans.

11.4 No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or

interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

11.5 No Waiver. The powers conferred upon Agent and Lenders by this Agreement are solely to protect their rights hereunder and under the other Loan Documents and their interest in the Collateral and shall not impose any duty upon Agent or Lenders to exercise any such powers. No omission or delay by Agent or Lenders at any time to enforce any right or remedy reserved to them, or to require performance of any of the terms, covenants or provisions hereof by Borrower at any time designated, shall be a waiver of any such right or remedy to which Agent or Lenders are

entitled, nor shall it in any way affect the right of Agent or Lenders to enforce such provisions thereafter.

11.6 Survival. All agreements, representations and warranties contained in this Agreement and the other Loan Documents or in any document delivered pursuant hereto or thereto shall be for the benefit of Agent and Lenders and shall survive the execution and delivery of this Agreement. Sections 6.3, 11.9, 11.10, 11.11, 11.14, 11.15, 11.17 and 11.18 shall survive the termination of this Agreement.

11.7 Successors and Assigns. The provisions of this Agreement and the other Loan Documents shall inure to the benefit of and be binding on Borrower and its permitted assigns (if any). No Loan Party shall assign its obligations under this Agreement or any of the other Loan Documents without Agent's express prior written consent, and any such attempted assignment shall be void and of no effect. Agent and Lenders may assign, transfer, or endorse its rights hereunder and under the other Loan Documents without prior notice to Borrower, and all of such rights shall inure to the benefit of Agent's and Lenders' successors and assigns; provided that as long as no Event of Default has occurred and is continuing, neither Agent nor any Lender may assign, transfer or endorse its rights hereunder or under the Loan Documents to any party, it being acknowledged that in all cases, any transfer to an Affiliate of any Lender or Agent shall be allowed without the prior written consent of the Borrower. Notwithstanding the foregoing, (x) in connection with any assignment by a Lender as a result of a forced divestiture at the request of any regulatory agency, the restrictions set forth herein shall not apply and Agent and Lenders may assign, transfer or endorse its rights hereunder and under the other Loan Documents to any Person or party and (y) in connection with a Lender's own financing or securitization transactions, the restrictions set forth herein shall not apply and Agent and Lenders may assign, transfer or endorse its rights hereunder and under the other Loan Documents to any Person or party providing such financing or formed to undertake such securitization transaction and any transferee of such Person or party upon the occurrence of a default, event of default or similar occurrence with respect to such financing or securitization transaction; provided that no such sale, transfer, pledge or assignment under this clause (y) shall release such Lender from any of its obligations hereunder or substitute any such Person or party for such Lender as a party hereto until Agent shall have received and accepted an effective assignment agreement from such Person or party in form satisfactory to Agent executed, delivered and fully completed by the applicable parties thereto, and shall have received such other information regarding such assignee as Agent reasonably shall require. Agent, acting solely for this purpose as a non-fiduciary agent of Borrower, shall maintain at one of its offices in the United States a register for the recordation of the names and addresses of Lender(s), and the Term Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and Borrower, Agent and Lender(s) shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register

shall be available for inspection by Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

11.8 Participations. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any participant or any information relating to a participant's interest in any commitments, loans, its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations, Section 1.163-5 of the proposed United States Treasury Regulations or any applicable temporary or other successor regulation of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, Agent (in its capacity as Agent) shall have no responsibility for maintaining a Participant Register. Borrower agrees that each participant shall be entitled to the benefits of the

provisions in Addendum 1 attached hereto (subject to the requirements and limitations therein, including the requirements under Section 7 of Addendum 1 attached hereto (it being understood that the documentation required under Section 7 of Addendum 1 attached hereto shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 11.7; provided that such participant shall not be entitled to receive any greater payment under Addendum 1 attached hereto, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a change in law that occurs after the participant acquired the applicable participation.

11.9 Governing Law. Except as otherwise provided in any of the Loan Documents, this Agreement and the other Loan Documents, and all disputes, claims or defenses (whether sounding in contract, tort, law, equity or otherwise) based on, arising out of, or related to this Agreement, the other Loan Documents, the relationship of the parties created or the transactions contemplated hereby and thereby, shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York without regard to principles of conflicts of law or any other principle calling for the application of the law, or statutes of limitation of any other jurisdiction.

11.10 Consent to Jurisdiction and Venue. Each party hereto irrevocably and unconditionally agrees that it will not commence any action or proceeding of any kind, whether in law or equity, and whether sounding in contract, tort or otherwise, against Agent, any Lender or any Related Person related to this Agreement, the other Loan Documents or the relationship of the parties hereto or thereto, or the transactions contemplated hereby or thereby, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court for the Southern District of New York sitting in New York County, and any appellate court from any of the foregoing. By execution and delivery of this Agreement, each party hereto irrevocably and unconditionally: (a) submits to the jurisdiction of such courts and agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable law, in such federal court; (b) waives, to the fullest extent permitted by applicable law, any objection it may now or hereafter have to the laying of venue of any action, litigation or proceeding described above in the courts specified in this Section 11.10;

(c) waives, to the fullest extent permitted by applicable law, and agrees not to assert, any defense of an inconvenient forum, or any defense based on a lack of jurisdiction, to the maintenance of such action or proceeding in any such court; and (d) agrees to be bound by any judgment rendered thereby related to this Agreement, the other Loan Documents or the relationship of the parties hereto or thereto, or the transactions contemplated hereby or thereby. Nothing in this Agreement or in any other Loan Document shall affect any right that the Agent or any Lender may otherwise have to bring any action, litigation or proceeding related to this Agreement or any other Loan Document against any Loan Party or its properties in the courts of any jurisdiction.

11.11 JURY TRIAL WAIVER. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO WAIVES ITS RIGHT TO A JURY TRIAL IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, THE RELATIONSHIP OF THE PARTIES HERETO OR THERETO, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY) (COLLECTIVELY, “CLAIMS”). EACH PARTY HERETO ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND ACKNOWLEDGEMENTS IN THIS SECTION.

11.12 Professional Fees. Borrower promises to pay Agent’s and Lenders’ reasonable and documented out-of-pocket fees and expenses necessary to finalize the Loan Documents, including but not limited to reasonable and documented out-of-pocket attorneys’ fees, UCC searches, filing costs, and other miscellaneous expenses. In addition, Borrower promises to pay any and all reasonable and documented out-of-pocket attorneys’ and other professionals’ fees and expenses incurred by Agent and Lenders after the Closing Date in connection with or related to: (a) the Loan; (b) the administration, collection, or enforcement of the Loan; (c) the amendment or modification of the Loan Documents; (d) any waiver, consent, release, or termination under the Loan Documents; (e) the protection, preservation, audit, field exam, sale, lease, liquidation, or disposition of Collateral or the exercise of remedies with respect to the Collateral; (f) any legal, litigation, administrative, arbitration, or out of court proceeding in connection with or related to Borrower or the Collateral, and any appeal or review thereof; and (g) any bankruptcy, restructuring, reorganization, assignment for the benefit of creditors, workout, foreclosure, or other action related to Borrower, the Collateral, the Loan Documents, including representing Agent or Lenders in any adversary proceeding or contested matter commenced or continued by or on behalf of Borrower’s estate, and any appeal or review thereof.

11.13 Confidentiality. Agent and Lenders acknowledge that certain items of Collateral and information provided to Agent and Lenders by Borrower are confidential and proprietary information of Borrower, if and to the extent such information either (x) is marked as confidential by Borrower at the time of disclosure, or (y) should reasonably be understood to be confidential (the “Confidential Information”). Accordingly, Agent and Lenders agree that any Confidential Information it may obtain in the course of acquiring, administering, or perfecting Agent’s security interest in the Collateral shall not be disclosed to any other Person or entity in any manner whatsoever, in whole or in part, without the prior written consent of Borrower, except that Agent and Lenders may disclose any such information: (a) to its Affiliates and its partners, investors, lenders, directors, officers, employees, agents, advisors, counsel, accountants, representatives and

should have access to such information in connection with such party's responsibilities in connection with the Loan or this Agreement and, provided that such recipient of such Confidential Information either (i) agrees to be bound by the confidentiality provisions of this Section or (ii) is otherwise subject to confidentiality restrictions that reasonably protect against the disclosure of Confidential Information; (b) if such information is generally available to the public or to the extent such information becomes publicly available other than as a result of a breach of this Section or becomes available to Agent or any Lender, or any of their respective Affiliates on a non-confidential basis from a source other than Borrower; (c) if required or appropriate in any report, statement or testimony submitted to any Governmental Authority having or claiming to have jurisdiction over Agent or Lenders and any rating agency; (d) if required or appropriate in response to any summons or subpoena or in connection with any litigation, to the extent permitted or deemed advisable by Agent's or Lenders' counsel; (e) to comply with any legal requirement or law applicable to Agent or Lenders or demanded by any Governmental Authority; (f) to the extent reasonably necessary in connection with the exercise of, or preparing to exercise, or the enforcement of, or preparing to enforce, any right or remedy under any Loan Document (including Agent's sale, lease, or other disposition of Collateral after the occurrence of a Default), or any action or proceeding relating to any Loan Document; (g) to any participant or assignee of Agent or Lenders or any prospective participant or assignee, provided, that such participant or assignee or prospective participant or assignee is subject to confidentiality restrictions that reasonably protect against the disclosure of Confidential Information; (h) to any investor or potential investor (and each of their respective Affiliates or clients) in Agent or Lenders (or each of their respective Affiliates); provided that such investor, potential investor, Affiliate or client is subject to confidentiality obligations with respect to the Confidential Information; (i) otherwise to the extent consisting of general portfolio information that does not identify Borrower; or (j) otherwise with the prior consent of Borrower; provided, that any disclosure made in violation of this Agreement shall not affect the obligations of Borrower or any of its Affiliates or any guarantor under this Agreement or the other Loan Documents. Agent's and Lenders' obligations under this Section 11.13 shall supersede all of their respective obligations under the Non-Disclosure Agreement.

