

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

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **August 7, 2023**

**ORAMED PHARMACEUTICALS INC.**  
(Exact name of registrant as specified in its charter)

**DELAWARE**

(State or Other Jurisdiction  
of Incorporation)

**001-35813**

(Commission File Number)

**98-0376008**

(IRS Employer  
Identification No.)

**1185 Avenue of the Americas, Third Floor, New York, New York**

(Address of Principal Executive Offices)

**10036**

(Zip Code)

**844-967-2633**

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading symbol	Name of each exchange on which registered
<b>Common Stock, par value \$0.012</b>	<b>ORMP</b>	<b>The Nasdaq Capital Market, Tel Aviv Stock Exchange</b>

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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

## **Item 1.01 Entry into a Material Definitive Agreement.**

### ***Stock Purchase Agreement***

On August 7, 2023, Oramed Pharmaceuticals Inc., a Delaware corporation (the “Company”), entered into a Stock Purchase Agreement (the “Stock Purchase Agreement”), between the Company and Sorrento Therapeutics, Inc., a Delaware corporation (the “Seller”), pursuant to which, upon the terms and subject to the conditions set forth therein, the Company will acquire certain securities of Scilex Holding Company (“Scilex”) owned by the Seller, consisting of: (A) 59,726,737 shares of common stock of Scilex; provided, that the Seller will provide the Company an option to purchase up to 2,259,058 additional shares of common stock of Scilex, which the Seller is currently holding in abeyance on behalf of certain warrant holders of the Seller (the “Option Shares”), at an exercise price of \$1.13 per Option Share, at such time(s) as such Option Shares become transferable; (B) 29,057,096 shares of Series A preferred stock of Scilex, which shares constitute one fewer than all of the issued and outstanding Series A preferred stock of the Scilex; and (C) warrants exercisable for 1,386,617 shares of common stock of Scilex in respect of public warrants, and warrants exercisable for 3,104,000 shares of common stock of Scilex in respect of private placement warrants (collectively, the “Purchased Securities”) (such acquisition of the Purchased Securities, the “Transaction”) for a total purchase price of \$105,000,000 (excluding any additional amounts paid by the Company in the future in respect of Option Shares). The consideration for the Transaction consists of a credit bid by the Company on a dollar-for-dollar basis of the full amount of outstanding obligations as of the closing date under the Replacement DIP Facility (as defined below, and which is between the Company and the Seller and its affiliated debtor, Scintilla Pharmaceuticals, Inc. (“Scintilla” and together with the Seller, the “Debtors”)), with the remaining balance of the purchase price to be paid in cash by the Company to the Seller.

Completion of the Transaction is subject to the satisfaction or waiver of customary and certain other closing conditions, including (1) the approval of an amendment to Scilex’s governance documents, (2) the grant of an irrevocable proxy and call option (with an exercise price of \$1) with respect to the one remaining share of Scilex Series A preferred stock retained by the Seller (or Seller shall have deposited such remaining preferred share in a voting trust and named the Company as the trustee of such trust), (3) the grant of all of the Seller’s rights pursuant to a certain stockholder agreement with respect to the Series A preferred stock of Scilex to the Company, (4) the entrance of an order approving the Seller’s entry into the Stock Purchase Agreement and the consummation of the Transactions pursuant to Sections 105 and 363 of Title 11 of the United States Code, 11 U.S.C. §§ 101, et seq, as amended, (5) the expiration or early termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, (6) no Material Adverse Effect (as defined in the Stock Purchase Agreement) having occurred and continuing, (7) no trigger event in Scilex’s governance documents having occurred and the Purchased Securities shall represent at least a majority in voting power of the outstanding shares of capital stock of Scilex entitled to vote generally in an election of directors of Scilex, (8) the absence of any laws or court orders making the Transaction illegal or otherwise prohibiting the Transaction, (9) entry by the Company and Scilex into a new registration rights agreement that provides to the Company the same piggyback and demand registration rights as those currently provided to the Seller by Scilex, (10) no event of default shall have occurred under the Replacement DIP Facility or the related order of the Bankruptcy Court approving such facility, and (11) other customary closing conditions.

The Stock Purchase Agreement provides for certain termination rights for both the Company and the Seller, including by mutual written consent of the Company and Seller, by either the Seller or the Company in the event that the Transaction is not consummated by September 30, 2023, by either the Seller or the Company if the other party fails to materially comply with any of its covenants or materially breaches its representations and warranties and such failure or breach cannot be cured or is not cured within ten business days of receipt of written notice of such failure or breach from the non-breaching party, or if any court or governmental authority shall have issued a non-appealable order which permanently restrains, enjoins or prohibits the Transaction. The Stock Purchase Agreement is also terminable by the Company (a) if the auction has not commenced on or before August 14, 2023 or if the sale order has not been entered by the Bankruptcy Court by August 17, 2023, (b) if the Seller’s bankruptcy case is converted to chapter 7, or (c) if the Seller materially breaches the Replacement DIP Facility or the Company is unable to credit bid in payment of the Replacement DIP Facility. The Stock Purchase Agreement terminates automatically if the Seller (i) enters into a definitive agreement in an alternative transaction for the Purchased Securities, (ii) withdraws the sale order motion, or (iii) announces or files a Plan of Reorganization or other transaction, contemplating reorganization or sale of the Purchased Securities that does not comply with the terms and conditions of the Stock Purchase Agreement.

The Stock Purchase Agreement provides that the Seller will be required to pay the Company a termination fee in the amount of \$3,412,500 and expense reimbursement of certain costs and expenses up to \$1,000,000 for outside counsel (to the extent such costs and expenses are not paid under the Replacement DIP Facility) upon termination of the Stock Purchase Agreement in accordance with its terms under certain circumstances and the Seller's consummation of an alternative transaction involving the sale, transfer or other disposition of any portion of the Purchased Securities to a person other than the Company.

The Company has made customary representations, warranties and covenants in the Stock Purchase Agreement, including, among other things, customary investor representations. The Seller has also made certain representations, warranties and covenants, including, among other things, with respect to the Seller's title and ownership of the Purchased Securities and the business and operations of Scilex and its subsidiaries (the "Business") and covenants to use commercially reasonable efforts to cause Scilex and its subsidiaries to conduct the Business in the ordinary course of business, consistent with past practice and to provide certain transition services to Scilex for up to 90 days following the closing of the Stock Purchase Agreement. The parties have agreed to use reasonable best efforts to take all actions necessary to consummate the Transaction.

The Debtors are in Chapter 11 bankruptcy proceedings (the "Chapter 11 Cases") pending before the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"), which commenced on February 13, 2023. The Transaction is being conducted through a Bankruptcy Court-supervised process pursuant to Bankruptcy Court-approved bidding procedures and is subject to the receipt of higher or otherwise better offers from competing bidders at an auction (at which the Company may increase the total purchase price for the Transaction), a further order from the Bankruptcy Court approving such sale before the Transaction may be consummated, and the satisfaction of certain closing conditions (as discussed above). Accordingly, the Company can give no assurances of the outcome of the Transaction and whether the Company will be successful in acquiring the Purchased Securities.

The foregoing description of the Stock Purchase Agreement and the Transaction does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Stock Purchase Agreement, a copy of which is attached hereto as Exhibit 2.1 and is incorporated into this report by reference in its entirety. The Stock Purchase Agreement has been attached to provide investors with information regarding its terms. It is not intended to provide any other factual information about the Company or the Seller. In particular, the assertions embodied in the representations and warranties contained in the Stock Purchase Agreement are qualified by information in confidential disclosure schedules that contain information that modifies, qualifies and creates exceptions to the representations and warranties and certain covenants set forth in the Stock Purchase Agreement. Moreover, certain representations and warranties in the Stock Purchase Agreement were used for the purposes of allocating risk between the Company and the Seller rather than establishing matters as facts. Accordingly, the representations and warranties in the Stock Purchase Agreement should not be relied on as characterizations of the actual state of facts about the Company or the Seller.

#### ***Replacement DIP Loan Agreement***

On August 9, 2023, the Company entered into the Senior Secured, Super-Priority Debtor-in-Possession Loan and Security Agreement, by and among the Debtors, the Company and the guarantors from time to time party thereto (the "Replacement DIP Loan Agreement" and, collectively with all other documents evidencing the Replacement DIP Facility (as defined below), the "Replacement DIP Documents"), pursuant to which the Company will provide to the Debtors a non-amortizing super-priority senior secured debtor-in-possession term loan financing facility in an aggregate principal amount of \$100,000,000 (the "Replacement DIP Facility"). The Replacement DIP Facility proceeds will be used (i) to refinance and pay in full the approximately \$82,000,000 of obligations outstanding under the Debtors' Senior Secured, Super-Priority Debtor-in-Possession Loan and Security Agreement, dated March 30, 2023 (the "Existing DIP Facility"), with JMB Capital Partners Lending, LLC, approved by the Bankruptcy Court pursuant to its Final Order (I) Authorizing the Debtors to (A) Obtain Senior Secured Superpriority Postpetition Financing and (B) Use Cash Collateral, (II) Granting Liens and Providing Claims with Superpriority Administrative Expense Status, (III) Modifying the Automatic Stay, and (IV) Granting Related Relief, dated March 30, 2023, (ii) for working capital and other general corporate purposes of the Debtors (subject to an agreed budget (the "DIP Budget") in connection with the Replacement DIP Facility), and (iii) the payment of certain statutory fees and allowed professional fees incurred in the Chapter 11 Cases, bankruptcy-related expenses and fees, expenses, interest and other amounts payable under the Replacement DIP Facility.

The Replacement DIP Facility is provided on substantially the same terms and conditions as those of the Existing DIP Facility, subject to, among other things, (a) mutually agreed-upon permitted asset sales of DIP Collateral (as defined in the Existing DIP Facility), the proceeds of such asset sales are included in the Replacement DIP Facility collateral package; (b) agreed-upon “stalking horse” bidder protections; (c) agreed-upon milestones and other deadlines for, among other things, the auction, the sale hearing and the outside date for consummation of the Transaction; (d) the DIP Budget; and (e) the Order (I) Authorizing the Debtors to (A) Obtain Replacement Senior Secured Superpriority Postpetition Financing and (B) Use Cash Collateral, (II) Granting Liens and Providing Claims with Superpriority Administrative Expense Status, (III) Modifying the Automatic Stay, (IV) Granting Stalking Horse Protections and (V) Granting Related Relief (the “DIP Order”). On August 7, 2023, the Bankruptcy Court entered the DIP Order, approving the Debtors’ entry into the Replacement DIP Loan Agreement and the “stalking horse” bidder protections, among other things.

The Replacement DIP Facility bears interest at a per annum rate equal to 15%, payable in cash on the first day of each month in arrears (and a default interest rate that shall accrue at an additional per annum rate of 3% plus the non-default interest, payable in cash on the first day of each month) and other fees and charges as described in the Replacement DIP Documents. The Replacement DIP Facility is secured by first-priority liens on substantially all of the Debtors’ assets, subject to certain enumerated exceptions.

The Replacement DIP Facility matures on the earliest of: (i) October 15, 2023; (ii) the effective date of a plan of reorganization in the Chapter 11 Cases; (iii) the consummation of any sale or other disposition of all or substantially all of the Collateral (as defined in the Replacement DIP Credit Agreement) pursuant to 11 U.S.C. § 363; (iv) the date of the acceleration of the Obligations in accordance with (and as defined in) the Replacement DIP Credit Agreement; (v) the dismissal of the Chapter 11 Cases or conversion of the Chapter 11 Cases into cases under Chapter 7 of Title 11 of the United States Code; (vi) the date of termination of the Stock Purchase Agreement or other definitive documentation related to the subject matter thereof, solely in the event such termination results from a material breach of such documentation by any Loan Party (as defined in the Replacement DIP Credit Agreement) or other seller thereunder; and (vii) the date on which a trigger event in Scilex’s governance documents has occurred.

The Replacement DIP Credit Agreement includes the following milestones:

<b>By no later than:</b>	<b>Event</b>
August 14, 2023	The auction for the sale of the Purchased Securities shall have commenced.
August 18, 2023	The Bankruptcy Court shall commence a hearing to consider approval of the sale of the Purchased Securities.
August 21, 2023	The Bankruptcy Court shall have entered an order approving the sale of the Purchased Securities in form and substance acceptable to the Company.
September 30, 2023	The closing of the sale of the Purchased Securities shall have occurred.

The foregoing description of the Replacement DIP Facility and the Replacement DIP Loan Agreement does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Replacement DIP Loan Agreement, a copy of which is attached hereto as Exhibit 10.1 and is incorporated into this report by reference in its entirety. The Replacement DIP Loan Agreement contain representations, warranties and covenants that the parties made in the context of all of the terms and conditions of that agreement and in the context of the specific relationship between the parties.

## Advisors

H.C. Wainwright & Co., LLC is acting as exclusive financial advisor to the Company.

## Cautionary Note Regarding Forward-Looking Statements

This Current Report on Form 8-K may contain forward-looking statements, which may generally be identified by the use of the words “anticipates,” “expects,” “intends,” “plans,” “should,” “could,” “would,” “may,” “will,” “believes,” “estimates,” “potential,” “target,” or “continue” and variations or similar expressions. These statements are based upon the current expectations and beliefs of management and are subject to certain risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These risks and uncertainties include, but are not limited to, risks and uncertainties discussed in the Company’s most recent annual or quarterly report and detailed from time to time in the Company’s other filings with the Securities and Exchange Commission, which factors are incorporated herein by reference and the following factors: the inability to close the Transaction in a timely manner; the failure to satisfy conditions to completion of the Transaction, including receipt of required regulatory and other approvals; the failure of the proposed Transaction to close for any other reason; the possibility that the Seller may receive higher or otherwise better offers from competing bidders at an auction in the Court-supervised process; the occurrence of any event, change or other circumstances that could give rise to the termination of the Stock Purchase Agreement by either the Company or the Seller; the outcome and timing of the Seller’s Chapter 11 process and approval of the Transaction by the Bankruptcy Court; the possibility that the anticipated benefits of the Transaction are not realized when expected or at all, including as a result of the impact of, or problems arising from, the Company’s purchase of the Purchased Securities; our ability to recover the proceeds and/or collateral under the Replacement DIP Loan Agreement; the effect of the announcement of the transaction on the Company’s or the Seller’s respective business relationships, operating results and business generally; the possibility that the Transaction may be more expensive to complete than anticipated; diversion of management’s attention from ongoing business operations and opportunities; and exposure to potential litigation. In addition, certain material factors and assumptions have been applied in making these forward-looking statements, including that the risks and uncertainties outlined above will not cause actual results or events to differ materially from those described in these forward-looking statements. The Company believes that the material factors and assumptions reflected in these forward-looking statements are reasonable, but readers are cautioned not to place undue reliance on any of these forward-looking statements. These forward-looking statements speak only as of the date hereof. The Company undertakes no obligation to update any of these forward-looking statements to reflect events or circumstances after the date hereof or to reflect actual outcomes, unless required by law.

## Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

2.1*	<a href="#">Stock Purchase Agreement dated as of August 7, 2023, between Oramed Pharmaceuticals Inc. and Sorrento Therapeutics, Inc.</a>
10.1*	<a href="#">Senior Secured, Super-Priority Debtor-in-Possession Loan and Security Agreement dated as of August 9, 2023, among Sorrento Therapeutics, Inc., Scintilla Pharmaceuticals, Inc., the guarantors from time to time a party thereto, and Oramed Pharmaceuticals Inc.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

\* Certain exhibits and similar attachments to this agreement have been omitted in accordance with Item 601(a)(5) of Regulation S-K. A copy of any omitted exhibit or other attachment will be furnished supplementally to the SEC upon request.

## 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 hereunto duly authorized.

### ORAMED PHARMACEUTICALS INC.

By: /s/ Nadav Kidron

Name: Nadav Kidron

Title: President and CEO

August 9, 2023

**STOCK PURCHASE AGREEMENT**  
**BETWEEN**  
**ORAMED PHARMACEUTICALS INC.**  
**AND**  
**SORRENTO THERAPEUTICS, INC.**  
**August 7, 2023**

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## STOCK PURCHASE AGREEMENT

**THIS STOCK PURCHASE AGREEMENT** is made and entered into as of August 7, 2023 (this “Agreement”), between Oramed Pharmaceuticals Inc., a Delaware corporation (“Purchaser”), on the one hand, and Sorrento Therapeutics, Inc., a Delaware corporation (“Seller”), on the other hand. Purchaser and Seller are sometimes individually referred to in this Agreement as a “Party” and collectively as the “Parties.”

### RECITALS:

**WHEREAS**, on February 13, 2023, Seller and its wholly owned Subsidiary, Scintilla Pharmaceuticals, Inc. (“Scintilla”), commenced voluntary proceedings under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court, which are being jointly administered under the caption *In re Sorrento Therapeutics, Inc., et al.*;

**WHEREAS**, the Seller desires to sell, convey, transfer, assign and deliver to Purchaser, and Purchaser desires to purchase and acquire from the Seller, those securities of Scilex Holding Company, a Delaware corporation (the “Company”), listed on Schedule I attached hereto (the “Purchased Securities”), on the terms and subject to the conditions set forth in this Agreement;

**WHEREAS**, the transactions contemplated by this Agreement (collectively, the “Transactions”) will be consummated pursuant to and in accordance with the Bid Procedures Order and the Sale Order (each as defined below), pursuant to Sections 105 and 363 of Title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.*, as amended (the “Bankruptcy Code”), and the Transactions and this Agreement are subject to the approval of the Bankruptcy Court;

**NOW, THEREFORE**, in consideration of the foregoing and the mutual agreements, covenants, representations and warranties set forth herein, and in order to prescribe the terms and conditions of such purchase and sale, intending to be legally bound, the Parties agree as follows:

#### 1. PURCHASE PRICE.

Pursuant to Section 363 of the Bankruptcy Code and on the terms and subject to the conditions of this Agreement, on the Closing Date (as defined below) and effective as of the Effective Time (as defined below), the Seller shall sell to the Purchaser, and the Purchaser shall purchase from the Seller the Purchased Securities listed on Schedule I attached hereto, free and clear of any Encumbrances or Liabilities. The aggregate consideration for the Purchased Securities shall be \$105,000,000 (the “Purchase Price”), which shall consist of: (i) a credit bid, on a dollar-for-dollar basis, pursuant to section 363(k) of the Bankruptcy Code, in respect of the full amount of the outstanding obligations under the Replacement DIP Facility as of the Closing Date (the “Credit Bid Amount”), and (ii) the remaining balance to be paid in cash to the Seller (the “Cash Amount”). Notwithstanding anything to the contrary in this Agreement, the amount of Purchased Securities, Option Shares (as defined below) and Purchase Price per share shall be appropriately adjusted in the event of any stock split, dividend, stock combination, reclassification or similar transaction occurring prior to the Closing Date. For the avoidance of doubt, Purchaser will not assume any Liabilities, accounts payable, notes payable, expenses or other obligations of Seller or its Affiliates.



## **2. CLOSING.**

(a) The sale and purchase of the Purchased Securities shall be effected by the Seller delivering to the Purchaser on the Closing Date duly executed certificates or other instruments evidencing the Purchased Securities with instruments of transfer reasonably satisfactory to the Purchaser attached (duly endorsed or otherwise in such form sufficient for transfer), against delivery by the Purchaser to the Seller of the Purchase Price. The Purchase Price shall be paid by Purchaser to the Seller on the Closing Date in accordance with Section 1, with the Cash Amount being paid by wire transfer of immediately available funds in U.S. dollars to an account designated by the Seller to the Purchaser no later than two Business Days prior to the Closing Date.

(b) The Seller will notify the Company's transfer agent of the proposed Closing Date, and the Seller and the Purchaser will deliver to the Company or such transfer agent documentation reasonably requested by the Company or such transfer agent to effect the book-entry transfer of the Purchased Securities by the Seller to the Purchaser. The Seller will instruct the Company and/or its transfer agent to transfer the Purchased Securities to the Purchaser in a restricted book-entry position on the books of the transfer agent and register the Purchaser as the registered owner of the Purchased Securities as of the Effective Time. Seller will cooperate with Purchaser and will use reasonable best efforts to transfer the Purchased Securities in the manner preferred by Purchaser.

(c) The closing of such sale and purchase of the Purchased Securities (the "Closing") shall take place no later than the day that is three Business Days following the date on which the conditions set forth in Section 6 have been satisfied or, to the extent permitted, waived by the applicable Party in writing (other than conditions which by their nature are to be satisfied at the Closing, but subject to the satisfaction or, to the extent permitted, waiver of such conditions at or prior to the Closing), remotely by conference call and electronic exchange of documentation, at 10:00 a.m. New York time, or by such other means or at such other date and time as the Parties shall mutually agree (the date of the Closing, the "Closing Date" and the time of the Closing, the "Effective Time").

## **3. REPRESENTATIONS AND WARRANTIES OF THE SELLER.**

The Seller represents and warrants to the Purchaser, subject to such exceptions as are disclosed in the disclosure schedule (the "Seller Disclosure Schedule") delivered by the Seller to Purchaser concurrently with the execution and delivery of this Agreement and, in the case of any representations or warranties regarding the Company, its Subsidiaries or their respective businesses (except for representations and warranties relating to Seller's ownership of the Purchased Securities), subject to (1) the Knowledge of Seller, and (2) any information contained, or incorporated by reference, in any current, annual or quarterly report publicly filed with the SEC by the Company since January 1, 2020 and prior to the date hereof (the "Company's Securities Filings"), other than information contained in any risk factor or forward looking statement sections thereof, as of the date hereof and as of the Closing Date, as follows:

(a) Organization. The Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) Authority. The Seller has authorized the execution, delivery and performance of this Agreement and each of the transactions contemplated hereby, and, upon entry and effectiveness of the Sale Order (as defined below), no other action will be necessary to authorize such execution, delivery and performance. Subject to and assuming the entry and effectiveness of the Sale Order, this Agreement constitutes a legal, valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms.

(c) No Violation; Consents.

(i) No consent, approval, authorization or order (each a “Consent”) of any federal, municipal, state, local or foreign governmental, administrative, taxing or regulatory authority, department, agency, commission or body (including any court, arbitrator, or similar tribunal) (each a “Governmental Authority”) having jurisdiction over the Seller is required for the execution, delivery or performance by the Seller of its obligations hereunder, including without limitation the sale of the Purchased Securities, except for (A) the entry of the Sale Order by the Bankruptcy Court (as defined below), (B) compliance with and a filing under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”), and compliance with and filings and approvals under applicable Antitrust Laws (as defined below), (C) the filing with the SEC of the Information Statement and (D) such consents, approvals, authorizations or orders as have already been obtained or granted.

(ii) Except to the extent excused by or unenforceable as a result of the Bankruptcy Case (as defined below) and except for the entry and effectiveness of the Sale Order, neither the sale of the Purchased Securities nor the performance of the Seller’s obligations hereunder will violate, conflict with, result in a breach or termination of, extinguish any material rights, or constitute a default (or an event that, with the giving of notice or the lapse of time, or both, would constitute a default) under (i) the certificate of incorporation, bylaws or other Organizational Documents of the Seller, the Company or any of its Subsidiaries, (ii) any decree, judgment, order, law, treaty, rule, regulation or determination of any Governmental Authority (“Laws”) having jurisdiction over the Seller, the Company, its Subsidiaries or any of their respective assets or properties, or (iii) the terms of any Material Contract to which the Seller, the Company, or any of the Company’s Subsidiaries is a party or to which any of the Seller’s, the Company’s, or any of the Company’s Subsidiaries’ properties is subject, except in each case as would not reasonably be expected to have the effect of preventing, materially delaying, making illegal or otherwise materially interfering with any of the transactions contemplated by this Agreement.

(d) Capitalization.

(i) As of the date of this Agreement, the authorized and issued equity capitalization of the Company is as set forth in the Company’s Form S-1/A, dated July 19, 2023, other than in respect of any options that may have been forfeited or awarded or any shares that may have been issued upon the exercise of any options, warrants or other convertible securities in accordance with the terms thereof. All outstanding equity securities of the Company have been duly authorized and validly issued and are fully paid and non-assessable, were not issued in violation of any preemptive rights and were not issued in violation of any applicable Laws.

(ii) There are no outstanding obligations of the Company or any of its Subsidiaries to issue, repurchase, redeem or otherwise acquire any (A) shares of capital stock or other voting securities of the Company, (B) securities of the Company or any Subsidiary of the Company convertible or exercisable into or exchangeable for shares of capital stock or voting securities of the Company or its Subsidiaries, (C) rights or options to acquire from the Company or its Subsidiaries, or obligations of the Company or its Subsidiaries to issue, any shares of capital stock, voting securities or securities convertible into or exchangeable for shares of capital stock or voting securities of the Company or such Subsidiary, as the case may be, or (D) equity equivalent interests in the ownership or earnings of the Company or its Subsidiaries or other similar rights (the items in clauses (A) through (D) collectively, “Company Securities”), other than obligations to purchase, redeem, acquire or issue Company Securities upon the exercise of any options, warrants or other convertible securities now outstanding in accordance with the terms thereof. Other than the Stockholder Agreement and the Registration Rights Agreement, there are no stockholder agreements, voting trusts or other agreements or understandings to which the Company, any of its Subsidiaries, or the Seller is a party or by which it is bound relating to the voting or registration of any shares of capital stock of the Company or any of its Subsidiaries or preemptive rights with respect thereto.

(iii) Since March 31, 2023, the Company has not declared or paid any dividend or distribution in respect of any Company Securities, and neither the Company nor any Subsidiary of the Company has issued, sold, repurchased, redeemed or otherwise acquired any amount of Company Securities, and its board of directors has not authorized any of the foregoing, other than in respect of any options that may have been forfeited or awarded and any shares that may have been issued upon the exercise of any options, warrants or other convertible securities in accordance with the terms thereof.

(e) Title to Purchased Securities. The Seller has good, valid and marketable title to the Purchased Securities, and, subject to receipt of the Sale Order, good, valid and marketable title will be transferred to the Purchaser free and clear of any charge, lien (statutory or otherwise), mortgage, lease, hypothecation, encumbrance, pledge, security interest, option, right of use, first offer or first refusal, voting trusts, proxies, easement, servitude, restrictive covenant, encroachment or similar restriction, other than those imposed by the Securities Act (each, an “Encumbrance”, and collectively, “Encumbrances”). The Purchased Securities, together with the Remaining Preferred Share and the Option Shares, constitute all of the shares of capital stock of the Company (or options, warrants or rights to purchase shares of capital stock of the Company or securities convertible into or exchangeable for shares of capital stock of the Company) owned by the Seller.

(f) Legal Proceedings and Orders. Other than in connection with the Bankruptcy Case, to the Knowledge of Seller, there is no action, suit, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding or any informal proceeding) or investigation pending or being heard by or before, or otherwise involving, any Governmental Authority or any arbitrator or arbitration panel (each a “Proceeding”) and no Person has threatened in writing to commence any Proceeding, in each case, that would reasonably be expected to have the effect of preventing, materially delaying, making illegal or otherwise materially interfering with any of the Transactions contemplated by this Agreement. To the Knowledge of Seller, and except as described in Section 3(f) of the Seller Disclosure Schedule, there is no governmental order, writ, injunction, judgment or decree to which the Company or the Purchased Securities are subject.

(g) Compliance with Laws.

(i) The Company is, and since January 1, 2020 has been, in compliance, in all material respects, with all Laws applicable to the operation of the Business, and, since January 1, 2020 to the date hereof, the Company has not received any written (or oral) notice of any action or other Proceeding against the Company alleging any failure to comply in any material respect with any such Laws. No investigation by any Governmental Authority with respect to the Company is pending or threatened, and since January 1, 2020 to the date hereof, the Company has not received any written (or oral) notice of any such investigation, except, in each case, for any such investigation that would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole.

(ii) None of the Company and any Representative acting on its behalf or on behalf of the Business, is currently, or has been since January 1, 2020: (A) a Sanctioned Person; (B) organized, resident or located in any country or region that is subject or target of a comprehensive embargo under applicable Anti-Corruption and Trade Control Laws (“Sanctioned Country”); (C) engaged in any dealings or transactions with any Sanctioned Person or in any Sanctioned Country; (D) engaged in any export, re-export, transfer or provision of any goods, technology, or service without, or exceeding the scope of, any required or applicable licenses or authorizations under all applicable Laws; or (E) otherwise in violation, in any material respect, of applicable Anti-Corruption and Trade Control Laws. Since January 1, 2020, the Company has not, nor has any of its Subsidiaries, in connection with or relating to the Business, (1) received from any Governmental Authority or any other Person any notice, inquiry, or internal or external allegation, (2) made any voluntary or involuntary disclosure to a Governmental Authority, or (3) conducted any internal investigation or audit, in each case, concerning any actual or potential violation or wrongdoing related to Anti-Corruption and Trade Control Laws.

(iii) None of the Company and any Representative acting on its behalf or on behalf of the Business has made, directly or indirectly, any payment or promise to pay, or gift or promise to give or authorized such a promise or gift, of any money or anything of value, directly or indirectly, to: (A) any foreign official (as such term is defined in the FCPA) for the purpose of influencing any official act or decision of such official or inducing him or her to use his or her influence to affect any act or decision of a foreign government, or any agency or subdivision thereof; or (B) any foreign political party or official thereof or candidate for foreign political office for the purpose of influencing any official act or decision of such party, official or candidate or inducing such party, official or candidate to use his, her or its influence to affect any act or decision of a foreign government or agency or subdivision thereof, in the case of both clauses (A) and (B) above in order to assist the Company to obtain or retain business for or direct business to the Company and under circumstances which would subject the Company to Liability under any Anti-Corruption and Trade Control Laws or any corresponding foreign Laws.

(h) Absence of Certain Developments. Since January 1, 2022, and other than the commencement of the Bankruptcy Case, (i) the Business has been operated in the Ordinary Course of Business, and (ii) there has not been any event, occurrence, condition, development, change, circumstance or state of facts that has had or would reasonably be expected to have, a Material Adverse Effect. Since the domestication of the Company in the State of Delaware, no “Trigger Event” (as defined in the Organizational Documents of the Company) has occurred.

(i) Company SEC Reports; Financial Statements.

(i) The Company has filed all reports, schedules, forms, statements or other documents required to be filed by it under the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the “Securities Act”), or the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the “Exchange Act”), as the case may be, since January 1, 2020 (collectively, the “Company SEC Reports”). Each Company SEC Report (A) as of its date, complied as to form in all material respects with the applicable requirements of the Securities Act or the Exchange Act, as the case may be, as in effect on the date so filed, and (B) did not, at the time it was filed (or, if subsequently amended or supplemented, at the time of such amendment or supplement), contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(ii) Each of the consolidated financial statements of the Company contained in the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 and in the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2023 filed with the SEC (collectively, the “Company Financial Statements”) was prepared in accordance with GAAP and presents fairly, in all material respects, the consolidated financial position of the Company as of the respective dates thereof and the consolidated statements of operations, stockholder’s equity and cash flows of the Company for the respective periods indicated therein (subject, in the case of unaudited financial statements, to normal period end adjustments).

(iii) The Company and its Subsidiaries do not have any material Liabilities of a nature (whether accrued, absolute, contingent or otherwise) that would be required by GAAP to be reflected on a consolidated balance sheet of the Company (or in the notes thereto), except for Liabilities (A) that were incurred after March 31, 2023 in the Ordinary Course of Business, (B) that were incurred under this Agreement or in connection with the Transactions, or (C) that were disclosed or reserved against in the Company Financial Statements (including the notes thereto).

(iv) There are no material outstanding or unresolved comments in any comment letters of the staff of the SEC received by Seller, the Company or any of its Subsidiaries relating to the Company SEC Reports, and the Company is in compliance in all material respects with the applicable listing and corporate governance rules and regulations of Nasdaq National Market or any successor thereto.

(j) Intellectual Property. Except as set forth in Section 3(j) of the Seller Disclosure Schedule, and except as would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, (A) the Company and its Subsidiaries own or possess valid rights to use all Intellectual Property (including all Company IP) necessary to conduct the Business in the Ordinary Course of Business and as currently conducted, (B) none of the Company and its Subsidiaries is party to any action, suit, arbitration or formal proceeding involving or has received any written notice asserting a claim of infringement, unauthorized use, or violation of any Intellectual Property rights of any Person, or challenging the ownership, use, validity or enforceability of any Intellectual Property owned or used by the Company or any of its Subsidiaries, and (C) no Person has infringed, misappropriated or otherwise violated, and no Person is infringing, misappropriating or otherwise violating, any Company IP.

(k) Data Privacy and Security. Except as would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, during the past three years and solely to the extent related to the Business, the Company and its Subsidiaries: (i) have been in compliance with applicable Data Protection Requirements; (ii) have taken commercially reasonable steps designed to ensure that all Personal Information Processed by the Company and its Subsidiaries is protected against loss and unauthorized access, use, modification or disclosure, and there have been no incidents regarding the same that required notification of individuals, law enforcement, or any Governmental Authority under any applicable Data Protection Law; and (iii) have not received written communication from any Governmental Authority that alleges that the Company or any of its Subsidiaries is not in compliance with any Data Protection Laws.

(l) Benefit Plans; Employees.

(i) Each Benefit Plan has been administered, maintained, and operated in all material respects in accordance with its terms and all applicable Laws, including ERISA and the Code, and all contributions required to be made with respect to each Benefit Plan have been timely made (or, if not yet due, properly accrued for on the Company's financials). The Company and each of its Subsidiaries is, and for the past six years has been, in compliance in all material respects with all applicable Laws relating to labor, employment and employment practices, including Laws concerning terms and conditions of employment, wages, hours of work, worker classification, occupational safety and health, background checks, employee trainings, affirmative action, pay equity, collective bargaining, labor relations, documentation, notice, plant closing and mass layoffs, employment eligibility and verification, child labor, workers' compensation, immigration, discrimination, harassment, retaliation, accommodation, disability rights, leaves of absence, unemployment insurance, employment and reemployment rights of members of the uniformed services, secondment, the payment of social security and other taxes, whistleblowing and civil rights. No employee of the Company or any of its Subsidiaries is covered by, and none of the Company and any of its Subsidiaries is party to, a collective bargaining agreement (or similar type of labor agreement) with any union or similar employee organization.

(ii) No Benefit Plan constitutes, and none of the Company and its Subsidiaries sponsors or maintains or is required to contribute to or otherwise has any Liability (contingent or otherwise) under or with respect to, or has within the past six years contributed to or otherwise had any Liability (contingent or otherwise) under or with respect to, any (A) "multiemployer plan" (within the meaning of Section 3(37) of ERISA), (B) "defined benefit plan" (as defined in Section 3(35) of ERISA) or any other plan that is or was subject to Title IV of ERISA, Part 3 of Title I of ERISA or Section 412 of the Code, (C) "multiple employer plan" as defined in ERISA or the Code or (D) "multiple employer welfare arrangement" (within the meaning of Section 3(40) of ERISA). With respect to any Benefit Plan that constitutes a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code, such Benefit Plan has been in documentary and operational compliance in all material respects with Section 409A of the Code. No Benefit Plan provides benefits or coverage in the nature of health, life or disability insurance or other welfare benefits to any Person for any period extending beyond retirement or other termination of employment or service other than (i) if provided for under the terms of the applicable insurance policy, coverage through the end of the calendar month in which a termination of employment occurs or (ii) benefits or coverage required under Section 601 *et seq.* of ERISA, Section 4980B of the Code or similar provisions of any applicable Law and at the sole expense of such Person.

(iii) Except as set forth on Section 3(l)(iii) of the Seller Disclosure Schedule, and except as would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, neither the execution and delivery of this Agreement nor the consummation of the Transactions (either alone or in connection with the occurrence of any additional or subsequent event(s)) will: (A) entitle any current or former employee or service provider of the Company or any of its Subsidiaries, or any beneficiary, spouse or dependent of any such Person to severance pay; (B) result in any benefit or right becoming established or increased, or accelerate the time of payment or vesting of any benefit (including with regard to the equity interests of the Company or any of its Subsidiaries); (C) result in any breach or violation under any Benefit Plan; (D) require the transfer or set aside of any assets to fund or otherwise provide for any benefits for any Person pursuant to any Benefit Plan; or (E) result in any amounts becoming payable (whether in cash or property or the vesting of property) that would be characterized as an “excess parachute payment” (as defined in Section 280G(b)(1) of the Code).

(m) Health Care Regulatory Matters.

(i) Except as would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, (A) the Company and its Subsidiaries are, and during the past three years, have operated the Business, in compliance with all applicable Health Care Laws, (B) during the past three years, the Company and its Subsidiaries have not received any written notification of any pending or threatened, Proceeding from any Governmental Authority, including the FDA, alleging non-compliance by the Company or any of its Subsidiaries under any Health Care Laws, and (C) during the past three years, none of the Company, its Subsidiaries, and their employees, officers and directors, has been excluded, suspended or debarred from participation in any federal health care program (as defined in 42 U.S.C. § 1320a-7b(f)) or human clinical research or is subject to a Proceeding that could reasonably be expected to result in debarment, suspension, or exclusion.

(ii) Except as would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, the Company and its Subsidiaries hold such Permits required for the conduct of the Business as currently conducted (collectively, the “Company Permits”) and all such Company Permits are in full force and effect, and none of the Company and its Subsidiaries is in material violation of any of the applicable Laws or requirements relating to the Company Permits.

(iii) Except as would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, during the past three years, (A) all reports, documents, claims and notices required to be filed, maintained, or furnished to the FDA or any other Governmental Authority by the Company or its Subsidiaries under applicable Health Care Laws in connection with the Business have been so filed, maintained or furnished, and (B) all such reports, documents, claims and notices were complete and correct in all material respects on the date filed (or were corrected in or supplemented by a subsequent filing).

(iv) The clinical and pre-clinical studies conducted or sponsored by or on behalf of the Company or any of its Subsidiaries have been and, if still pending, are being conducted compliance with all applicable Health Care Laws and Company Permits, except as would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole.

(n) SEC Matters; Investment Company Status.

(i) The sale of the Purchased Securities by the Seller is not part of a plan or scheme to evade the registration requirements of the Securities Act. Neither the Seller nor any Person (as defined below) acting on behalf of the Seller has offered or sold any of the Purchased Securities by any form of general solicitation or general advertising.

(ii) None of the Company nor any of its Subsidiaries is, nor upon the consummation of the Transactions will be, an “investment company” as such term is defined in the Investment Company Act of 1940, as amended.

(o) Brokers. Except as set forth in Section 3(o) of the Seller Disclosure Schedule, no Person is entitled to any brokerage, financial advisory, finder’s or similar fee or commission payable by the Seller or any of its Affiliates in connection with the Transactions contemplated by this Agreement.

(p) Taxes.

(i) Each of the Company and its Subsidiaries have filed all Income Tax Returns that they were required to file, and have paid all Income Taxes shown thereon as owing, except where the failure to file Income Tax Returns or to pay Income Taxes would not have a Material Adverse Effect.

(ii) None of the Company, nor any of its Subsidiaries or (for the period of time during which the Company and its Subsidiaries were members of an Affiliated Group filing a consolidated federal Income Tax Return, of which the filing parent was Seller) the Seller, has waived or agreed to waive any statute of limitations in respect of material Income Taxes or agreed to any extension of time with respect to a material Income Tax assessment or deficiency. There are no pending or threatened in writing audits, investigations, disputes, notices of deficiency, claims or other proceedings for or relating to any liability for Taxes against any of the Company, its Subsidiaries or (for the period of time during which the Company and its Subsidiaries were members of an Affiliated Group filing a consolidated federal Income Tax Return, of which the filing parent was Seller) the Seller.

(iii) Neither the Company nor any of its Subsidiaries is a party to any Income Tax allocation or sharing agreement with a party that is not the Company or any of its Subsidiaries (other than an agreement that does not relate primarily to Tax).

(iv) Between October 20, 2009 and January 18, 2023, the Company and its Subsidiaries were members of an Affiliated Group filing a consolidated federal Income Tax Return, of which the filing parent was Seller. From January 18, 2023 until the Closing Date, neither the Company nor any of its Subsidiaries has been a member of an Affiliated Group filing a consolidated federal Income Tax Return (other than a group the common parent of which was the Company).



(v) Neither the Company nor any of its Subsidiaries is or has been a party to any “reportable transaction”, as defined in Section 6707A(c)(1) of the Code and Treasury Reg. §1.6011-4(b).

(vi) Neither the Company nor any of its Subsidiaries will be required to include any material item of income in, or exclude any material deduction from, taxable income for any taxable period (or portion thereof) ending on or after the Closing Date as a result of any: (1) change in method of accounting, or use of an improper method of accounting, for any Tax period prior to or including the Closing Date with respect to the Company and any of its Subsidiaries (including, for the avoidance of doubt, any adjustment under Section 481(c) of the Code (or any corresponding or similar provision of state, local or foreign Tax law)); (2) “closing agreement” as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign Tax law) executed prior to the Closing Date; (3) intercompany transactions as described in Treasury Reg. §1.1502-13 (or any corresponding or similar provision of state, local or foreign Tax law) or excess loss account described in Treasury Reg. §1.1502-19 (or any corresponding or similar provision of state, local or foreign Tax law); (4) the satisfaction of unwinding of any intercompany obligations in existence among any of the Company and its Affiliates immediately prior to Closing; (5) installment sale or open transaction disposition made prior to the Closing Date; or (6) prepaid or deposit amount received prior to the Closing Date.