11.14 Assignment of Rights. Borrower acknowledges and understands that Agent or Lenders may, subject to Section 11.7, sell and assign all or part of its interest hereunder and under the Loan Documents to any Person or entity (an "Assignee"). After such assignment the term "Agent" or "Lender" as used in the Loan Documents shall mean and include such Assignee, and such Assignee shall be vested with all rights, powers and remedies of Agent and Lenders hereunder with respect to the interest so assigned; but with respect to any such interest not so transferred, Agent and Lenders shall retain all rights, powers and remedies hereby given. No such assignment by Agent or Lenders shall relieve Borrower of any of its obligations hereunder. Lenders agree that in the event of any transfer by it of the promissory note(s) (if any), it will endorse thereon a notation as to the portion of the principal of the promissory note(s), which shall have been paid at the time of such transfer and as to the date to which interest shall have been last paid thereon.

11.15 Revival of Secured Obligations. This Agreement and the Loan Documents shall remain in full force and effect and continue to be effective if any petition is filed by or against Borrower for liquidation or reorganization, if Borrower becomes insolvent or makes an assignment for the benefit of creditors, if a receiver or trustee is appointed for all or any significant part of Borrower's assets, or if any payment or transfer of Collateral is recovered from Agent or Lenders. The Loan Documents and the Secured Obligations and Collateral security shall continue to be effective, or shall be revived or reinstated, as the case may be, if at any time payment and performance of the Secured Obligations or any transfer of Collateral to Agent, or any part thereof is

rescinded, avoided or avoidable, reduced in amount, or must otherwise be restored or returned by, or is recovered from, Agent, Lenders or by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment, performance, or transfer of Collateral had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, avoided, avoidable, restored, returned, or recovered, the Loan Documents and the Secured Obligations shall be deemed, without any further action or documentation, to have been revived and reinstated except to the extent of the full, final, and indefeasible payment to Agent or Lenders in Cash.

11.16 Counterparts. This Agreement and any amendments, waivers, consents or

supplements hereto may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so delivered shall be deemed an original, but all of which counterparts shall constitute but one and the same instrument.

11.17 No Third-Party Beneficiaries. No provisions of the Loan Documents are intended, nor will be interpreted, to provide or create any third-party beneficiary rights or any other rights of any kind in any Person other than Agent, Lenders and Borrower unless specifically provided otherwise herein, and, except as otherwise so provided, all provisions of the Loan Documents will be personal and solely among Agent, Lenders and the Loan Parties party thereto.

11.18 Agency. Agent and each Lender hereby agree to the terms and conditions set forth on Addendum 4 attached hereto. Borrower acknowledges and agrees to the terms and conditions set forth on Addendum 4 attached hereto.

11.19 Publicity. Notwithstanding anything else herein to the contrary, Borrower hereby agrees that the Agent and Lender may, at Agent's or such Lender's sole expense, and without any prior approval by or compensation to the Borrower, make a public announcement of the transactions contemplated by this Agreement, and may publicize or use (a) the other party's name (including a brief description of the relationship among the parties hereto), logo or hyperlink to such other parties' web site, separately or together, in written and oral presentations, advertising, promotional and marketing materials, client lists, public relations materials or on its web site (together, the "Publicity Materials"); (b) the names of officers of such other parties in the Publicity Materials; and (c) such other parties' name, trademarks, servicemarks in any news or press release concerning such party, in each case to the extent such information is not deemed confidential in accordance with Section 11.13.

11.20 Multiple Borrowers. Each Borrower hereby agrees to the terms and conditions set forth on Addendum 5 attached hereto.

11.21 [Reserved.]

11.22 Managerial Assistance. Borrower acknowledges that Hercules Capital, Inc. has elected to be regulated as a business development company under the 1940 Act, and as such is required to make available significant managerial assistance to its portfolio companies. Significant managerial assistance may include, but is not limited to, guidance and counsel concerning the portfolio company's management, operations, business objectives and policies, arrangement of financing, management of relationships with financing sources, recruitment of management personnel and evaluation of acquisition and divestiture opportunities. Borrower hereby acknowledges and agrees that it may request such assistance at any time from Hercules Capital, Inc. by contacting legal@htgc.com.

11.23 Electronic Execution of Certain Other Documents. The words "execution," "execute," "signed," "signature," and words of like import in or related to any document to be signed in connection with this Agreement and the transactions contemplated hereby (including without limitation assignments, assumptions, amendments, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York Electronic Signatures and Records Act, or any state laws based on the Uniform Electronic Transactions Act.

(SIGNATURES TO FOLLOW)

1631165623.6

IN WITNESS WHEREOF, Borrower, Agent and Lenders have duly executed and delivered this Loan and Security Agreement as of the day and year first above written.

BORROWER:

LEXICON PHARMACEUTICALS, INC.

Signature: _____

Print Name: Scott M. Coiante

Title: Senior Vice President and Chief Financial Officer

LEXICON PHARMACEUTICALS (NEW JERSEY), INC.

Signature: _____

Print Name: Scott M. Coiante

Title: Senior Vice President and Treasurer

LION ACQUISITION CORPORATION

Signature: _____

Print Name: Scott M. Coiante

Title: Senior Vice President and Treasurer

AGENT:

HERCULES CAPITAL, INC.

Signature: _____

Print Name: Seth Meyer

Title: Chief Financial Officer

LENDERS:

HERCULES CAPITAL, INC.

Signature: _____

Print Name: Seth Meyer

Title: Chief Financial Officer

HERCULES SBIC V, L.P.

By: Hercules Technology SBIC Management,
LLC, its General Partner

By: Hercules Capital, Inc., its Manager

Signature: _____

Print Name: Seth Meyer

Title: Chief Financial Officer

HERCULES PRIVATE CREDIT FUND 1 L.P.

By: Hercules Private Global Venture Growth
Fund GP I LLC, its General Partner

Signature: _____

Print Name: Seth Meyer

Title: Authorized Signatory

HERCULES VENTURE GROWTH CREDIT
OPPORTUNITIES FUND 1 L.P.

By: Hercules Venture Growth Credit
Opportunities Fund GP I LLC, its General
Partner

Signature: _____

Print Name: Seth Meyer

Title: Authorized Signatory

HERCULES GROWTH LENDING FUND IV
LP

By: Hercules Growth Lending Fund GP LLC, its
General Partner

Signature: _____

Print Name: Seth Meyer

Title: Authorized Signatory

HERCULES EVERGREEN FUND LP

By: Hercules Evergreen Fund GP LLC, its
General Partner

Signature: _____

Print Name: Seth Meyer

Title: Authorized Signatory

Table of Addenda, Exhibits and Schedules

Addendum 1: Taxes; Increased Costs

Addendum 2: Delivery Instructions

Addendum 3: [**]

Addendum 4: Agent and Lender Terms

Addendum 5: Multiple Borrower Terms

Exhibit A: Advance Request
Attachment to Advance Request

Exhibit B: Name, Locations, and Other Information for Borrower

Exhibit C: Borrower's Patents, Trademarks, Copyrights and Licenses

Exhibit D: Borrower's Deposit Accounts and Investment Accounts

Exhibit E:	Compliance Certificate
Exhibit F:	Joinder Agreement
Exhibit G:	[Reserved.]
Exhibit H:	ACH Debit Authorization Agreement
Exhibit I:	[Reserved.]
Exhibit J-1:	Form of U.S. Tax Compliance Certificate (For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)
Exhibit J-2:	Form of U.S. Tax Compliance Certificate (For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)
Exhibit J-3:	Form of U.S. Tax Compliance Certificate (For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)
Exhibit J-4:	Form of U.S. Tax Compliance Certificate (For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)
Exhibit K:	Certain Economic Terms
Schedule 1.1	Commitments
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Schedule 1A	Existing Permitted Indebtedness
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Schedule 1C	Existing Permitted Liens
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Schedule 5.9	Intellectual Property Claims
Schedule 5.10	Intellectual Property
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Schedule 5.14	Capitalization
Schedule 7.19	Material Licenses
Schedule 7.21(b)	Minimum Net Product Revenue
Schedule 7.23	Affiliate Transactions

TAXES; INCREASED COSTS

1. **Defined Terms.** For purposes of this Addendum 1:

- a. **“Connection Income Taxes”** means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.
- b. **“Excluded Taxes”** means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (i) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (A) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (B) that are Other Connection Taxes, (ii) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Term Commitment pursuant to a law in effect on the date on which (A) such Lender acquires such interest in the Loan or Term Commitment or (B) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2 or Section 4 of this Addendum 1, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (iii) Taxes attributable to such Recipient’s failure to comply with Section 7 of this Addendum 1 and (iv) any withholding Taxes imposed under FATCA.
- c. **“FATCA”** means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.
- d. **“Foreign Lender”** means a Lender that is not a U.S. Person.
- e. **“Indemnified Taxes”** means (i) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of Borrower under any Loan Document and (ii) to the extent not otherwise described in clause (i), Other Taxes.
- f. **“Other Connection Taxes”** means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).
- g. **“Other Taxes”** means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

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- h. **“Recipient”** means Agent or any Lender, as applicable.
- i. **“Withholding Agent”** means Borrower and Agent.