(q) Affiliated Transactions. Except as set forth on Section 3(g) of the Seller Disclosure Schedule, no Related Party: (i) is a party to any Contract or other transaction involving the Business, the Company or any of its Subsidiaries, other than (A) loans and other extensions of credit to directors and officers of the Company and/or its Subsidiaries for travel or business expenses or other employment-related purposes in the Ordinary Course of Business, none of which are material, individually or in the aggregate, and (B) employment arrangements, or (ii) owns, directly or indirectly, any material interest in, or is an officer, director, employee or consultant of, any Person which is, or is engaged in business as a material supplier, lessor or lessee of the Business, the Company or any of its Subsidiaries, or any other Person with a material commercial relationship with the Business, the Company or any of its Subsidiaries.

(r) MNPI. To the Knowledge of Seller, the Seller is not aware or in possession of any material non-public information regarding the Company that is not known to the Purchaser or otherwise publicly disclosed in Company’s Securities Filings.

(s) CFIUS. The Company does not engage in (a) the design, fabrication, development, testing, production or manufacture of one (1) or more “critical technologies” within the meaning of the Defense Production Act of 1950, as amended, including all implementing regulations thereof (the “DPA”); (b) the ownership, operation, maintenance, supply, manufacture, or servicing of “covered investment critical infrastructure” within the meaning of the DPA (where such activities are covered by column 2 of Appendix A to 31 C.F.R. Part 800); or (c) the maintenance or collection, directly or indirectly, of “sensitive personal data” of U.S. citizens within the meaning of the DPA.

(t) No Reliance. In making its decision to sell the Purchased Securities, the Seller represents that it has not relied on, and expressly disclaims reliance on, any statements or other information provided by any Person (including, without limitation, the Purchaser) (other than the representations and warranties of the Purchaser set forth in Section 4).

(u) Disclaimer of Additional Warranties. Except as expressly set forth in this Section 3, neither the Seller nor any of its directors, members, officers, employees or representatives nor any other Person makes or has made any representation or warranty, express or implied, at law or in equity, in respect of the Seller, the Purchased Securities or the transactions contemplated by this Agreement, and the Seller disclaims any other representations or warranties, whether made by the Seller or any other Person, in each case notwithstanding the delivery or disclosure to the Purchaser or any other Person of any documentation or other information with respect to the foregoing.

#### **4. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

The Purchaser represents and warrants to the Seller, as of the date hereof and as of the Closing Date, as follows:

(a) Organization. The Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) Authority. The Purchaser has authorized the execution, delivery and performance of this Agreement and each of the transactions contemplated hereby, and, upon entry and effectiveness of the Sale Order, no other action will be necessary to authorize such execution, delivery and performance. Subject to and assuming the entry and effectiveness of the Sale Order, this Agreement shall constitute a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms.

(c) No Violation; Consents.

(i) No Consent of any Governmental Authority having jurisdiction over the Purchaser is required for the execution, delivery or performance by the Purchaser of its obligations hereunder, including without limitation the purchase of the Purchased Securities, except for (i) the entry of the Sale Order by the Bankruptcy Court, (ii) compliance with and a filing under the HSR Act and compliance with and filings and approvals under applicable Antitrust Laws.

(ii) Except to the extent excused by or unenforceable as a result of the filing of the Bankruptcy Case and except for the entry and effectiveness of the Sale Order, neither the acquisition of the Purchased Securities nor the performance of the Purchaser's obligations hereunder will violate, conflict with, result in a breach of or termination of, extinguish any rights, or constitute a default (or an event that, with the giving of notice or the lapse of time, or both, would constitute a default) under (i) the certificate of incorporation, bylaws or other Organizational Documents of the Purchaser, (ii) any Laws of any Governmental Authority having jurisdiction over the Purchaser or any of its assets or properties or (iii) the terms of any material agreement to which the Purchaser is a party or to which any of the Purchaser's properties is subject, except in each case as would not reasonably be expected to have the effect of preventing, materially delaying, making illegal or otherwise materially interfering with any of the transactions contemplated by this Agreement.

(d) Sufficient Funds. As of the date of this Agreement and on the Closing Date, the Purchaser has and will have sufficient cash in immediately available funds to pay the Cash Amount and all of the fees, costs and expenses incurred in connection with the transactions contemplated hereby by the Purchaser (without giving effect to any unfunded financing, regardless of whether any such financing is committed).

(e) SEC Matters.

(i) The Purchaser understands that the sale of the Purchased Securities by the Seller has not been, and will not be on or prior to the Closing Date, registered under the Securities Act, nor qualified under any state securities laws, and that they are being offered and sold pursuant to an exemption from such registration and qualification based in part upon the representations of the Purchaser contained herein.

(ii) The Purchaser is a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act) or an “accredited investor” as such term is defined in Rule 501(a) of the Securities Act, and has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the investment contemplated by this Agreement. The Purchaser is able to bear the economic risk of its investment in the Company (including without limitation a complete loss of its investment).

(iii) The Purchaser did not become aware of this offering of Purchased Securities, nor were the Purchased Securities offered to the Purchaser, by any other means, including without limitation by any form of general solicitation or general advertising, as described in Section 502(c) of Regulation D under the Securities Act, and the Purchased Securities are not being offered in a manner involving a public offering under, or in a distribution in violation of, the Securities Act, or any state securities laws.

(iv) The Purchaser understands that it must bear the economic risk of this investment indefinitely unless the Purchased Securities are registered pursuant to the Securities Act or an exemption from such registration is available, and unless the disposition of the Purchased Securities is qualified under applicable state securities laws or an exemption from such qualification is available. The Purchaser further understands that there is no assurance that any exemption from the Securities Act will be available, or, if available, that such exemption will allow the Purchaser to transfer any of or all the Purchased Securities that it acquires, in the amounts or at the time the Purchaser might propose.

(v) The Purchaser is acquiring the Purchased Securities solely for its own account for investment and not with a view toward the resale, transfer, or distribution thereof, nor with any present intention of distributing the Purchased Securities. The Purchaser has not agreed to give any Person any interest in the Purchased Securities.

(vi) The Purchaser acknowledges and agrees that, at the time of the sale, the certificate or book entry position representing the Purchased Securities will bear or reflect, as applicable, a legend substantially similar to the following and that the holding period specified in Rule 144(d) pursuant to the Securities Act would commence as of the Closing Date:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS AND NEITHER THE SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT OR SUCH LAWS OR AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS WHICH, IN THE OPINION OF COUNSEL, IS AVAILABLE.

(vii) In making its decision to purchase the Purchased Securities, the Purchaser represents that it has relied solely upon (A) the Purchaser's own independent investigation made based on publicly available information relating to the Company, including without limitation the Company's public reports pursuant to the Securities Exchange Act of 1934, as amended, and other information on the Electronic Data Gathering, Analysis, and Retrieval system available on the SEC's website, and (B) the representations and warranties contained in Section 3. The Purchaser expressly disclaims, and has not relied on, any statements or other information provided by any Person (including without limitation the Seller or the Company) (other than the representations and warranties of the Seller set forth in Section 3), has made its own assessment of the Company and its investment in the Purchased Securities and is satisfied concerning the relevant tax consequences (including without limitation the income tax consequences of purchasing, owning or disposing of the Purchased Securities in light of its particular situation and tax residence(s) as well as any consequences arising under the Laws of any taxing jurisdiction) and other economic considerations relevant to the Purchaser's investment in the Purchased Securities. The Purchaser acknowledges that it has had access to all information that it believes is necessary, sufficient or appropriate in connection with its purchase of the Purchased Securities and investment in the Company. The Purchaser has made an independent decision to purchase the Purchased Securities based on information concerning the business and financial condition of the Company and other information available to it, which it has determined is adequate for that purpose. The Purchaser acknowledges that certain information provided to it was based on projections, and such projections were prepared by the Company based on assumptions and estimates that are inherently uncertain and are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the Company's projections.

(f) The Purchaser acknowledges and understands that the Purchase Price represents a mutually agreed upon price for the Purchased Securities determined by the Purchaser and the Seller and does not necessarily represent the fair market value of the Purchased Securities as of the date hereof, as of the Closing or in the future.

(g) OFAC. The Purchaser is not (and has no affiliation with) (i) a person or entity named on the Office of Foreign Assets Control ("OFAC") List, or a Person prohibited by any OFAC sanctions program, (ii) a Designated National as defined in the Cuban Assets Control Regulations, 31 C.F.R. Part 515, or (iii) a non-U.S. shell bank or providing banking services indirectly to a non-U.S. shell bank.

(h) DPA. The Purchaser is not, and is not an Affiliate of, a “foreign government” within the meaning of the DPA. To the Purchaser’s Knowledge, no “foreign government” holds a “substantial interest” in the Purchaser, each as defined in the DPA.

## 5. COVENANTS OF THE PARTIES.

(a) Conduct of Business. Except (i) as set forth on Schedule 5(a), (ii) as required by any order of the Bankruptcy Court (or as reasonably necessary in connection with the Bankruptcy Case), (iii) as required by applicable Law, (iv) as contemplated or required by the terms of any Transaction Document, or (v) as otherwise consented to in writing by the Purchaser, during the period commencing on the date of this Agreement and continuing through the Closing or the earlier termination of this Agreement in accordance with its terms:

(i) the Seller shall use commercially reasonable efforts to cause each of the Company and its Subsidiaries to operate the Business in the Ordinary Course of Business; and

(ii) without limiting clause (i) above, the Seller shall use commercially reasonable efforts to cause the Company and its Subsidiaries not to (and in the event of any vote of the shareholders in which the Seller is entitled to participate, shall vote its equity interests against any action to):

(1) other than in the Ordinary Course of Business (A) sell, lease (as lessor), transfer, assign or otherwise dispose of (or permit to become subject to any additional Encumbrance, other than Permitted Encumbrances, Encumbrances arising under any Bankruptcy Court orders relating to the use of cash collateral (as defined in the Bankruptcy Code) and Encumbrances arising in connection with any debtor-in-possession or similar financing of the Company or any of its Subsidiaries) any material assets; (B) acquire any material assets; (C) enter into any acquisition agreement or any joint venture, partnership or other similar arrangement with any Person; or (D) effect any merger, consolidation, conversion, division, domestication or other similar transaction, or enter into any agreement or plan with respect thereto;

(2) (A) declare, set aside, or pay any dividends on, or make any other distributions (whether in cash, stock, or property) in respect of, any Company Securities; (B) split, combine, or reclassify any Company Securities, or issue or dispose of any other securities in respect of, in lieu of, or in substitution for Company Securities (other than issuances upon the exercise of any options, warrants or other convertible securities now outstanding in accordance with the terms thereof); (C) purchase, redeem, or otherwise acquire any Company Securities or any securities convertible or exercisable into or exchangeable for Company Securities or any options, warrants, calls, or rights to acquire any Company Securities (other than any purchase, redemption or acquisition effected upon the exercise of any options, warrants or other convertible securities now outstanding in accordance with the terms thereof); or (D) effect any recapitalization, reorganization or similar transaction in respect of any of the Company Securities, the Company or any of its Subsidiaries;

(3) offer, issue, deliver, grant or sell, or authorize or propose to offer, issue, deliver, grant or sell, any Company Securities or any securities convertible or exercisable into, or any rights, warrants or options to acquire, any Company Securities (other than issuances upon the exercise of any options, warrants or other convertible securities now outstanding in accordance with the terms thereof);

(4) delay in any material respect the payment of any undisputed material trade accounts payable, including undisputed amounts payable under any material Contracts of the Business;

(5) change any financial accounting policies or procedures or any methods of reporting income, deductions or other material items for financial accounting purposes, except as required by GAAP or applicable Law;

(6) amend in any material and adverse respect or voluntarily terminate (or waive any material provision of) any material Contract other than in the Ordinary Course of Business;

(7) except to the extent required by applicable Law or the terms of the applicable Benefit Plan: (A) increase the salary, benefits, bonus or severance arrangements of any employee of the Business, other than in the Ordinary Course of Business; (B) adopt, enter into, materially amend or terminate any Benefit Plan (including any employee benefit plan or arrangement which would be a Benefit Plan if entered into as of the date hereof); (C) exercise any discretion to accelerate the vesting or payment of any compensation or benefit under any Benefit Plan; (D) grant any loan to or pay any bonus to any employee of the Business; (E) grant any severance, change of control, retention, termination or similar compensation or benefits to any employee of the Business; (F) pay to any employee of the Business any benefit or amount not required under the terms of any Benefit Plan as in effect on the date of this Agreement or entered into or adopted in accordance with this Section 5(a)(ii); or (G) take any action to fund the payment of compensation or benefits under any Benefit Plan;

(8) hire or terminate (other than a termination for cause or due to death or disability) the employment of (A) any executive officer of the Company or any of its Subsidiaries who performs services for the Business or (B) any employee with a base salary of more than \$250,000 per year;

(9) adopt any amendments of, or supplements or modifications to, any of the Organizational Documents of the Company or any of its Subsidiaries or the Stockholder Agreement;

(10) form any Subsidiary of the Company or any of its existing Subsidiaries;

(11) waive, release, assign, settle or compromise any pending or threatened material Proceeding;

(12) cancel, knowingly allow to lapse, fail to renew, maintain or defend, or encumber (in whole or in part) any Registered IP owned by the Company, in each case other than in the Ordinary Course of Business;

(13) enter into any Contract with any Related Party other than as contemplated by this Agreement;

(14) fail to maintain and keep in full force and effect all existing insurance policies of the Company or any of its Subsidiaries, other than (A) expiration of insurance policies that expire by their terms (in which event Seller shall use commercially reasonable efforts to renew or replace such insurance policies with insurance policies offering appropriate and commercially reasonable levels of coverage) or (B) changes to such insurance policies made in the Ordinary Course of Business;

(15) make, revoke or change any Tax election, file any amended Tax return, revoke or change any Tax accounting method, enter into any closing agreement within the meaning of Section 7121 of the Code, request any Tax ruling with or from a Governmental Authority, surrender any right to claim a Tax refund, offset or other reduction in Tax liability, consent to any extension or waiver of limitations period applicable to any Tax claim or assessment, or settle any Tax proceeding, in each case, with respect to the Company, its Subsidiaries and/or the Purchased Securities; and/or

(16) authorize any of the foregoing, or commit or agree to do any of the foregoing.

(b) Access to and Delivery of Information.

(i) Between the date of this Agreement and the Closing Date, to the extent permitted by Law, the Seller shall use commercially reasonable efforts to cause the Company and its Subsidiaries to, during ordinary business hours and upon reasonable prior notice, give Purchaser and Purchaser's Representatives reasonable access to the Company's and its Subsidiaries' accountants, counsel, financial advisors and other authorized outside representatives, officers and senior management in their respective principal places of business, all books, records and other documents and data to the extent related to the Business in the locations in which they are normally maintained; provided, however, that, in connection with such access, Purchaser and Purchaser's Representatives shall minimize disruption to the Company, the Business and the Bankruptcy Case. Notwithstanding anything to the contrary set forth in this Section 5(b), no access to, or examination of, any information or other investigation shall be permitted to the extent that it would require disclosure of information subject to attorney-client privilege. All information obtained by Purchaser or Purchaser's Representatives pursuant to this Section 5(b) shall be subject to the terms of the Confidentiality Agreements.

(ii) The Seller shall use commercially reasonable efforts to cause the Company and its Subsidiaries to furnish all information concerning any of them and the holders of their equity securities as the other Party may reasonably request in connection with the preparation of any filing with the SEC and any amendment thereto. Each of the Parties shall use commercially reasonable efforts to cause any such filing(s) to comply with the rules and regulations promulgated by the SEC, to respond promptly to any comments of the SEC or its staff, and to have such filing(s) declared effective under the Securities Act as promptly as practicable after it is filed with the SEC. Each of the Parties will take any other action required to be taken under the Securities Act, the Exchange Act and any applicable securities Laws in connection with the Transactions.

(c) Further Assurances.

(i) At all times from and after the date of this Agreement (including, for the avoidance of doubt, following the Closing), each of the Parties shall use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper or advisable consistent with applicable Laws or reasonably requested to satisfy the conditions to closing under this Agreement and to consummate and make effective in the most expeditious manner practicable the Transactions contemplated by this Agreement and the other Transaction Documents.

(ii) From the date hereof until the Closing, Seller shall use reasonable best efforts to cause the Company to cooperate (and from and after the Closing until the first anniversary of the Closing Seller shall take such actions within its control to cooperate) with Purchaser in facilitating discussions between the Company and Purchaser, on the one hand, and Itochu Chemical Frontier Corporation ("Itochu") and Oishi Koseido Co., Ltd. ("Oishi"), on the other hand, regarding the continuation of, certain terms of and certain historic matters with respect to, that certain Commercial Supply Agreement, dated as of February 16, 2017 (as amended, the "CSA"), among the Company, Itochu, and Oishi, and that certain Product Development Agreement, dated as of May 11, 2011 (as amended, the "PDA"), among the Company, Oishi, and Itochu.

(d) No Encumbrances. At the Effective Time, subject to the satisfaction or waiver of the conditions set forth in Section 6 and payment of the Purchase Price, Seller shall sell and transfer the Purchased Securities to the Purchaser, free and clear of any Encumbrances or Liabilities.

(e) Confidentiality. Subject to Section 10(b), each of the Parties agree that this Agreement and the other Transaction Documents, the details of the Transactions related hereto and thereto, and any confidential information shared in connection therewith shall be kept confidential in accordance with the terms of the Confidentiality Agreements, which shall remain in full force and effect and survive any termination of this Agreement.

(f) Governmental Authority Approvals and Cooperation.

(i) As promptly as reasonably practicable after the date of this Agreement, each of the Seller and the Purchaser shall (and shall cause their respective Affiliates to) use its commercially reasonable efforts to make any filings and notifications, and to obtain any consents, approvals and authorizations from Governmental Authorities (other than the Bankruptcy Court), required to be made and obtained under applicable Law in connection with the transactions contemplated by this Agreement as promptly as reasonably practicable.

(ii) Each of the Seller and the Purchaser shall, as promptly as reasonably practicable after the date of this Agreement (and, in any event, within two Business Days), file with the United States Federal Trade Commission (the "FTC") and the United States Department of Justice (the "DOJ") the notification and report form required to be filed with respect to the transactions contemplated hereby and any supplemental information requested in connection therewith pursuant to the HSR Act. Any such notification and report form and supplemental information shall be in substantial compliance with the requirements of the HSR Act. Each of the Seller and the Purchaser shall (and shall cause their respective Affiliates to) furnish to the other such necessary information and reasonable assistance as the other may reasonably request in connection with its preparation of any filing or submission which is necessary under the HSR Act. The Seller and the Purchaser shall keep each other apprised of the status of any communications with, and any inquiries or requests for additional information from, the FTC and the DOJ. If such a filing is made, each of the Seller and the Purchaser shall use its commercially reasonable efforts to obtain any clearance required under the HSR Act for the consummation of the transactions contemplated hereby as promptly as reasonably practicable.



(iii) The Seller and the Purchaser shall use commercially reasonable efforts to resolve such objections, if any, as may be asserted by any Governmental Authority with respect to the transactions contemplated by this Agreement under the HSR Act, the Sherman Act, as amended, the Clayton Act, as amended, the Federal Trade Commission Act, as amended, and any other applicable United States federal or state or foreign Laws that are designed to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade (collectively, the “Antitrust Laws”). Each of the Seller and the Purchaser shall use commercially reasonable efforts to take such action as may be reasonably required to cause the expiration of the notice periods under the HSR Act or other Antitrust Laws with respect to such transactions as promptly as possible after the execution of this Agreement. Notwithstanding anything to the contrary in this Agreement, the Purchaser shall have no obligation to (A) comply with any request, directions, determinations, requirements or conditions of the FTC, DOJ or other Governmental Authority, (B) agree to requests or undertakings to divest or hold separate any of its existing assets or businesses, (C) agree to other limitations or other requirements of the FTC, DOJ or other Governmental Authority with respect to the operation of any of the Purchaser’s existing assets or businesses following the Closing, or (D) instigate or defend any proceeding or litigation to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect or comes into effect and that enjoins, restrains, prohibits or otherwise makes illegal the consummation of the Transactions contemplated by this Agreement.

(iv) Each of the Seller and the Purchaser (A) shall cooperate with each other in connection with the filings and Consents contemplated by this Section 5(f), (B) shall promptly inform each other Party of any material communication received by such Party from any Governmental Authority (other than the Bankruptcy Court) concerning this Agreement, the transactions contemplated hereby and any filing, notification or request for Consent related thereto, and (C) shall permit each other Party to review in advance any proposed written communication or information submitted to any such Governmental Authority (other than the Bankruptcy Court) in response thereto.

(v) In addition, neither the Seller nor the Purchaser shall (and the Seller and the Purchaser shall ensure that their respective Affiliates do not) agree to participate in any meeting with any Governmental Authority (other than the Bankruptcy Court) in respect of any filings, investigation or other inquiry with respect to this Agreement, the transactions contemplated hereby or any such filing, notification or request for Consent related thereto unless it consults with the other Parties in advance and, to the extent permitted by any such Governmental Authority and applicable Law, gives the other Parties the opportunity to attend and participate thereat, in each case to the maximum extent practicable. The Seller and the Purchaser shall, and shall cause their respective Affiliates to, furnish the Seller and the Purchaser (and their respective representatives, as applicable), as the case may be, copies of all material correspondence, filings and communications between it and its Affiliates (and their respective representatives, as applicable) on the one hand, and the Governmental Authority (other than the Bankruptcy Court) or members of its staff on the other hand, with respect to this Agreement, the transactions contemplated hereby or any such filing, notification or request for Consent related thereto (in each case, excluding documents and communications which are subject to preexisting confidentiality agreements, to valuation assessments, or to the attorney-client privilege or work product doctrine). Each of the Seller and the Purchaser shall (and shall cause their respective Affiliates to) furnish each other Party with such necessary information and assistance as such other Party and its Affiliates may reasonably request in connection with its preparation of necessary filings, registrations or submissions of information to any Governmental Authority in connection with this Agreement, the transactions contemplated hereby and any such filing, notification or request for Consent related thereto.

(g) Tax Matters.

(i) Cooperation on Tax Matters. Seller and Purchaser shall cooperate, as and to the extent reasonably requested by the other party or the Company, in connection with the filing of Tax Returns and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the Company or Purchaser's reasonable request and expense) the provision of records and information that are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Seller agrees (A) to retain all books and records in its possession with respect to Taxes of the Company and its Subsidiaries relating to any taxable period beginning before the Closing Date for up to seven (7) years, and (B) to give the Purchaser and the Company reasonable written notice prior to transferring, destroying or discarding any such books and records and shall allow the Company or Purchaser to take possession of such books and records. For the avoidance of doubt, the Seller shall not be required to share tax information or books and records with the Purchaser with respect to the Seller or the Seller's consolidated, combined, unitary or affiliated tax group, except to the extent there is an audit, litigation or other proceeding with respect to the Seller's income Taxes with respect to a taxable period for which the Company was a member of the Seller's consolidated, combined, unitary or affiliated tax group and the Company is reasonably expected to have liability for all or a portion of any resulting Tax liability.

(ii) Purchaser and Seller agree, upon reasonable request, to use their commercially reasonable efforts to obtain any certificate or other document from any governmental authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed with respect to the transactions contemplated hereby.

(iii) Transfer Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with consummation of the transactions contemplated by this Agreement and actually due and owing shall be borne and paid equally, 50% by the Purchaser and 50% by the Seller when due, and the Parties will, each at its own expense, file all necessary Tax Returns and other documentation with respect to all such Taxes, fees and charges, and, if required by applicable law, each Party will, and will cause its Affiliates to, join in the execution of any such Tax Returns and other documentation.

(h) Submission for Bankruptcy Court Approval.

(i) The Seller has given notice under the Bankruptcy Code of the request for the relief in the Sale Order to all Persons entitled to such notice, including all Persons that have asserted Encumbrances in the Purchased Securities, and shall give such additional notice as the Bankruptcy Court shall direct or as the Purchaser may reasonably request, and provide appropriate opportunity for hearing, to all parties entitled thereto, of all motions, orders, hearings, or other proceedings in the Bankruptcy Court relating to this Agreement or the transactions contemplated hereby. The Seller shall be responsible for making all appropriate filings relating thereto with the Bankruptcy Court, which filings shall be submitted, to the extent practicable, to the Purchaser prior to their filing with the Bankruptcy Court for the Purchaser's prior review and comments (which comments the Seller shall consider in good faith).

(ii) The Seller and the Purchaser shall consult with one another regarding pleadings which any of them intends to file with the Bankruptcy Court in connection with, or which might reasonably affect the Bankruptcy Court's approval of the Sale Order. The Seller shall promptly provide the Purchaser and its counsel with copies of all notices, filings and orders of the Bankruptcy Court that the Seller has in its possession (or receives) pertaining to the motion for approval of the Sale Order or any other order related to any of the transactions contemplated by this Agreement, but only to the extent such papers are not publicly available on the Bankruptcy Court's docket or otherwise made available to the Purchaser and its counsel.

(iii) The order approving the Stalking Horse Protections (the "Stalking Horse Protections Order") shall be, in form and substance, reasonably satisfactory to each of the Seller and the Purchaser and shall include, among others, the approval of the Breakup Fee and the Expense Reimbursement as superpriority administrative expense claim in the Bankruptcy Case pursuant to Sections 503(b)(1) and 507(a)(2) of the Bankruptcy Code.

(iv) The Seller shall comply in all material respects with all of the obligations of Seller under the Sale Order (after the entry of such Order by the Bankruptcy Court). The Sale Order shall in form and substance be reasonably satisfactory to each of the Seller and the Purchaser, and shall, among other things: (A) approve, pursuant to Sections 105 and 363 of the Bankruptcy Code, (1) the execution, delivery and performance by the Seller of this Agreement, (2) the sale of the Purchased Securities to the Purchaser on the terms set forth herein and free and clear of all Encumbrances and Liabilities, and (3) the performance by the Seller of its obligations under this Agreement; (B) find that the Purchaser is a "good faith" buyer within the meaning of Section 363(m) of the Bankruptcy Code and grant the Purchaser the protections of Section 363(m) of the Bankruptcy Code; (C) find that Purchaser has not violated Section 363(n) of the Bankruptcy Code by any action or inaction; and (D) provide that none of the Seller or any of its Affiliates or Representatives (in any capacity) shall take or support any action to prevent, interfere with or otherwise enjoin or frustrate consummation or the purpose of the transactions contemplated in or by this Agreement or the Sale Order, which cooperation covenant shall also be included in any order confirming any chapter 11 plan of the Seller. Each of the Seller and the Purchaser agrees that such Party will promptly take such actions as are reasonably requested by the other Party to assist in obtaining Bankruptcy Court approval of the Sale Order, including furnishing affidavits or other documents or information for filing with the Bankruptcy Court for purposes, among others, of demonstrating that the Purchaser is a "good faith" purchaser under Section 363(m) of the Bankruptcy Code.

(v) If the Bid Procedures Order, the Stalking Horse Protections Order, the Sale Order or any other orders of the Bankruptcy Court relating to this Agreement or the transactions contemplated hereby shall be appealed by any Person (or if any petition for certiorari or motion for reconsideration, amendment, clarification, modification, vacation, stay, rehearing or reargument shall be filed with respect to the Bid Procedures Order, the Stalking Horse Protections Order, the Sale Order or other such order), subject to rights otherwise arising from this Agreement, the Seller and the Purchaser shall use their commercially reasonable efforts to prosecute such appeal, petition or motion and obtain an expedited resolution of any such appeal, petition or motion.

(i) Other Bids. The Purchaser shall have the right, but no obligation, to bid against any competing bids and offers received pursuant to the Bid Procedures Order. If any such competing bid or offer includes any assets that are not Purchased Securities under this Agreement, the Seller shall cause such bidder or offeror to separate its bid or offer into separate bids or offers, one including only the Purchased Securities and the other including only the assets other than the Purchased Securities.

(j) Stalking Horse Bidder Matters.