2. **Payments Free of Taxes.** Any and all payments by or on account of any obligation of Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental

Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2 or Section 4 of this Addendum 1) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

3. **Payment of Other Taxes by Borrower.** Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of Agent timely reimburse it for the payment of, any Other Taxes.
4. **Indemnification by Borrower.** Borrower shall indemnify each Recipient, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under Section 2 of this Addendum 1 or this Section 4) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate describing the amount of such payment or liability delivered to Borrower by a Lender (with a copy to Agent), or by Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.
5. **Indemnification by Lenders.** Each Lender shall severally indemnify Agent, within ten (10) days after demand therefor, for (a) any Indemnified Taxes attributable to such Lender (but only to the extent that Borrower has not already indemnified Agent for such Indemnified Taxes and without limiting the obligation of Borrower to do so), (b) any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.8 of the Agreement relating to the maintenance of a Participant Register and (c) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by Agent shall be conclusive absent manifest error. Each Lender hereby authorizes Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by Agent to Lenders from any other source against any amount due to Agent under this Section 5.
6. **Evidence of Payments.** As soon as practicable after any payment of Taxes by Borrower to a Governmental Authority pursuant to the provisions of this Addendum 1, Borrower shall deliver to Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Agent.
7. **Status of Lenders.**

- a. Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to Borrower and Agent, at the time or times reasonably requested by Borrower or Agent, such properly completed and executed documentation reasonably requested by Borrower or Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by Borrower or Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by Borrower or Agent as will enable Borrower or Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 7(b)(i), 7(b)(ii) and 7(b)(iv) of this Addendum 1) shall not be required if in such Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.
- b. Without limiting the generality of the foregoing, in the event that Borrower is a U.S. Person,
 - i. any Lender that is a U.S. Person shall deliver to Borrower and Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to

time thereafter upon the reasonable request of Borrower or Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

- ii. any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower and Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower or Agent), whichever of the following is applicable:
 - A. in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;
 - B. executed copies of IRS Form W-8ECI;
 - C. in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit J-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of Borrower within the meaning of Section 871(h)(3)(B) of the Code, or a “controlled foreign corporation” related to Borrower as described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or

- D. to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit J-2 or Exhibit J-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit J-4 on behalf of each such direct and indirect partner;
- iii. any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower and Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower or Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit Borrower or Agent to determine the withholding or deduction required to be made; and
- iv. if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to Borrower and Agent at the time or times prescribed by law and at such time or times reasonably requested by Borrower or Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Borrower or Agent as may be necessary for Borrower and Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (iv), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.
- c. Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrower and Agent in writing of its legal inability to do so.
- d. On or before the date on which Hercules Capital, Inc. (and any successor or replacement Agent) becomes the Agent hereunder, it shall deliver to Borrower two executed copies of IRS Form W-9 certifying that such Agent is exempt from U.S. federal backup withholding tax. Agent agrees that if the IRS Form W-9 it previously delivered pursuant to this Section 7 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrower in writing of its legal inability to do so.
8. **Treatment of Certain Refunds.** If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to the provisions of this Addendum 1 (including by the payment of additional amounts pursuant to the provisions of this Addendum 1), it shall pay to the indemnifying party an amount equal to such refund (but only to the

giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this Section 8 (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 8, in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 8 the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section 8 shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

9. **Increased Costs.** If any change in applicable law shall subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (ii) through (iv) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto, and the result shall be to increase the cost to such Recipient of making, converting to, continuing or maintaining any Term Loan Advance or of maintaining its obligation to make any such Loan, or to reduce the amount of any sum received or receivable by such Recipient (whether of principal, interest or any other amount), then, upon the request of such Recipient, Borrower will pay to such Recipient such additional amount or amounts as will compensate such Recipient for such additional costs incurred or reduction suffered.
10. **Survival.** Each party's obligations under the provisions of this Addendum 1 shall survive the resignation or replacement of Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Term Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

ADDENDUM 2 to LOAN AND SECURITY AGREEMENT

Delivery Instructions

The Compliance Certificate shall be uploaded and executed via [**]. All other financial reports required to be furnished to Agent pursuant to Section 7.1 shall be submitted via [**].

The Compliance Certificate, and other financial reports required to be furnished to Agent pursuant to Section 7.1 may be sent to [**] with a copy to [**], should access to [**] be temporarily unavailable.

ADDENDUM 3 to LOAN AND SECURITY AGREEMENT

[**]

ADDENDUM 4 to LOAN AND SECURITY AGREEMENT

Agent and Lender Terms

(a) Each Lender hereby irrevocably appoints Hercules Capital, Inc. to act on its behalf as Agent hereunder and under the other Loan Documents and irrevocably authorizes Agent to take such actions on its behalf and to exercise such powers as are delegated to Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. Agent shall have only those duties which are specified in this Agreement and it may perform such duties by or through its agents, representatives or employees. In performing its duties on behalf of Lenders, Agent shall exercise the same care which it would exercise in dealing with loans made for its own account, but it shall not be responsible to any Lender for the execution, effectiveness, genuineness, validity, enforceability, collectability or sufficiency of all or any of the Loan Documents, or for any representations, warranties, recitals or statements made therein or made in any written or oral statement or in any financial or other statements, instruments, reports, certificates or any other documents furnished or delivered in connection herewith or therewith by Agent to any Lender or by or on behalf of Borrower to Agent or any Lender, or be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained herein or therein, as to the use of the proceeds of the Term Loan Advances, the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or the satisfaction of any condition set forth in Section 4 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to Agent. Agent shall not be responsible for insuring the Collateral or for the payment of any Taxes, assessments, charges or any other charges or liens of any nature whatsoever upon the Collateral or otherwise for the maintenance of the Collateral, except in the event Agent enters into possession of a part or all of the Collateral, in which event Agent shall preserve the part in its possession. Unless the officers of Agent acting in their capacity as officer of Agent on Borrower's account have actual knowledge thereof or have been notified in writing thereof by Lenders, Agent shall not be required to ascertain or inquire as to the existence or possible existence of any Event of Default.

(b) Neither Agent nor any of its officers, directors, employees, attorneys, representatives or agents shall be liable to Lenders for any action taken or omitted hereunder or under any of the other Loan Documents or in connection herewith or therewith unless caused by its or their gross negligence or willful misconduct. No provision of this Agreement or of any other Loan Document shall be deemed to impose any duty or obligation on Agent to perform any act or to exercise any power in any jurisdiction in which it shall be illegal, or shall be deemed to impose any duty or obligation on Agent to perform any act or exercise any right or power if such performance or exercise (a) would subject Agent to a Tax in a jurisdiction where it is not then subject to a Tax or (b) would require Agent to qualify to do business in any jurisdiction where it is not so qualified. Without prejudice to the generality of the foregoing, no Lender shall have any right of action whatsoever against Agent as a result of Agent acting or (where so instructed) refraining from acting under this Agreement or under any of the other Loan Documents in accordance with the instructions of Lenders. Agent shall be entitled to refrain from exercising any power, discretion or authority vested in it under this Agreement unless and until it has obtained the written instructions of Lenders. The agency hereby created shall in no way impair or affect any of the rights and powers of, or impose any duties or obligations upon Agent in its individual capacity. With respect to its participation in the Loan Agreement hereunder, Agent shall have the same rights and powers hereunder as any other Lender and may exercise the same rights and powers as though it were not performing the duties and functions delegated to it hereunder and the term "Lender" or

its individual capacity.

(c) Agent may rely, and shall be fully protected in acting, or refraining to act, upon, any resolution, statement, certificate, instrument, opinion, report, notice, request, consent, order, bond or other paper or document that it has no reason to believe to be other than genuine and to have been signed or presented by the proper party or parties or, in the case of cables, telecopies and telexes, to have been sent by the proper party or parties. In the absence of its gross negligence or willful misconduct, Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to Agent and conforming to the requirements of this Agreement or any of the other Loan Documents. Agent may consult with counsel, and any opinion or legal advice of such counsel shall be full and complete authorization and protection in respect of any action taken, not taken or suffered by Agent hereunder or under any Loan Documents in accordance therewith. Agent shall have the right at any time to seek instructions concerning the administration of the Collateral from any court of competent jurisdiction. Agent shall not be under any obligation to exercise any of the rights or powers granted to Agent by this Agreement and the other Loan Documents at the request or direction of Lenders unless Agent shall have been provided by Lenders with adequate security and indemnity against the costs, expenses and liabilities that may be incurred by it in compliance with such request or direction.

(d) Each Lender agrees to indemnify Agent in its capacity as such (to the extent not reimbursed by Borrower and without limiting the obligation of Borrower to do so), according to its respective Term Commitment percentages (based upon the total outstanding Term Commitments) in effect on the date on which indemnification is sought under this Addendum 4, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time be imposed on, incurred by or asserted against Agent in any way relating to or arising out of, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by Agent under or in connection with any of the foregoing; The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

(e) To the extent not reimbursed either by Borrower or from the application of Collateral proceeds pursuant to Section 10.2, a Lender (the “Indemnified Lender”) shall be indemnified by the other Lenders (an “Indemnifying Lender”), on a several basis in proportion to each Lender’s pro rata portion of the Term Commitment, and each Indemnifying Lender agrees to reimburse the Indemnified Lender for the Indemnifying Lender’s pro rata share of the following items (an “Indemnified Payment”):

(i) all reasonable out-of-pocket costs and expenses of the Indemnified Lender incurred by the Indemnified Lender in connection with the discharge of its activities under this Agreement or the Loan Agreement, including reasonable legal expenses and attorneys’ fees; provided, that the Indemnified Lender shall consult with the other Lender regarding the incurrence of such costs and expenses at reasonable intervals (but not more often than monthly) and any such reasonable costs and expenses shall be “Claims” hereunder notwithstanding any disagreement by the other Lender as to their incurrence; and

(ii) from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature

whatsoever, which may be imposed on, incurred by or asserted against the Indemnified Lender in any way relating to or arising out of this Agreement, or any action taken or omitted by the Indemnified Lender hereunder;

provided, however, that the Indemnified Lender shall not be reimbursed or indemnified for an Indemnified Payment, except to the extent that the Indemnified Lender paid more than its ratable share of such payment. All Indemnified Payments as set forth in this clause (e) to an Indemnified Lender are intended to be paid ratably by the other Lender.

(f) Agent in Its Individual Capacity. The Person serving as Agent hereunder shall

have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not Agent and the term "Lender" shall, unless otherwise expressly indicated or unless the context otherwise requires, include each such Person serving as Agent hereunder in its individual capacity.

(g) Exculpatory Provisions. Agent shall have no duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, Agent shall not:

- (i) be subject to any fiduciary, advisory or other implied duties, regardless of whether any Default or any Event of Default has occurred and is continuing;
- (ii) have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that Agent is required to exercise as directed in writing by Lenders, provided that Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose Agent to liability or that is contrary to any Loan Document or applicable law; and
- (iii) except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and Agent shall not be liable for the failure to disclose, any information relating to Borrower or any of its Affiliates that is communicated to or obtained by any Person serving as Agent or any of its Affiliates in any capacity.

(h) In connection with any exercise of Enforcement Actions hereunder, neither any Agent nor any Lender or any of its partners, or any of their respective directors, officers, employees, attorneys, accountants, or agents shall be liable as such for any action taken or omitted by it or them, except for its or their own gross negligence or willful misconduct with respect to its duties under this Agreement.

(i) Each Lender and Agent may execute any of its powers and perform any duties hereunder either directly or by or through agents or attorneys-in-fact. Each Lender and Agent shall be entitled to advice of counsel concerning all matters pertaining to such powers and duties. No Lender or Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it, if the selection of such agents or attorneys-in-fact was done without gross negligence or willful misconduct.

(j) Each Lender agrees that it will make its own independent investigation of the financial condition and affairs of Borrower in connection with the making of Term Loan Advances pursuant to the Loan Agreement and has made and shall continue to make its own appraisal of the

creditworthiness of Borrower. Neither Agent nor any Lender shall have any duty or responsibility either initially or on a continuing basis to make any such investigation or any such appraisal on behalf of all Lenders or to provide the other Lenders with any credit or other information with respect thereto whether coming into its possession before the date hereof or any time or times thereafter and shall further have no responsibility with respect to the accuracy of or the completeness of the information provided to Lenders by Borrower.

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ADDENDUM 5 to LOAN AND SECURITY AGREEMENT

Multiple Borrower Terms

(a) **Borrower's Agent.** Each Borrower hereby irrevocably appoints Company as its agent, attorney-in-fact and legal representative for all purposes, including requesting disbursement of the Term Loan and receiving account statements and other notices and communications to Borrowers (or any of them) from Agent or any Lender. Agent may rely, and shall be fully protected in relying, on any request for the Term Loan Advances, disbursement instruction, report, information or any other notice or communication made or given by Company, whether in its own name or on behalf of one or more of the other Borrowers, and Agent shall not have any obligation to make any inquiry or request any confirmation from or on behalf of any other Borrower as to the binding effect on it of any such request, instruction, report, information, other notice or communication, nor shall the joint and several character of Borrowers' obligations hereunder be affected thereby.

(b) **Waivers.** Each Borrower hereby waives: (i) any right to require Agent to institute suit against, or to exhaust its rights and remedies against, any other Borrower or any other person, or to proceed against any property of any kind which secures all or any part of the Secured Obligations, or to exercise any right of offset or other right with respect to any reserves, credits or deposit accounts held by or maintained with Agent or any Indebtedness of Agent or any Lender to any other Borrower, or to exercise any other right or power, or pursue any other remedy Agent or any Lender may have; (ii) any defense arising by reason of any disability or other defense of any other Borrower or any guarantor or any endorser, co-maker or other person, or by reason of the cessation from any cause whatsoever of any liability of any other Borrower or any guarantor or any endorser, co-maker or other person, with respect to all or any part of the Secured Obligations, or by reason of any act or omission of Agent or others which directly or indirectly results in the discharge or release of any other Borrower or any guarantor or any other person or any Secured Obligations or any security therefor, whether by operation of law or otherwise; (iii) any defense arising by reason of any failure of Agent to obtain, perfect, maintain or keep in force any Lien on, any property of any Borrower or any other person; (iv) any defense based upon or arising out of any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any other Borrower or any guarantor or any endorser, co-maker or other person, including without limitation any discharge of, or bar against collecting, any of the Secured Obligations (including without limitation any interest thereon), in or as a result of any such proceeding. Until all of the Secured Obligations have been paid, performed, and discharged in full, nothing shall discharge or satisfy the liability of any Borrower hereunder except the full performance and payment of all of the Secured Obligations. If any claim is ever made upon Agent for repayment or recovery of any amount or amounts received by Agent in payment of or on account of any of the Secured Obligations, because of any claim that any such payment constituted a preferential transfer or fraudulent conveyance, or for any other reason whatsoever, and Agent repays all or part of said amount by reason of any judgment, decree or order of any court or administrative body having jurisdiction over Agent or any of its property, or by reason of any settlement or compromise of any such claim effected by Agent with any such claimant (including without limitation the any other Borrower), then and in any such event, each Borrower agrees that any such judgment, decree, order, settlement and compromise shall be binding upon such Borrower, notwithstanding any revocation or release of this Agreement or the cancellation of any note or other instrument evidencing any of the Secured Obligations, or any release of any of

this Agreement for the amount so repaid or recovered, to the same extent as if such amount had never originally been received by Agent or any Lender, and the provisions of this sentence shall survive, and continue in effect, notwithstanding any revocation or release of this Agreement. Each Borrower hereby expressly and unconditionally waives all rights of subrogation, reimbursement and indemnity of every kind against any other Borrower, and all rights of recourse to any assets or property of any other Borrower, and all rights to any collateral or security held for the payment and performance of any Secured Obligations, including (but not limited to) any of the foregoing rights which Borrower may have under any present or future document or agreement with any other Borrower or other person, and including (but not limited to) any of the foregoing rights which any Borrower may have under any equitable doctrine of subrogation, implied contract, or unjust enrichment, or any other equitable or legal doctrine.

(c) Consents. Each Borrower hereby consents and agrees that, without notice to or by Borrower and without affecting or impairing in any way the obligations or liability of Borrower hereunder, Agent may, from time to time before or after revocation of this Agreement, do any one or more of the following in its sole and absolute discretion: (i) accept partial payments of, compromise or settle, renew, extend the time for the payment, discharge, or performance of, refuse to enforce, and release all or any parties to, any or all of the Secured Obligations; (ii) grant any other indulgence to any Borrower or any other Person in respect of any or all of the Secured Obligations or any other matter; (iii) accept, release, waive, surrender, enforce, exchange, modify, impair, or extend the time for the performance, discharge, or payment of, any and all property of any kind securing any or all of the Secured Obligations or any guaranty of any or all of the Secured Obligations, or on which Agent at any time may have a Lien, or refuse to enforce its rights or make any compromise or settlement or agreement therefor in respect of any or all of such property; (iv) substitute or add, or take any action or omit to take any action which results in the release of, any one or more other Borrowers or any endorsers or guarantors of all or any part of the Secured Obligations, including, without limitation one or more parties to this Agreement, regardless of any destruction or impairment of any right of contribution or other right of Borrower; (v) apply any sums received from any other Borrower, any guarantor, endorser, or co-signer, or from the disposition of any Collateral or security, to any Indebtedness whatsoever owing from such person or secured by such Collateral or security, in such manner and order as Agent determines in its sole discretion, and regardless of whether such Indebtedness is part of the Secured Obligations, is secured, or is due and payable. Each Borrower consents and agrees that Agent shall be under no obligation to marshal any assets in favor of Borrower, or against or in payment of any or all of the Secured Obligations. Each Borrower further consents and agrees that Agent shall have no duties or responsibilities whatsoever with respect to any property securing any or all of the Secured Obligations. Without limiting the generality of the foregoing, Agent shall have no obligation to monitor, verify, audit, examine, or obtain or maintain any insurance with respect to, any property securing any or all of the Secured Obligations.