(i) If this Agreement is terminated prior to Closing: (A) pursuant to Section 7(f) or 7(g), or (B) by Purchaser pursuant to Section 7(b), 7(h), or 7(j) then the Seller shall pay in cash to Purchaser the Breakup Fee and the Expense Reimbursement, which shall each be treated as an allowed superpriority administrative expense claim in the Bankruptcy Case pursuant to Sections 503(b)(1) and 507(a)(2) of the Bankruptcy Code. The Breakup Fee and the Expense Reimbursement will be due and payable within one Business Day following the closing of an Alternative Transaction, as applicable, without any further approval of the Court.

(ii) Purchaser shall not be required to consummate the Transactions, to modify or amend its offer to purchase the Purchased Securities as set forth herein, or to serve as a back-up bidder if the Purchaser is not the winning bidder at the Auction. If the Purchaser serves as a back-up bidder, such role shall not modify, limit or in any way affect Purchaser's rights, including its ability to terminate this Agreement pursuant to Section 7 in any respect.

(k) Receipt of Property Relating to Purchased Securities. If, following the Closing, the Seller (or its respective Affiliates or Representatives) shall receive any money, check, note, draft, instrument, payment or other property as proceeds of the Purchased Securities or any part thereof, and to the extent arising from any fact, event or circumstance after the Closing, each such Person shall receive all such items in trust for, and as the sole and exclusive property of, Purchaser and, upon receipt thereof, shall notify Purchaser in writing of such receipt and shall remit the same (or cause the same to be remitted) to Purchaser in the manner reasonably specified by Purchaser.

(l) Post-Closing Operation of the Seller; Name Changes. After the Closing Date, none of the Seller and any of its Affiliates shall use the name or mark "Scilex" or any derivatives thereof for commercial purposes. After the Closing, the Seller and its Affiliates shall promptly file with the applicable Governmental Authorities all documents reasonably necessary to delete from their names the words "Scilex" or any derivatives thereof and shall do or cause to be done all other acts, including the payment of any fees required in connection therewith, to cause such documents to become effective as promptly as reasonably practicable. For clarity, nothing in this Section 5(l) shall restrict the Seller or any of its Affiliates from using or referencing the name or mark "Scilex" or any derivatives thereof (i) in a non-trademark manner to describe or provide information regarding the history of the Purchased Securities, or (ii) as required by applicable Law, including in any filing with the SEC, documents filed with the Bankruptcy Court or financial statements.

(m) Transition Services.

(i) Subject to the terms and conditions of this Section 5(m), the Seller will, for a period of up to 90 days following the Closing, provide to the Company a continuation of those services that the Seller has provided to the Company at any time since December 1, 2022 (the "Transition Services"), on the same terms and conditions (including cost) as previously provided between the Seller and the Company; provided however, that:

(1) the Seller shall have the right to make such changes to the Transition Services as are necessary in order to comply with applicable Laws or Permits to which the Seller or its Affiliates is a party or subject;

(2) the Seller shall not be responsible for any act or omission of a third party provider and the Company's sole and exclusive remedy in respect of such acts or omissions shall be the Seller's use of commercially reasonable efforts to cause such third party to perform or re-perform the Transition Services and/or to seek available remedies under the applicable Contract with such third party provider;

(3) nothing contained in this Section 5(m) shall require the Seller to provide any services that would constitute the provision of any legal or tax advice or regulated activity, or that would create deficiencies in the Seller's controls over financial information or adversely affect the maintenance of the Seller's financial books and records; and

(4) in no event shall the Seller be obligated to hire replacements for employees providing Transition Services that resign, retire or are terminated; provided, however, that in such case, the Seller will use commercially reasonable efforts to provide the applicable Transition Services.

(ii) The aggregate liability of Seller in connection with the performance of the Transition Services shall not exceed the total fees actually paid or payable by the Company to Seller in respect of the Transition Services. Notwithstanding anything else in this Agreement to the contrary, and solely with respect to the Transition Services, Seller shall not be liable for any special, indirect, punitive or consequential damages which substantially arise out of, relate to or are a consequence of the performance of the Transition Services, except in the event of the Seller's gross negligence, willful misconduct or fraud. Seller acknowledges and agrees that irreparable damage would occur in the event that any of the provisions of this Section 5(m) were not performed by them in accordance with the terms hereof or were otherwise breached and that the Company shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Section 5(m) and to enforce specifically the provisions of this Section 5(m) (without any requirement to post any bond or other security in connection with seeking such relief), in addition to any other remedy at law or equity, and Seller further agrees not to raise any objections to the availability of the equitable remedy of specific performance to prevent or restrain breaches of this Section 5(m) by the Seller, and to specifically enforce the terms and provisions of this Section 5(m).

(iii) The Purchaser may terminate all or any portion of the Transition Services before the expiration of such 90-day period, by delivering written notice of such termination to the Seller.

(iv) Nothing in this Section 5(m) shall grant or transfer any rights, title or interests in any Intellectual Property invented or created before, on or after the Closing by or on behalf of the Seller or its Affiliates or otherwise controlled by or licensed to the Seller or its Affiliates.

(v) The Purchaser shall use reasonable best efforts to cause the Company to pay any applicable costs invoiced to the Company by the Seller within 30 days after receipt thereof by wire transfer of immediately available funds to an account designated by the Seller in writing.

(n) Acknowledgement. Each of the Seller and the Purchaser acknowledges and represents that: (i) sufficient consideration has been given by each Party to the other Parties as it relates hereto and the covenants, obligations and agreements hereunder were taken into account in determining the amount of such consideration; (ii) each of the Seller and the Purchaser has consulted with independent legal counsel regarding its rights and obligations under this Section 5; (iii) each of the Seller and the Purchaser fully understands the terms and conditions contained herein; (iv) the restrictions and agreements in this Section 5 are reasonable in all respects and, as applicable, necessary for the protection of the Business and that, without such protection, the customer and client relationships and competitive advantage relating to the Business would be materially adversely affected; and (v) the agreements in this Section 5 are an essential inducement to each Party to enter into this Agreement and they are in addition to, rather than in lieu of, any similar or related covenants to which either Party is party or by which it is bound.

(o) Information Statement.

(i) Prior to the Closing:

(1) The Seller shall use reasonable best efforts to cause the Company to prepare and file (with the reasonable assistance and cooperation of the Purchaser as is reasonably requested by the Seller or the Company) with the SEC, as promptly as practicable after the date hereof, a written information statement of the type contemplated by Rule 14c-2 of the Exchange Act containing (i) the information specified in Schedule 14C under the Exchange Act concerning the Transactions and (ii) the notice of action by written consent required by Section 228(e) of the DGCL (including any amendment or supplement thereto or any additional filing required in accordance with this Section 5(o), the “Information Statement”).

(2) The Seller shall, and following the Closing, the Purchaser shall use reasonable best efforts to cause the Company to, provide the other party and their respective outside legal counsel and other Representatives a reasonable opportunity to participate in any discussions or meetings with the SEC (or portions of any such discussions or meetings) that relate to the Information Statement. The Seller shall use reasonable best efforts to cause the Company to promptly notify the Purchaser and the Seller of the receipt of any comments from the SEC with respect to the Information Statement and of any request by the SEC for any amendment or supplement thereto or for additional information and to promptly provide to the Purchaser copies of all correspondence between such Person and/or any of its Representatives and the SEC with respect to the Information Statement. The Seller shall, and following the Closing, the Purchaser shall, use reasonable best efforts to cause the Company to promptly provide responses to the SEC with respect to all comments received on the Information Statement from the SEC, including by preparing any additional filings required by the SEC or pursuant to applicable Law, and, with respect to the Company, to cause the definitive Information Statement (and any other such additional required filings) to be mailed (including by electronic delivery if permitted) to the stockholders of the Company as promptly as possible after confirmation from the SEC that it will not review, or that it has completed its review of, the Information Statement, which confirmation will be deemed to occur if the SEC has not affirmatively notified the Company prior to the 10th day after making the initial filing of the preliminary Information Statement that the SEC will or will not be reviewing the Information Statement.

(3) The Seller shall use reasonable best efforts to cause the Information Statement to comply in all material respects with the applicable provisions of the Exchange Act and the rules and regulations thereunder. The Seller shall, and following the Closing, the Purchaser shall, use reasonable best efforts to cause the Company to, ensure that none of the information supplied by it for inclusion in the Information Statement will, at the date of mailing (including by electronic delivery if permitted) to stockholders of the Company, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that neither the Seller, the Company nor the Purchaser shall assume any responsibility with respect to information supplied in writing by or on behalf of any other of the Seller, the Company or the Purchaser, their respective Affiliates or its or their respective Representatives for inclusion or incorporation by reference in the Information Statement.

(4) If any information relating to the Company or any Party, or any of their respective Affiliates or its or their respective Representatives, should be discovered by a Party or the Company, which information should be set forth in an amendment or supplement to the Information Statement so that the Information Statement would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, the Purchaser or the Seller shall (and the Seller shall use reasonable best efforts to cause the Company to), as promptly as practicable following such discovery notify the Parties and after such notification, as and to the extent required by applicable Law, and (i) the Seller shall use reasonable best efforts to cause the Company to promptly prepare (with the reasonable assistance of the Purchaser as provided for in this Section 5(o)) an amendment or supplement to the Information Statement and (ii) the Seller shall use reasonable best efforts to cause the Company to cause the Information Statement as so amended or supplemented to be filed with the SEC and to be disseminated to its stockholders. The Seller shall use reasonable best efforts to cause the Company to provide the Purchaser with the opportunity to review drafts of the Information Statement and will consider in good faith any comments provided by the Purchaser in connection with such review.

(ii) Following the Closing, the Seller shall use reasonable best efforts to cooperate with the reasonable requests of the Purchaser and the Company with respect to the Information Statement.

(p) Call Option.

(i) The Purchaser shall have the right, but not the obligation, to purchase from the Seller (the "Call Option"), all or part of the 2,259,058 shares of common stock of the Company that the Seller is currently holding in abeyance on behalf of certain warrant holders of the Seller (the "Option Shares"). If any Option Shares become no longer held by the Seller in abeyance and the Seller can freely transfer such Option Shares to the Purchaser, then the Seller shall promptly notify the Purchaser in writing (a "Call Option Eligibility Notice"), which notice shall include the number of Option Shares that are available for purchase.

(ii) Upon receipt of a Call Option Eligibility Notice, the Purchaser shall have a period of 30 days (the "Exercise Period") to elect to exercise the Call Option. The Purchaser may exercise the Call Option by delivering written notice to the Seller during the Exercise Period (a "Call Option Notice") specifying the number of such Option Shares that the Purchaser elects to purchase.

(iii) The closing of the purchase and sale of such Option Shares (the "Call Option Closing") shall take place no later than five Business Days after receipt by the Seller of the Call Option Notice. The price per Option Share payable by the Purchaser at the Call Option Closing shall be \$1.13 per Option Share, payable in cash by wire transfer of immediately available funds to the account or accounts designated by the Seller at least two Business Days prior to the Call Option Closing. The purchase and sale shall be documented in a stock purchase agreement on terms and conditions reasonably satisfactory to the Purchaser and the Seller; provided, however, that the Seller shall only be required to give representations and warranties as to capacity, authority, no conflicts and title to the relevant Option Shares being transferred.

(iv) If the Call Option is exercised as to any Option Shares, the Seller shall convey, and the Purchaser shall receive, such Option Shares free and clear of any Encumbrances or Liabilities, and such Option Shares shall be covered by the Sale Order.

(v) If the Purchaser does not deliver a Call Option Notice within the Exercise Period, or if the Purchaser confirms in writing its intent not to exercise the Call Option as to such Option Shares, the Call Option shall expire as to such Option Shares and this Section 5(p) shall have no further force or effect with respect to such Option Shares.

(vi) The Purchaser and Seller shall each bear 50% any transfer taxes payable in connection with the transfer of any Option Shares to the Purchaser.



## 6. CLOSING CONDITIONS.

(a) The obligation of the Purchaser to purchase and pay for the Purchased Securities on the Closing Date shall be subject to the satisfaction or waiver (to the extent permitted by Law), prior thereto or concurrently therewith, of the following conditions:

(i) Representations and Warranties. The representations and warranties of the Seller contained in this Agreement (disregarding for these purposes any exception in such representations and warranties relating to materiality or a Material Adverse Effect) shall be true and correct in all material respects as of the date of this Agreement and on and as of the Closing Date as though such representations and warranties were made at and as of the Closing Date (except for those representations and warranties which address matters only as of an earlier date in which case such representation or warranty shall have been true and correct as of such earlier date).

(ii) Compliance with Agreement. The Seller shall have performed and complied in all material respects with all agreements and covenants contained in this Agreement which are required to be performed or complied with by the Seller prior to or on the Closing Date.

(iii) Certificate. The Seller shall have furnished to the Purchaser a certificate in a form reasonably satisfactory to the Purchaser, signed by an authorized representative of the Seller, in his or her capacity as an such and not in his or her individual capacity, and dated as of the Closing Date, to the effect that the conditions set forth in clauses (i) and (ii) of Section 6(a) have been satisfied.

(iv) Compliance with Laws. No Law, statute, rule, regulation, executive order, decree, temporary restraining order, preliminary or permanent injunction or other order enacted, entered, promulgated, enforced or issued by any court of competent jurisdiction or other Governmental Authority shall be in effect which make illegal or otherwise enjoin, restrain, or prohibit the consummation of the transactions contemplated by this Agreement.

(v) Closing Deliveries. The Seller shall have delivered to the Purchaser an IRS Form W-9 duly executed by the Seller, a stock transfer power of attorney duly executed by Seller and any other instruments of transfer necessary to effect the transfer of the Purchased Securities.

(vi) Replacement DIP Facility. No unwaived Event of Default (as defined in the Replacement DIP Facility) shall have occurred and be continuing under the Replacement DIP Facility or the order of the Bankruptcy Court approving the Replacement DIP Facility.

(vii) Material Contracts. The consummation of the Transactions shall not require the consent, notice or other action by any Person under, materially conflict with, result in a material violation or material breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Material Contract, except for an Excluded Material Contract, unless the consent of such Person, notice to such Person or other action of such Person, has been received, given or taken, as applicable.

(viii) Certain Events. No Material Adverse Effect shall have occurred and be continuing. No "Trigger Event" (as defined in the Company's Organizational Documents) shall have occurred.

(ix) HSR. All filing and waiting periods applicable (including any extensions thereof) to the consummation of the Transactions under the HSR Act shall have expired or been terminated.

(x) Sale Order. The Bankruptcy Court shall have entered an order approving the Seller's entry into this Agreement and the consummation of the transactions contemplated herein pursuant to Sections 105 and 363 of the Bankruptcy Code, in form and substance reasonably acceptable to the Seller and the Purchaser (the "Sale Order"), and the Sale Order shall be an order of the Bankruptcy Court as to which the time to file an appeal, a motion for rehearing or reconsideration or a petition for writ of certiorari has expired and no such appeal, motion or petition is pending (a "Final Order").

(xi) Governmental Authorizations. All U.S. federal, state and local governmental and regulatory filings, authorizations and approvals and other licenses, in each case, as set forth on Schedule 6(a)(xi) that are required for the consummation of the transactions contemplated by this Agreement shall have been duly made and obtained.

(xii) Registration Rights. The Purchaser and the Company shall have entered into a new Registration Rights Agreement in a form reasonably acceptable to the Purchaser that provides to the Purchaser the same piggyback and demand registration rights as those currently provided to the Seller by the Company pursuant to that certain Amended and Restated Registration Rights Agreement, dated as of November 10, 2022 (the "Registration Rights Agreement"), among the Company, the Seller and the others party thereto.

(xiii) Company Board Approval of Revised Organizational Documents. The Company's board of directors shall have approved, declared advisable and submitted to the Seller, in its capacity as a stockholder of the Company, for adoption thereby, an amended and restated certificate of incorporation (the "Revised COI") and shall have approved, subject to the effectiveness of the Revised COI, amended and restated bylaws of the Company (the "Revised By-Laws"), which Revised COI and Revised By-laws shall make all substantive changes as are necessary to change all references to the Seller therein to references to the Purchaser.

(xiv) Seller Approval of Revised COI. Prior to the occurrence of a Trigger Event, the Seller shall have adopted by written consent the Revised COI in its capacity as stockholder of the Company (it being understood that the filing and effectiveness thereof will be subject only to expiry of the period set forth in 17 CFR 240.14c-2(b) in respect of the Information Statement).

(xv) Proxy. The Seller shall have granted the Purchaser an irrevocable proxy and call option (with an exercise price of \$1) over the one share of Series A Preferred Stock retained by the Seller (the "Remaining Preferred Share") (or shall have deposited the Remaining Preferred Share in a voting trust and named the Purchaser as the trustee of such trust), and all the rights of the Seller and/or the Remaining Preferred Share under that certain Stockholder Agreement, dated as of September 12, 2022 (the "Stockholder Agreement"), between the Company and the Seller, shall be assigned to and vested in the Purchaser, in each case, in form and substance reasonably acceptable to the Purchaser.

(xvi) No Anti-Takeover Provisions. The board of directors of the Company shall have approved the Transactions and shall have taken all action necessary to render inapplicable to the Purchaser any "business combination," "control share acquisition," "fair price," "moratorium" or other takeover or anti-takeover statute or similar law, rule or regulation, or any similar anti-takeover provision under the Company's organizational documents.

(xvii) No Poison Pill. The Company shall not have a rights plan, “poison pill” or other comparable agreement that has the effect of preventing the Transactions or preventing or materially interfering with the Purchaser’s ability to exercise any of its rights provided for in the Stockholder Agreement, the Revised COI or the Revised By-Laws.

(xviii) Voting Power. The shares of Series A Preferred Stock of the Company and the shares of common stock of the Company included in the Purchased Securities shall represent at least a majority in voting power of the issued and outstanding shares of capital stock of the Company entitled to vote generally in an election of directors.

(b) The obligation of the Seller to sell the Purchased Securities to the Purchaser on the Closing Date shall be subject to the satisfaction or waiver (to the extent permitted by Law), prior thereto or concurrently therewith, of the following conditions:

(i) Representations and Warranties. The representations and warranties of the Purchaser contained in this Agreement (disregarding for these purposes any exception in such representations and warranties relating to materiality or a Material Adverse Effect) shall be true and correct in all material respects as of the date of this Agreement and on and as of the Closing Date as though such representations and warranties were made at and as of the Closing Date (except for those representations and warranties which address matters only as of an earlier date in which case such representation or warranty shall have been true and correct as of such earlier date).

(ii) Compliance with Agreement. The Purchaser shall have performed and complied in all material respects with all agreements and covenants contained in this Agreement which are required to be performed or complied with by the Purchaser prior to or on the Closing Date.

(iii) Certificate. The Purchaser shall have furnished to the Seller a certificate in a form reasonably satisfactory to the Seller, signed by an authorized representative of the Purchaser, in his or her capacity as an such and not in his or her individual capacity, and dated as of the Closing Date, to the effect that the conditions set forth in clauses (i) and (ii) of Section 6(b) have been satisfied.

(iv) Compliance with Laws. No Law, statute, rule, regulation, executive order, decree, temporary restraining order, preliminary or permanent injunction or other order enacted, entered, promulgated, enforced or issued by any court of competent jurisdiction or other Governmental Authority shall be in effect which make illegal or otherwise enjoin, restrain, or prohibit the consummation of the transactions contemplated by this Agreement.

(v) Closing Deliveries. The Purchaser shall deliver to the Seller the Cash Amount concurrently with the Closing.

(vi) HSR. All filing and waiting periods applicable (including any extensions thereof) to the consummation of the Transactions under the HSR Act shall have expired or been terminated.

(vii) Sale Order. The Bankruptcy Court shall have entered a Sale Order and such Sale Order shall be a Final Order.

(viii) Governmental Authorizations. All U.S. federal, state and local governmental and regulatory filings, authorizations and approvals and other licenses, in each case, as set forth on Schedule 6(a)(xi) that are required for the consummation of the transactions contemplated by this Agreement shall have been duly made and obtained.

## **7. TERMINATION AND ABANDONMENT.**

This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time before the Effective Time:

(a) by the mutual written consent of the Seller and the Purchaser;

(b) by the Seller or the Purchaser if the other Party fails to comply in any material respect with any of its covenants or agreements contained herein, or breaches its representations and warranties in any material respect and such failure or breach is not capable of being cured or, if capable of being cured, is not cured within ten (10) Business Days of the receipt of written notice of such failure or breach from the non-breaching Party;

(c) by the Seller or the Purchaser if a court of competent jurisdiction or other Governmental Authority shall have issued a final, non-appealable order, decree or ruling or taken any other action, which permanently restrains, enjoins or otherwise prohibits the Transactions;

(d) by the Purchaser if the Stalking Horse Protections Order has not been entered by the Bankruptcy Court by August 8, 2023;

(e) by the Purchaser if (i) the Auction has not commenced on or before August 14, 2023, or (ii) the Sale Order has not been entered by the Bankruptcy Court by August 17, 2023;

(f) automatically if the Seller enters into a definitive agreement with respect to, closes or consummates an Alternative Transaction;

(g) automatically if the Seller (i) withdraws, or seeks to withdraw, the Sale Order motion, or (ii) announces or files a chapter 11 plan or other transaction, or seeks to file a chapter 11 plan or other transaction, contemplating reorganization or sale of the Purchased Securities that does not comply with the terms and conditions of this Agreement;

(h) by the Purchaser if, as a result of an Order of the Bankruptcy Court, the Bankruptcy Case is converted to chapter 7 and a chapter 7 trustee is appointed with respect to Seller;

(i) by the Seller or the Purchaser if the Closing Date has not occurred by 5:00 p.m. ET on September 30, 2023, unless the Party seeking termination is in breach of any of its representations, warranties, covenants or agreements contained herein or in the Bid Procedures Order, the Stalking Horse Protections Order, or the Sale Order; or

(j) by the Purchaser, if for any reason the Seller materially breaches the Replacement DIP Facility (subject to any applicable cure or grace periods thereunder) or the Purchaser is unable, pursuant to Bankruptcy Code section 363(k), to credit bid in payment of all or any portion of the Replacement DIP Facility.

In the event of termination and abandonment of this Agreement pursuant to this Section 7, written notice thereof shall forthwith be given to the other Party and this Agreement shall terminate and the transactions contemplated hereby shall be abandoned, without further action by the Seller or the Purchaser; *provided, however*, that no Party shall be relieved of any liability it may have to any other party as a result of any willful breach of its representations, warranties, covenants, agreements or obligations that it would otherwise have hereunder that occurred prior to such termination; and *provided, further, however*, that this Section 7, Section 5(j) and any other provision hereof that references or incorporates the Stalking Horse Protections, Section 10, and the Confidentiality Agreements shall remain in full force and effect and survive any termination of this Agreement.

#### **8. NO RECOURSE.**

This Agreement may only be enforced against, and any claim or cause of action pursuant to the terms of this Agreement (including any representation or warranty made in, in connection with, or as an inducement to this Agreement) may only be brought against, the entities that are expressly named as Parties hereto and then only with respect to the specific obligations set forth herein with respect to such Party. Except to the extent a named Party to this Agreement (and then only to the extent of the specific obligations undertaken by such named Party in this Agreement and not otherwise), no past, present or future manager, director, officer, employee, incorporator, member, partner, equityholder, Affiliate, agent, attorney, advisor or representative or Affiliate of any named Party to this Agreement shall have any liability (whether in contract, tort, equity or otherwise) for any one or more of the representations, warranties, covenants, agreements or other obligations or liabilities of any one or more of the named Parties to this Agreement.

#### **9. SURVIVAL OF REPRESENTATIONS AND WARRANTIES.**

(a) None of the representations and warranties of the Parties in this Agreement shall survive the Closing, and no Party hereto shall, or shall be entitled to, make any claim or initiate any action against any other Party with respect to any such representation or warranty from or after the Closing.

(b) None of the covenants or agreements of the Parties in this Agreement shall survive the Closing, and no Party hereto shall, or shall be entitled to, make any claim or initiate any action against any other Party with respect to any such covenant or agreement from or after the Closing, other than (i) the covenants and agreements of the Parties contained in this Section 9 and in Sections 1, 2 and 10, and (ii) those other covenants and agreements contained herein that by their terms apply, or that are to be performed in whole or in part, after the Closing, which shall survive the consummation of the transaction contemplated by this Agreement until fully performed.

**10. DEFINITIONS; MISCELLANEOUS.**

(a) Terms Defined. As used in this Agreement, the following terms have the respective meanings set forth below:

“Affiliate” means any Person that directly or indirectly controls, is controlled by, or is under control with, such Person. The term “control” (including the terms “controlled by” and “under common control with”) 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 the ownership of voting securities, by contract or otherwise.

“Affiliated Group” means any affiliated group within the meaning of Code §1504(a) or any similar group defined under a similar provision of state, local, or non-U.S. law.

“Alternative Transaction” means a transaction or series of transactions involving a sale, transfer or other disposition of any portion of the Purchased Securities to a Person other than the Purchaser or its affiliate(s).

“Anti-Corruption and Trade Control Laws” means all U.S. and non-U.S. Laws relating to (a) the prevention of corruption and bribery, including, the FCPA, (b) economic or trade sanctions, (c) export, re-export, transfer, and import controls, and the customs and import Laws administered by U.S. Customs and Border Protection Laws, and (d) the anti-boycott Laws administered by the U.S. Department of Commerce and the U.S. Department of Treasury’s Internal Revenue Service.

“Auction” means the auction to be conducted by Seller, as necessary or applicable, in connection with the sale of the Purchased Securities, pursuant to the Bid Procedures Order.

“Bankruptcy Case” means the Seller’s voluntary proceedings under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court, which are being jointly administered under the caption *In re Sorrento Therapeutics, Inc., et al*, Case No. 23-90085 (Bankr. S.D. Tex.).

“Bankruptcy Court” means the United States Bankruptcy Court for the Southern District of Texas or such other court having competent jurisdiction over the Bankruptcy Case.

“Benefit Plan” means each “employee benefit plan” (as defined in Section 3(3) of ERISA or any similar plan subject to Laws of a jurisdiction outside of the United States, whether or not subject to ERISA), and any other plan, policy, program or agreement providing compensation or other benefits to any current or former director, officer, employee or other individual service provider of the Company or any of its Subsidiaries (whether qualified or nonqualified or funded or unfunded or written or unwritten), in each case, (i) which is maintained, sponsored by, contributed to or required to be contributed to by the Company or any of its Subsidiaries, or (ii) under which the Company or any of its Subsidiaries has or would reasonably be expected to have any obligation or Liability.

“Bid Procedures Order” means the *Order (I) Approving Bid Procedures, (II) Approving Assumption and Assignment Procedures, and (III) Granting Related Relief* [ECF No. 447] entered by the Bankruptcy Court on April 14, 2023.

“Breakup Fee” means an amount equal to \$3,412,500 which shall, subject to Bankruptcy Court approval, be afforded the protections, and be paid, as set forth in this Agreement.

“Business” means the business and operations of the Company and its Subsidiaries, taken as a whole.

“Business Day” shall mean any day that is not a Saturday, Sunday or other day on which banks are permitted or required to be closed in New York City.

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

“Company IP” means all Intellectual Property exclusively related to the Business (including the goodwill of the Company and its Subsidiaries in such Intellectual Property) owned by the Company or any of its Subsidiaries as of the Closing, and all right, title and interest of the Company and its Subsidiaries in the Licensed IP.

“Confidentiality Agreements” means (i) the Confidentiality Agreement between Purchaser and the Company, dated July 14, 2023, and (ii) the Confidentiality Agreement between Purchaser and Seller, dated July 22, 2023.

“Contract” means any contract, sub-contract, agreement, lease or sub-lease, license or sub-license, occupancy agreement, purchase order, supply agreement, commitment, note, bond, franchise, guarantee, indemnity, indenture, instrument, lease, license or other legally binding arrangement, understanding, or obligation, whether written or oral (including all amendments, side letters, supplements and modifications of any of the foregoing and all rights and interests arising thereunder or in connection therewith, but excluding any Benefit Plan).