(d) Independent Liability. Each Borrower hereby agrees that one or more successive or concurrent actions may be brought hereon against such Borrower, in the same action in which any other Borrower may be sued or in separate actions, as often as deemed advisable by Agent. Each Borrower is fully aware of the financial condition of each other Borrower and is executing and delivering this Agreement based solely upon its own independent investigation of all matters pertinent hereto, and such Borrower is not relying in any manner upon any representation or statement of Agent or any Lender with respect thereto. Each Borrower represents and warrants that it is in a position to obtain, and each Borrower hereby assumes full responsibility for obtaining, any additional information concerning any other Borrower's financial condition and any other matter

pertinent hereto as such Borrower may desire, and such Borrower is not relying upon or expecting Agent to furnish to it any information now or hereafter in Agent's possession concerning the same or any other matter.

(e) Subordination. All Indebtedness of a Borrower now or hereafter arising held by another Borrower is subordinated to the Secured Obligations and Borrower holding the Indebtedness shall take all actions reasonably requested by Agent to effect, to enforce and to give notice of such subordination.

To: Agent: _____ Date: _____, 20[]

Hercules Capital, Inc. ("Agent")
1 North B Street, Suite 2000
San Mateo, CA 94401
email: [**]
Attn:

LEXICON PHARMACEUTICALS, INC., a Delaware corporation (“Company”), its Subsidiary LEXICON PHARMACEUTICALS (NEW JERSEY), INC., a Delaware corporation (“Lexicon Sub”), its Subsidiary LION ACQUISITION CORPORATION, a Delaware corporation (“Lion”), each other Person that has delivered a Joinder Agreement pursuant to Section 7.13 from time to time party to the Agreement (together with Company, Lexicon Sub and Lion, individually or collectively, as the context may require, “Borrower”) hereby requests Agent to cause Lenders to make a [Tranche 1] [Tranche 2] [Tranche 3] Advance in the amount of _____ Dollars (\$ _____) (the “Advance Amount”) on

_____, _____ (the "Advance Date") pursuant to the Loan and Security Agreement among Borrower, Agent and Lenders (as may be amended, supplemented or otherwise modified from time to time, the "Agreement"). Capitalized words and other terms used but not otherwise defined herein are used with the same meanings as defined in the Agreement.

Please:

(a) Issue a check payable to Borrower _____

or

(b) Wire Funds to Borrower's account _____ [IF FILED PUBLICLY,
ACCOUNT INFO REDACTED FOR SECURITY PURPOSES]

Bank: _____
Address: _____

ABA Number: _____
Account Number: _____
Account Name: _____
Contact Person: _____
Phone Number _____
To Verify Wire Info: _____
Email address: _____

Borrower represents that the conditions precedent to the Advance set forth in the Agreement are satisfied and shall be satisfied upon the making of such Advance, including but not limited to: (i) that no event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing; (ii) that the representations and warranties set forth in the Loan Documents are and shall be true and correct in all material respects on and as of the Advance Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as

of such earlier date); provided that any representation and warranty qualified by “materiality”, “Material Adverse Effect” or similar language shall be true and correct (after giving effect to any such qualification therein) in all respects; (iii) that Borrower is in compliance with all the terms and provisions set forth in each Loan Document on its part to be observed or performed; and (iv) that as of the Advance Date, no fact or condition exists that constitutes (or could, with the passage of time, the giving of notice, or both constitute) an Event of Default under the Loan Documents. Borrower understands and acknowledges that Agent has the right to review the financial information supporting this representation and, based upon such review in its sole discretion, Lenders may decline to fund the requested Advance.

Borrower hereby represents that Borrower’s corporate status and locations have not changed since the date of the Agreement or, if the Attachment to this Advance Request is completed, are as set forth in the Attachment to this Advance Request.

[Borrower hereby authorizes Agent to deduct an amount from the proceeds of this Advance to be applied towards the payment of the Tranche Facility Charge applicable to this Advance.]¹

Borrower agrees to notify Agent promptly before the funding of the Loan if any of the matters which have been represented above shall not be true and correct on the Advance Date and if Agent has received no such notice before the Advance Date then the statements set forth above shall be deemed to have been made and shall be deemed to be true and correct as of the Advance Date.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

¹ To be included if this is not a Tranche 1 Advance.

This Advance Request is duly executed as of the date set forth above.

COMPANY: LEXICON PHARMACEUTICALS, INC.,
on behalf of all Borrowers

SIGNATURE: _____

TITLE: _____

PRINT NAME: _____

ATTACHMENT TO ADVANCE REQUEST

Dated: _____

Borrower hereby represents and warrants to Agent that Borrower's current legal name and organizational status is as follows:

Legal Name: []

Type of organization: []

State of organization: []

Organization file number: []

Borrower hereby represents and warrants to Agent that the street addresses, cities, states and postal codes of its current chief executive office locations are as follows:

[●]

Borrower hereby represents and warrants to Agent that the Advance Amount does not exceed the Maximum Term Loan Amount as follows:

a. Advance Amount: \$ _____

b. Total Amount Funded to Date: \$ _____

c. [Maximum Term Loan Amount [(minus any undrawn and unexpired Tranche 3 Commitment)]²:
\$ _____]

[c. Is the sum of clause a. and clause b. less than or equal to clause c.? Yes/Compliant _____
No/Non-Compliant _____]

² To include if discretionary tranche is unavailable.

EXHIBIT B

NAME, LOCATIONS, AND OTHER INFORMATION FOR BORROWER

1. Each Borrower represents and warrants to Agent that each Borrower's current legal name and organizational status as of the Closing Date is as follows:

Company's Legal Name: Lexicon Pharmaceuticals, Inc.

Company's Type of organization: Corporation

Company's State of organization: Delaware

Company's Organization file number: 2522653

Company's fiscal year ends on December 31

Company's federal employee tax identification number is: 76-0474169

Lexicon Sub's Legal Name: Lexicon Pharmaceuticals (New Jersey), Inc.

Lexicon Sub's Type of organization: Corporation

Lexicon Sub's State of organization: Delaware

Lexicon Sub's Organization file number: 2674486

Lexicon Sub's fiscal year ends on December 31

Lexicon Sub's federal employee tax identification number is: 22-3471867

Lion's Legal Name: Lion Acquisition Corporation

Lion's Type of organization: Corporation

Lion's State of organization: Delaware

Lion's Organization file number: 4271637

Lion's fiscal year ends on December 31

Lion's federal employee tax identification number is: N/A

2. Borrower represents and warrants to Agent that for five (5) years prior to the Closing Date, Borrower did not do business under any other name or organization or form.

3. Company represents and warrants to Agent that its chief executive office is located at 2445 Technology Forest Blvd., 11th Floor, The Woodlands, TX 77381.

4. Lexicon Sub represents and warrants to Agent that its chief executive office is located at 2445 Technology Forest Blvd., 11th Floor, The Woodlands, TX 77381.

5. Lion represents and warrants to Agent that its chief executive office is located at 2445 Technology Forest Blvd., 11th Floor, The Woodlands, TX 77381.

EXHIBIT C

BORROWER'S PATENTS, TRADEMARKS, COPYRIGHTS AND LICENSES

[**]

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EXHIBIT D

BORROWER'S DEPOSIT ACCOUNTS AND INVESTMENT ACCOUNTS

<u>Bank/Institution Name</u>	<u>Account Number</u>	<u>Address</u>	<u>Name on Account</u>	<u>Purpose</u>
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***

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EXHIBIT E

COMPLIANCE CERTIFICATE

Hercules Capital, Inc. (as “Agent”)
1 North B Street, Suite 2000
San Mateo, CA 94401

Reference is made to that certain Loan and Security Agreement dated May 4, 2026 and the Loan Documents (as defined therein) entered into in connection with such Loan and Security Agreement all as may be amended, supplemented or otherwise modified from time to time (hereinafter referred to collectively as the “Loan Agreement”) by and among Hercules Capital, Inc. (together with its successors

and assigns, “Agent”), the several banks and other financial institutions or entities from time to time party thereto (collectively, “Lender”), LEXICON PHARMACEUTICALS, INC., a Delaware corporation (“Company”), its Subsidiary LEXICON PHARMACEUTICALS (NEW JERSEY), INC., a Delaware corporation (“Lexicon Sub”), its Subsidiary LION ACQUISITION CORPORATION, a Delaware corporation (“Lion”) and each other Person that has delivered a Joinder Agreement pursuant to Section 7.13 from time to time party to the Loan Agreement (together with Company, Lexicon Sub and Lion, individually or collectively, as the context may require, “Borrower”). All capitalized terms not defined herein shall have the same meaning as defined in the Loan Agreement.

The undersigned is an Officer of Company, knowledgeable of all Company financial matters, and is authorized, on behalf of Company, to provide certification of information regarding Company; hereby certifies, on behalf of Company, that in accordance with the terms and conditions of the Loan Agreement, Company is in compliance for the period ending _____ of all covenants, conditions and terms of the Loan Agreement and hereby reaffirms that all representations and warranties contained therein are true and correct on and as of the date of this Compliance Certificate with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date); provided that any representation and warranty qualified by “materiality”, “Material Adverse Effect” or similar language shall be true and correct (after giving effect to any such qualification therein) in all respects. Attached are the required documents supporting the above certification. The undersigned further certifies that no Default or Event of Default exists as of the date hereof. The undersigned further certifies that any financial materials delivered with this Compliance Certificate are prepared in accordance with GAAP (except for the absence of footnotes with respect to unaudited financial statement and subject to normal year-end adjustments) and are consistent from one period to the next except as explained below.

REPORTING REQUIREMENT	REQUIRED	CHECK IF ATTACHED
[Interim Financial Statements	Monthly within 30 days] ³	
Interim Financial Statements	Quarterly within 45 days	
Audited Financial Statements	FYE within 90 days	

ACCOUNTS OF BORROWER AND ITS SUBSIDIARIES AND AFFILIATES

³ Only required if Borrower draws a Tranche 2 Advance or Tranche 3 Advance.

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The undersigned hereby also confirms, on behalf of Company, that the below disclosed accounts represent all depository accounts and securities accounts presently open in the name of each Borrower or Borrower’s Subsidiary, as applicable.

Each new account that has been opened since delivery of the previous Compliance Certificate is designated below with a “*”.

	Depository AC #	Financial Institution	Account Type (Depository / Securities / ICS Sweep)	Last Month Ending Account Balance	Purpose of Account
BORROWER Name/Address:					
	1				
	2				
	3				

	4					
	5					
	6					
	7					
SUBSIDIARY Name/Address						
	1					
	2					
	3					
	4					
	5					
	6					
	7					

[For each financial covenant, if any, list the specific item so that the actual ratio/number for each period is provided here:

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<u>Name of Test</u>	<u>Required Level</u>	<u>Actual Level</u>	<u>In Compliance Y/N?</u>
<u>Minimum Cash</u>		\$ _____	<u>Yes / No</u>
<u>Performance Covenant</u> ⁴	<u>Performance Covenant A:</u> Borrower maintains Qualified Cash, at all times, in an amount greater than or equal to [**] percent ([**] %) of the outstanding principal amount of the Secured Obligations.	\$ _____	<u>Yes / No</u>
	<u>Performance Covenant B:</u> (i) Borrower maintains Qualified Cash, at all times, in an amount greater than or equal to the outstanding principal amount of the Secured Obligations, multiplied by [**] percent ([**] %) and (ii) Company's Market Capitalization, at all times, is greater than [**] .	\$ _____	<u>Yes / No</u>
	<u>Performance Covenant C:</u> Borrower generated Net Product Revenue, measured on a trailing six (6) month basis, equal to or greater than the amounts identified in the table set forth on <u>Schedule 7.21(b)</u> .	\$ _____	<u>Yes / No</u>

ADDITIONAL DISCLOSURES

1. MATERIAL CONTINGENCIES: The undersigned hereby also confirms that a report detailing any material contingencies (including the commencement of any material litigation by or against Borrower) or any other occurrence that could reasonably be expected to have a Material Adverse

⁴ NTD: Tested monthly as of the end of each calendar month upon the occurrence of the Initial Performance Covenant Test Date.

2. INSURANCE POLICIES OF BORROWER AND ITS SUBSIDIARIES

- [The undersigned hereby also confirms that since delivery of the previous Compliance Certificate, neither Borrower nor any of its Subsidiaries has entered into or amended any insurance policy required pursuant to Section 6.1 of the Loan Agreement.]⁶
- [Since delivery of the previous Compliance Certificate, Borrower and/or one or more of its Subsidiaries have entered into new, or amended existing, insurance policies required pursuant to Section 6.1 of the Loan Agreement. Attached hereto are copies of such new or amended insurance policies and updated insurance certificates with respect to such policies, as required to be delivered pursuant to Section 6.2 of the Loan Agreement.]⁷

3. [INTELLECTUAL PROPERTY CLAIMS]

- [The following claim(s) have been made to a Loan Party that material part(s) of the Intellectual Property violates the rights of a third party: []]⁸

4. ORGANIZATIONAL STATUS

- [Each Loan Party's present name, former names (if any), locations, place of formation, tax identification number, organizational identification number and other information are attached hereto.]⁹

5. CAPITALIZATION AND SUBSIDIARIES

- [Attached hereto is a true, correct and complete list of each Subsidiary, substantially in the form of Schedule 5.14 to the Loan Agreement.]¹⁰

6. INTELLECTUAL PROPERTY

- The following Schedules are being updated herewith (attach updated schedules):¹¹
 - [Schedule 5.9]
 - [Schedule 5.10(a)]
 - [Schedule 5.10(b)]

⁵ Include in Compliance Certificates.

⁶ Include if neither Borrower nor any of its Subsidiaries has entered into or amended any insurance policies since delivery of the previous Compliance Certificate.

⁷ Include if Borrower or any of its Subsidiaries has entered into or amended any insurance policies since delivery of the previous Compliance Certificate.

⁸ Include at the end of each calendar quarter if any claim(s) have been made to any Loan Party that any material part of the Intellectual Property violates the rights of any third party.

⁹ Attach updated Exhibit B if updates to organizational status are needed pursuant to Section 5.1 of the Loan Agreement.

¹⁰ Attach updated Schedule 5.14 if updates are needed.

¹¹ Attach updated Schedules at the end of each calendar quarter if updates are needed.

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Very Truly Yours,

LEXICON PHARMACEUTICALS, INC.

By: _____

Name: _____

Its: _____

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EXHIBIT F

FORM OF JOINDER AGREEMENT

This Joinder Agreement (the “Joinder Agreement”) is made and dated as of [], 20[], and is entered into by and between _____, a _____ (“Subsidiary”), and HERCULES CAPITAL, INC., a Maryland corporation (together with its successors and assigns, as “Agent”).

RECITALS

A. Subsidiary’s Affiliate, LEXICON PHARMACEUTICALS, INC., a Delaware corporation (“Company”), its Subsidiary LEXICON PHARMACEUTICALS (NEW JERSEY), INC., a Delaware corporation (“Lexicon Sub”), its Subsidiary LION ACQUISITION CORPORATION, a Delaware corporation (“Lion”) (together with Company, Lexicon Sub and Lion, individually or collectively, as the context may require, “Existing Borrower”) has entered into that certain Loan and Security Agreement dated May 4, 2026, with the several banks and other financial institutions or entities from time to time party thereto as lender (collectively, “Lenders”), each other Borrower that is party thereto, and Agent, (as may be amended, supplemented or otherwise modified from time to time, the “Loan Agreement”), together with the other agreements executed and delivered in connection therewith; and

B. Subsidiary acknowledges and agrees that it will benefit both directly and indirectly from

AGREEMENT

NOW THEREFORE, Subsidiary and Agent agree as follows:

1. The recitals set forth above are incorporated into and made part of this Joinder Agreement. Capitalized terms not defined herein shall have the meaning provided in the Loan Agreement.
2. By signing this Joinder Agreement, Subsidiary shall be bound by the terms and conditions of the Loan Agreement the same as if it were Borrower (as defined in the Loan Agreement) under the Loan Agreement, mutatis mutandis, provided however, that (a) with respect to (i) Section 5.1 of the Loan Agreement, Subsidiary represents that it is an entity duly organized, legally existing and in good standing under the laws of [], (b) neither Agent nor Lenders shall have any duties, responsibilities or obligations to Subsidiary arising under or related to the Loan Agreement or the other Loan Documents, (c) that if Subsidiary is covered by Existing Borrower's insurance, Subsidiary shall not be required to maintain separate insurance or comply with the provisions of Sections 6.1 and 6.2 of the Loan Agreement, and (d) that as long as Existing Borrower satisfies the requirements of Section 7.1 of the Loan Agreement, Subsidiary shall not have to provide Agent separate Financial Statements. To the extent that Agent or Lenders has any duties, responsibilities or obligations arising under or related to the Loan Agreement or the other Loan Documents, those duties, responsibilities or obligations shall flow only to Existing Borrower and not to Subsidiary or any other Person or entity. By way of example (and not an exclusive list): (i) Agent's providing notice to Existing Borrower in accordance with the Loan Agreement or as otherwise agreed among Existing Borrower, Agent and Lenders shall be deemed provided to Subsidiary; (ii) Lenders' providing an Advance to Existing Borrower shall be deemed an Advance to Subsidiary; and (iii) Subsidiary shall have no right to request an Advance or make any other demand on Lenders.

3. [Subsidiary agrees not to certificate its equity securities without Agent's prior written consent, which consent may be conditioned on the delivery of such equity securities to Agent in order to perfect Agent's security interest in such equity securities.]¹²
4. Subsidiary acknowledges that it benefits, both directly and indirectly, from the Loan Agreement, and hereby waives, for itself and on behalf on any and all successors in interest (including without limitation any assignee for the benefit of creditors, receiver, bankruptcy trustee or itself as debtor-in-possession under any bankruptcy proceeding) to the fullest extent provided by law, any and all claims, rights or defenses to the enforcement of this Joinder Agreement on the basis that (a) it failed to receive adequate consideration for the execution and delivery of this Joinder Agreement or (b) its obligations under this Joinder Agreement are avoidable as a fraudulent conveyance.
5. As security for the prompt, complete and indefeasible payment when due (whether on the payment dates or otherwise) of all the Secured Obligations, Subsidiary grants to Agent a security interest in all of Subsidiary's right, title, and interest in and to the Collateral.
6. This Joinder Agreement, and all disputes, claims or defenses (whether sounding in contract, tort, law, equity or otherwise) based on, arising out of, or related to this Joinder Agreement, the relationship of the parties created or the transactions contemplated hereby, shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York without regard to principles of conflicts of law or any other principle calling for the application of the law, or statutes of limitation of any other jurisdiction.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

¹² Only include if Subsidiary's equity interests are not certificated as of the joinder date.

SUBSIDIARY:

_____.

By:
Name:
Title:

Address:

Telephone: _____
email: _____

AGENT:

HERCULES CAPITAL, INC.

By: _____
Name: _____
Title: _____

Address:
1 North B Street, Suite 2000
San Mateo, CA 94401
email: [**]
Telephone: [**]

EXHIBIT G

[RESERVED]

v.
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EXHIBIT H

ACH DEBIT AUTHORIZATION AGREEMENT

Hercules Capital, Inc. [Hercules Capital SBIC V, L.P.]
1 North B Street, Suite 2000
San Mateo, CA 94401

Re: Loan and Security Agreement dated May 4, 2026 (as may be amended, supplemented or otherwise modified from time to time, the "Agreement") by and among LEXICON PHARMACEUTICALS, INC., a Delaware corporation ("Company"), its Subsidiary LEXICON PHARMACEUTICALS (NEW JERSEY), INC., a Delaware corporation ("Lexicon Sub"), its Subsidiary LION ACQUISITION CORPORATION, a Delaware corporation ("Lion") and each other Person that has delivered a Joinder Agreement pursuant to Section 7.13 from time to time party to the Agreement (together with Company, Lexicon Sub and Lion, individually or collectively, as the context may require, "Borrower"), Hercules Capital, Inc., as administrative agent and collateral agent (together with its successors and assigns, "Agent") and the lenders party thereto (collectively, the "Lenders")

In connection with the above referenced Agreement, Borrower hereby authorizes Agent or Lenders to

in connection with the above referenced Agreement, Borrower hereby authorizes Agent or Lenders to initiate debit entries for (i) the periodic payments due under the Agreement and (ii) out-of-pocket legal fees and costs incurred by Agent or Lenders pursuant to Section 11.12 of the Agreement to Borrower's account indicated below. Borrower authorizes the depository institution named below to debit to such account.

[IF FILED PUBLICLY, ACCOUNT INFO REDACTED FOR SECURITY PURPOSES]

DEPOSITORY NAME	BRANCH
CITY	STATE AND ZIP CODE
TRANSIT/ABA NUMBER	ACCOUNT NUMBER

This authority will remain in full force and effect so long as any amounts are due under the Agreement.

LEXICON PHARMACEUTICALS, INC, on behalf of each Borrower

By: _____

Name: _____

Date: _____

v.
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EXHIBIT I
[RESERVED]

v.
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FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Loan and Security Agreement dated as of May 4, 2026 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement") by and among LEXICON PHARMACEUTICALS, INC., a Delaware corporation ("Company"), its Subsidiary LEXICON PHARMACEUTICALS (NEW JERSEY), INC., a Delaware corporation ("Lexicon Sub"), its Subsidiary LION ACQUISITION CORPORATION, a Delaware corporation ("Lion") and each other Person that has delivered a Joinder Agreement pursuant to Section 7.13 from time to time party to the Loan Agreement (together with Company, Lexicon Sub and Lion, individually or collectively, as the context may require, "Borrower"), the several banks and other financial institutions or entities from time to time parties to the Loan Agreement (collectively, referred to as the "Lenders"), and HERCULES CAPITAL, INC., a Maryland corporation, in its capacity as administrative agent and collateral agent for itself and Lenders (in such capacity, together with its successors and assigns, the "Agent").

Pursuant to the provisions of Addendum 1 of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any promissory note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a "10-percent shareholder" of Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a "controlled foreign corporation" related to Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished Agent and Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform Borrower and Agent, and (2) the undersigned shall have at all times furnished Borrower and Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

Date: _____, 20____

[NAME OF LENDER]

By: _____
Name: _____
Title: _____

EXHIBIT J-2

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Loan and Security Agreement dated as of May 4, 2026 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement") by and among LEXICON PHARMACEUTICALS, INC., a Delaware corporation ("Company"), its Subsidiary LEXICON PHARMACEUTICALS (NEW JERSEY), INC., a Delaware corporation ("Lexicon Sub"), its Subsidiary LION ACQUISITION CORPORATION, a Delaware corporation ("Lion") and each other Person that has delivered a Joinder Agreement pursuant to Section 7.13 from time to time party to the Loan Agreement

(together with Company, Lexicon Sub and Lion, individually or collectively, as the context may require, “Borrower”), the several banks and other financial institutions or entities from time to time parties to the Loan Agreement (collectively, referred to as the “Lenders”), and HERCULES CAPITAL, INC., a Maryland corporation, in its capacity as administrative agent and collateral agent for itself and Lenders (in such capacity, together with its successors and assigns, the “Agent”).

Pursuant to the provisions of Addendum 1 of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a “10-percent shareholder” of Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a “controlled foreign corporation” related to Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

Date: _____, 20____

[NAME OF PARTICIPANT]

By: _____
Name: _____
Title: _____

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EXHIBIT J-3

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Loan and Security Agreement dated as of May 4, 2026 (as amended, supplemented or otherwise modified from time to time, the “Loan Agreement”) by and among LEXICON PHARMACEUTICALS, INC., a Delaware corporation (“Company”), its Subsidiary LEXICON PHARMACEUTICALS (NEW JERSEY), INC., a Delaware corporation (“Lexicon Sub”), its Subsidiary LION ACQUISITION CORPORATION, a Delaware corporation (“Lion”) and each other Person that has delivered a Joinder Agreement pursuant to Section 7.13 from time to time party to the Loan Agreement (together with Company, Lexicon Sub and Lion, individually or collectively, as the context may require, “Borrower”), the several banks and other financial institutions or entities from time to time parties to the Loan Agreement (collectively, referred to as the “Lenders”), and HERCULES CAPITAL, INC., a Maryland corporation, in its capacity as administrative agent and collateral agent for itself and Lenders (in such capacity, together with its successors and assigns, the “Agent”).

Pursuant to the provisions of Addendum 1 of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect

to such participation, neither the undersigned nor any of its direct or indirect partners/members is a “bank” extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a “10-percent shareholder” of Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a “controlled foreign corporation” related to Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner’s/member’s beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

Date: _____, 20____

[NAME OF PARTICIPANT]

By: _____
Name: _____
Title: _____

EXHIBIT J-4

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Loan and Security Agreement dated as of May 4, 2026 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement") by and among LEXICON PHARMACEUTICALS, INC., a Delaware corporation ("Company"), its Subsidiary LEXICON PHARMACEUTICALS (NEW JERSEY), INC., a Delaware corporation ("Lexicon Sub"), its Subsidiary LION ACQUISITION CORPORATION, a Delaware corporation ("Lion") and each other Person that has delivered a Joinder Agreement pursuant to Section 7.13 from time to time party to the Loan Agreement (together with Company, Lexicon Sub and Lion, individually or collectively, as the context may require, "Borrower"), the several banks and other financial institutions or entities from time to time parties to the Loan Agreement (collectively, referred to as the "Lenders"), and HERCULES CAPITAL, INC., a Maryland corporation, in its capacity as administrative agent and collateral agent for itself and Lenders (in such capacity, together with its successors and assigns, the "Agent").

Pursuant to the provisions of Addendum 1 of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any promissory note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any promissory note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Loan Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a "bank" extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a "10-percent shareholder" of Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished Agent and Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform Borrower and Agent, and (2) the undersigned shall have at all times furnished Borrower and Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

Date: _____, 20__

[NAME OF LENDER]

By: _____
Name: _____
Title: _____

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GENERAL AND TERM LOAN

<u>“Amortization Date”</u>	The Initial Amortization Date; provided that, if (a) the First Interest Only Extension Conditions are satisfied, then May 1, 2028 and (b) the Second Interest Only Extension Conditions are satisfied, then November 1, 2028.
<u>“Data Milestone”</u>	Means Borrower has announced that the Phase 3 SONATA-HCM study (NCT06481891) has achieved its protocol-specified primary endpoint, which, along with an acceptable safety profile and supporting secondary endpoint data, supports the filing of a New Drug Application or Supplemental New Drug Application to the FDA seeking approval for sotagliflozin (INPEFA) for the treatment of both obstructive and non-obstructive hypertrophic cardiomyopathy as the immediate next step in development (subject to Agent's verification) (the "Data Milestone").
[**]	[**]
<u>“End of Term Charge”</u>	(x) The End of Term Charge Percentage, <i>multiplied</i> by the aggregate original principal amount of such Term Loan Advances made hereunder <i>minus</i> (y) the aggregate amount of payments made pursuant to Section 2.6(a).
<u>“End of Term Charge Percentage”</u>	Six and one quarter percent (6.25%).

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<u>“First Interest Only Extension Condition”</u>	Means satisfaction of each of the following events: (a) no Default exists or Event of Default shall have occurred (unless the same has been waived by Agent and the Required Lenders in writing); and (b) prior to the Initial Amortization Date, Borrower has achieved the Performance Milestone (subject to Agent's
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	reasonable verification).
<u>“Initial Amortization Date”</u>	Means November 1, 2027.
<u>[**]</u>	<u>[**]</u>
<u>“Maximum Term Loan Amount”</u>	One Hundred Million Dollars (\$100,000,000).
<u>“Performance Milestone”</u>	The satisfaction of each of the following: (a) Borrower has achieved the Data Milestone, and (b) Borrower has [**], in each case, subject to verification by Agent (including supporting documentation reasonably requested by Agent).
<u>“Prepayment Charge”</u>	(a) The outstanding principal amount of each Advance amount being prepaid, <i>multiplied by</i> (b) (i) three percent (3.00%), if the principal amount of such Advance amounts are prepaid on or prior to the date which is twelve (12) months following the Closing Date; (ii) two percent (2.00%), if the principal amount of such Advance amounts are prepaid after the date which is twelve (12) months following the Closing Date but on or prior to the date

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	which is twenty-four (24) months following the Closing Date; and (iii) one percent (1.00%), if after the date which is twenty-four (24) months following the Closing Date through the day before the Term Loan Maturity Date.
<u>“Prime Rate”</u>	The greater of (a) the “prime rate” as reported in <i>The Wall Street Journal</i> or any successor publication thereto and (b) six and three quarters percent (6.75%).
<u>“RTI Amount”</u>	<u>[**]</u>
<u>“Second Interest Only Extension”</u>	Borrower’s satisfaction of each of the following events:

<u>Condition</u>	(a) no Default exists or Event of Default shall have occurred (unless the same has been waived by Agent and the Required Lenders in writing); (b) Borrower's achievement of the First Interest Only Extension Conditions; and (c) Borrower's achievement of the Tranche 2 Milestone.
<u>"Subsequent Financing"</u>	The closing of any Borrower of any marketed offering of equity securities which becomes effective after the Closing Date and results in aggregate proceeds to Borrower of at least [**]. For the avoidance of doubt, the issuance of additional equity interests by Borrower as a portion of consideration in any transaction shall not constitute a Subsequent Financing.
<u>"Term Commitment"</u>	The obligation, if any, of any Lender to make a Term Loan Advance to Borrower in a principal amount not to exceed the amount set forth under the heading "Tranche 1 Commitment", "Tranche 2 Commitment" or "Tranche 3

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	Commitment”, as the case may be, opposite such Lender’s name on <u>Schedule 1.1.</u>
<u>“Term Loan Interest Rate”</u>	A per annum rate of interest equal to the greater of either (i) (x) the Prime Rate <i>plus</i> (y) three and one tenth percent (3.10%), and (ii) nine and eighty-five hundredths percent (9.85%).
<u>“Term Loan Maturity Date”</u>	May 1, 2030.
<u>“Tranche 1 Commitment”</u>	The obligation, if any, of any Lender to make a Term Loan Advance to Borrower in a principal amount not to exceed the amount set forth under the heading Tranche 1 Commitment opposite such Lender’s name on <u>Schedule 1.1.</u>
<u>“Tranche 2 Commitment”</u>	The obligation, if any, of any Lender to make a Term Loan Advance to Borrower in a principal amount not to exceed the amount set forth under the heading Tranche 2 Commitment opposite such Lender’s name on <u>Schedule 1.1.</u>
<u>“Tranche 2 Commitment Period”</u>	The period beginning on the date of Borrower’s achievement of the Tranche 2 Milestone and continuing through the earliest to occur of (i) June 15, 2028, (ii) the date that is thirty (30) days following Borrower’s achievement of the Tranche 2 Milestone and (iii) an Event of Default.
<u>“Tranche 2 Milestone”</u>	The satisfaction of each of the following: (a) no Default exists or Event of Default shall have occurred (unless the same has been waived by Agent and the Required Lenders in writing), (b) Borrower’s achievement of the Performance Milestone; and (c) the FDA has approved sotagliflozin for the treatment of both

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	obstructive and non-obstructive hypertrophic cardiomyopathy with a label
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	claim generally consistent with that sought in Borrower's New Drug Application or Supplemental New Drug Application filing and which supports the planned commercialization strategy and outlook (subject to Agent's verification).
<u>"Tranche 2 Minimum Advance Amount"</u>	Five Million Dollars (\$5,000,000).
<u>"Tranche 3 Commitment"</u>	The obligation, if any, of any Lender, if any, to make a Term Loan Advance to Borrower in a principal amount not to exceed the amount set forth under the heading Tranche 3 Commitment opposite such Lender's name on <u>Schedule 1.1</u> .
<u>"Tranche 3 Commitment Period"</u>	The period beginning on the Closing Date and continuing through the Amortization Date.
<u>"Tranche 3 Minimum Advance Amount"</u>	Five Million Dollars (\$5,000,000).
<u>"Tranche Facility Charge"</u>	[**] of any Tranche 2 Advance and Tranche 3 Advance.

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SCHEDULE 1.1

COMMITMENTS

LENDERS	TRANCHE 1 COMMITMENT	TRANCHE 2 COMMITMENT	TRANCHE 3 COMMITMENT*

Hercules Capital, Inc.	\$[**]	\$[**]	\$[**]
Hercules SBIC V, L.P.	\$[**]	\$[**]	\$[**]
Hercules Private Credit Fund 1 L.P.	\$[**]	\$[**]	\$[**]
Hercules Venture Growth Credit Opportunities Fund 1 L.P.	\$[**]	\$[**]	\$[**]
Hercules Growth Lending IV LP	\$[**]	\$[**]	\$[**]
Hercules Evergreen Fund LP	\$[**]	\$[**]	\$[**]
TOTAL COMMITMENTS	\$55,000,000	\$20,000,000	\$25,000,000

*Subject to the terms and conditions of this Agreement (including approval by the Lenders' investment committee(s) in their sole discretion)

SCHEDULE 7.19

MATERIAL LICENSES

[**]

SCHEDULE 7.21(b)

MINIMUM NET PRODUCT REVENUE

Commencing on the Minimum Revenue Covenant Test Date and tested monthly thereafter, Borrower shall generate Net Product Revenue, measured on a trailing six (6) month basis, of at least [**] percent ([**]%) of the Net Product Revenue included in [**] (the “Minimum Revenue Covenant”); provided, that, the Minimum Revenue Covenant levels shall be established and documented in an amendment to this Agreement in form and substance acceptable to Agent and the Lenders in their sole discretion which Borrower hereby agrees to execute no later than within [**] following achievement of the Performance Milestone; provided, further, that the maximum Net Product Revenue level required pursuant to, and measured in accordance with, Section 7.21(b) shall not exceed [**].

CERTIFICATIONS

I, Michael S. Exton, Ph.D., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lexicon 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 officers 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 officers 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: August 6, 2026

/s/ Michael S. Exton

Michael S. Exton, Ph.D.
Chief Executive Officer

CERTIFICATIONS

I, Scott M. Coiante, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lexicon 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 officers 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 officers 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: August 6, 2026

/s/ Scott M. Coiante

Scott M. Coiante

Senior Vice President and Chief Financial Officer

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350, as adopted), Michael S. Exton, Ph.D., Principal Executive Officer of Lexicon Pharmaceuticals, Inc. ("Lexicon"), and Scott M. Coiante, Principal Financial Officer of Lexicon, each hereby certify that:

1. Lexicon's Quarterly Report on Form 10-Q for the period ended June 30, 2026, and to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of section 13(a) or section 15(d) of the Securities Exchange Act of 1934, and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of Lexicon.

IN WITNESS WHEREOF, the undersigned have set their hands hereto as of the August 6, 2026.

By: _____
/s/ Michael S. Exton
Michael S. Exton, Ph.D.
Chief Executive Officer

By: _____
/s/ Scott M. Coiante
Scott M. Coiante
Senior Vice President and Chief Financial Officer