“Data Protection Laws” means any applicable Laws relating to the Processing of Personal Information, data privacy, data security, data breach notification, and the cross-border transfer of Personal Information.

“Data Protection Requirements” means all applicable (i) Data Protection Laws, (ii) Privacy Policies, and (iii) the terms of any agreements to which the Company or any of its Subsidiaries are bound relating to the Processing of Personal Information.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and all Laws issued thereunder.

“Exchange Act” means the Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Excluded Material Contract” means (a) that certain securities purchase agreement by and between the Company and YA II PN, Ltd., a Cayman Islands exempt limited partnership, dated as of March 21, 2023 and the Debentures, (b) that certain Amended and Restated Industrial Lease, dated April 12, 2023, between Scilex Pharmaceuticals, Inc. and 960 San Antonio LLC and (c) any publicly filed equity plans of the Company.

“Expense Reimbursement” means all reasonable and documented out-of-pocket costs and expenses of outside counsel to the Purchaser (which costs and expenses shall be subject to a cap of \$1,000,000) incurred in connection with the negotiation, execution and delivery of this Agreement, the Transaction Documents, the transactions contemplated hereby and thereby and the Purchaser’s representation in the Bankruptcy Case and which are not otherwise reimbursed or paid pursuant to the terms of the Replacement DIP Facility, which shall, subject to Bankruptcy Court approval, be afforded the protections, and be paid (to the extent payable hereunder), as expressly set forth in this Agreement.

“FCPA” means the U.S. Foreign Corrupt Practices Act of 1977, as amended.

“FDA” means the United States Food and Drug Administration or any successor thereto.

“GAAP” means, at a given time, United States generally accepted accounting principles, consistently applied.

“Health Care Laws” shall mean the Federal Food, Drug, and Cosmetic Act (21 U.S.C. §§ 301 et seq.), the federal Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b)), the civil False Claims Act (31 U.S.C. §§ 3729 et seq.), the criminal False Claims Law (42 U.S.C. § 1320a-7b(a)), the exclusion laws (42 U.S.C. § 1320a-7), and the civil monetary penalties law (42 U.S.C. § 1320a-7a), in each case, as amended and the regulations promulgated thereunder.

“Income Tax” means any federal, state, local, or non-U.S. income tax measured by or imposed on net income, including any interest, penalty, or addition thereto.

“Income Tax Return” means any return, declaration, report, claim for refund, or information return or statement relating to Income Taxes, including any schedule or attachment thereto, required to be filed by the Company or any of its Subsidiaries with a tax authority.

“Intellectual Property” shall mean all rights, title and interest (whether statutory, common law or otherwise) in or relating to any intellectual property, including all: (i) patents and patent applications, and all related national or international counterparts thereto, including any divisionals, continuations, continuations-in-part, reissues, reexaminations, substitutions provisionals, renewals, extensions, patents of addition, supplementary protection certificates, utility models, inventors’ certificates, or the like, and any foreign equivalents of any of the foregoing (including certificates of invention and any applications therefor) and all rights to claim priority from any of the foregoing; (ii) trademarks, trade dress, service marks, certification marks, logos, slogans, design rights, names, corporate names, trade names, brand names and other similar designations of source or origin, together with the goodwill symbolized by any of the foregoing, and all applications, registrations, renewals and extensions of any of the foregoing; (iii) copyrights and copyrightable subject matter, whether or not registered or published, and all applications, registrations, reversions, extensions and renewals of any of the foregoing, and all moral rights, however denominated; (iv) trade secrets, and all other confidential or proprietary information, ideas, technology, software, compositions, discoveries, improvements, know-how, inventions, designs, processes, techniques, formulae, models, and methodologies, in each case, whether or not patentable or copyrightable; (v) Internet domain names and social media accounts and addresses, and all registrations for any of the foregoing; and (vi) rights and remedies with respect to any past, present, or future infringement, misappropriation, or other violation of any of the foregoing in clauses (i) through (v), in each case (i) through (vi), anywhere in the world.



“Knowledge” means, as to a particular matter, the actual knowledge of (i) with respect to Purchaser, its chief executive officer or its chief financial officer, and (ii) with respect to the Seller, Mohsin Meghji.

“Liability” means any liability (including any unknown, undisclosed, unmatured, unaccrued, unasserted, contingent, direct, indirect, conditional, implied, vicarious, derivative, joint, several or secondary liability), debt, obligation, deficiency, interest, tax, penalty, fine, penalty, claim, demand, judgment, cause of action or other loss (including loss of benefit or relief), cost or expense of any kind or nature whatsoever, whether asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, and whether due or to become due and regardless of when asserted.

“Licensed IP” means all Intellectual Property exclusively related to the Business and licensed to the Company or any of its Subsidiaries by third parties pursuant to any Contract, excluding trademarks, domain names and licenses to off-the-shelf software.

“Material Adverse Effect” means any event, condition, circumstance, development or effect that, individually or in the aggregate with all other events, changes, conditions, circumstances, developments and effects, has had a material adverse effect on the Business or the Company and its Subsidiaries, taken as a whole; provided, however, that none of the following events, changes, conditions, circumstances, developments or effects (or the results thereof) shall be taken into account, individually or in the aggregate, in determining whether any such material adverse effect has occurred (i) the announcement of the signing of this Agreement or the filing of the Petitions (including any action or inaction by the customers, suppliers, landlords, employees, consultants or competitors of the Company and its Affiliates as a result thereof), compliance with the express provisions of this Agreement or the consummation of the Transactions contemplated hereby; (ii) actions, omissions, events and circumstances arising out of or caused by the filing of the Petitions, the Auction, the Bankruptcy Case, (iii) actions or omissions taken or not taken by or on behalf of the Company or any of its Affiliates at the express written direction of Purchaser or its Affiliates, (iv) actions taken by Purchaser or its Affiliates, other than as contemplated by this Agreement, (v) the failure, in and of itself, of the Company or its Subsidiaries to meet any internal or published projections, forecasts, estimates or predictions (it being understood that the underlying causes of any such failure may be considered for purposes of determining the existence of a Material Adverse Effect), (vi) changes or prospective changes in Law (including rules, regulations and administrative policies of the FDA) or generally accepted accounting principles in the United States or elsewhere, or changes or prospective changes in the interpretation or enforcement of any of the foregoing, or any changes or prospective changes in general legal, regulatory or political conditions; (vii) volcanoes, tsunamis, pandemics (including COVID-19) or any escalation or material worsening of any pandemic, earthquakes, floods, storms, hurricanes, tornadoes or other natural disasters, (viii) changes in general economic conditions, currency exchange rates or United States or international debt or equity markets, (ix) events or conditions generally affecting the industry or markets in which the Company and its Subsidiaries operate, and (x) national or international political or social conditions or any national or international hostilities, acts of terror or acts of war (whether or not declared), or any escalation or worsening of any such conditions, hostilities, acts of terror or acts of war (whether or not declared); provided, however, that, in the case of clauses (viii), (ix) and (x), such events, changes, conditions, circumstances, developments or effects shall be taken into effect in determining whether any such material adverse effect has occurred to the extent that any such events, changes, conditions, circumstances, developments or effects have a material and disproportionate adverse effect on the Company and its Subsidiaries, taken as a whole, relative to similar businesses of other Persons operating in the industry or markets in which the Company or any of its Subsidiaries operate.

“Material Contract” means any contract to which the Company is a party that was filed by the Company pursuant to Exhibit 10, as specified in Regulation S-K Item 601(b)(10), with its annual report on Form 10-K for the fiscal year ended December 31, 2022, or any subsequent current report on Form 8-K or any quarterly report on Form 10-Q, or in the Form S-1/A, dated July 19, 2023, each as filed prior to the date hereof, with the SEC.

“Ordinary Course of Business” means the conduct by the Company and its Subsidiaries of their respective businesses in substantially the same manner as conducted as of the date of this Agreement, consistent with past practice.

“Organizational Documents” means the articles of incorporation, certificate of incorporation, charter, by-laws, articles of formation, articles of organization, certificate of formation, regulations, operating agreement, certificate of limited partnership, limited liability company agreement or partnership agreement, stockholders agreement and all other similar documents, instruments or certificates executed, adopted or filed in connection with the creation, formation, organization or governance of a Person, including any amendments thereof and any supplements thereto.

“Permit” shall mean franchises, grants, authorizations, registrations, licenses, permits, easements, variances, exceptions, certificates, and approvals of any Governmental Authority.

“Permitted Encumbrances” means: (a) liens for Taxes, special assessments or other governmental charges not yet due and payable or delinquent or that are being contested in good faith, (b) statutory liens and rights of set-off of landlords, banks, carriers, warehousemen, mechanics, repairmen, workmen, customs brokers or agencies, suppliers and materialmen, and other similar Encumbrances, in each case, incurred in the Ordinary Course of Business, (c) deposits and pledges securing (i) obligations incurred in respect of workers’ compensation, unemployment insurance or other forms of governmental insurance or benefits (other than valid obligations incurred in respect of any defined benefit pension plan), (ii) the performance of bids, tenders, leases, Contracts (other than for payment of money), statutory obligations, licenses and other similar obligations, or (iii) obligations on performance, surety or appeal bonds, (d) Laws now or hereafter in effect relating to real property, easements and similar Encumbrances which do not have an adverse effect on the current use by the Company or its Subsidiaries of the real property subject thereto, and (e) any such matters of record and other imperfections of title that do not, individually or in the aggregate, materially impair the continued ownership, use and operation of the asset or assets in question.

“Person” means an individual, partnership, joint-stock company, corporation, limited liability company, trust or unincorporated organization, and a government or agency or political subdivision thereof.

“Personal Information” has the same meaning as “personal data,” “personal information,” “personally identifiable information” or the equivalent under Data Protection Laws.

“Privacy Policies” means all published and posted policies relating to the Company’s or its Subsidiaries’ Processing of Personal Information.

“Process” (and the corollary term “Processing”) means, with respect to data, the collection, use, storage, transfer, disclosure, disposal, or other processing of such data.

“Registered IP” means all Company IP that is registered, filed or issued under the authority of, with or by any Governmental Authority, including all patents, registered copyrights, registered mask works and registered trademarks and all applications for any of the foregoing.

“Related Party” means any member, manager, employee, officer, director, equityholder or partner of Seller, the Company or any of their respective Affiliates, or any immediate family member of any of the foregoing.

“Replacement DIP Facility” means that certain Senior Secured, Superpriority Debtor-In-Possession Loan and Security Agreement (as amended, restated, amended and restated, supplemented, replaced or otherwise modified from time to time), dated as of August 8, 2023, by and among the Seller, Scintilla and the Purchaser.

“Representative” of any Person shall mean such Person’s directors, managers, officers, employees, agents, attorneys, consultants, advisors or other representatives.

“Sanctioned Person” means any individual or entity that is the subject or target of sanctions or restrictions under any Anti-Corruption and Trade Control Law, including: (i) any individual or entity listed on any applicable U.S. or non-U.S. sanctions- or export-related restricted party list, including, OFAC’s Specially Designated Nationals and Blocked Persons List; (ii) any entity that is, in the aggregate, 50% or greater owned, directly or indirectly, or otherwise controlled by a Person or Persons described in clause (i) above; or (iii) any national of a Sanctioned Country.

“SEC” means the U.S. Securities and Exchange Commission.

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

“Stalking Horse Protections” means the Breakup Fee and the Expense Reimbursement.

“Subsidiary” of any Person means any other Person, of which such first Person (either alone or with any other Subsidiary) owns or controls, directly or indirectly, stock, other securities or other equity interests (i) having the ordinary voting power to elect a majority of the board of directors or other governing body of such Person, or (ii) representing at least fifty percent (50%) of the outstanding stock, other securities or other equity interests of such Person.

“Tax” means any U.S. federal, state, local or non-U.S. tax (including any income tax, franchise tax, service tax, capital gains tax, gross receipts tax, value-added tax, surtax, excise tax, ad valorem tax, transfer tax, stamp tax, sales tax, use tax, property tax, business tax, withholding tax or payroll tax), levy, assessment, tariff, duty (including any customs duty), deficiency or fee (including any fine, addition, penalty or interest), imposed by any Governmental Authority (to the extent the foregoing are taxes or in the nature of a tax).

“Tax Return” means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof, required to be filed by the Company or any of its Subsidiaries to a tax authority.

“Transaction Documents” means collectively, this Agreement, the schedules and exhibits attached hereto (including the Seller Disclosure Schedule), and any and all agreements, certificates, instruments and other documents of the Parties or the Company required thereby or executed in connection therewith.

(b) Public Announcements; Reporting Obligations.

(i) Each of the Parties and the Company may make any filings or public announcement it reasonably deems necessary in order to comply with the requirements of any applicable Law, including without limitation the filing by the Parties or the Company of any Form 8-K, Schedule 13G or Schedule 13G/A, Schedule 13D or Schedule 13D/A, Form 3, Form 4 or other appropriate filings with the SEC. Except as a Party reasonably deems necessary in order to comply with the requirements of any applicable Law, no Party may issue any press release or make any other public announcement relating to the subject matter of this Agreement or the Transactions contemplated hereby without the prior written consent of the other Party, which shall not be unreasonably withheld, conditioned or delayed.

(ii) The Purchaser acknowledges and agrees that it shall be solely responsible for the filing, as and if applicable, of (1) any Forms 3, 4 and 5 in accordance with Section 16(a) of the Exchange Act and the rules promulgated thereunder, and (2) any Schedule 13D or 13G, as applicable, under the Exchange Act and the rules promulgated thereunder, in each case, in respect of its ownership of a registered class of securities of the Company.

(c) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State. All actions and proceedings arising out of or relating to this Agreement and the transactions contemplated hereby shall be heard and determined exclusively in the United States Bankruptcy Court for the Southern District of Texas, and the Parties hereby irrevocably submit to the exclusive jurisdiction of such court in any such action or proceeding and irrevocably waive the defense of an inconvenient forum to the maintenance of any such action or proceeding; *provided, however*, that, if the Bankruptcy Case is closed, any action, claim, suit or proceeding arising out of, based upon, or relating to this Agreement or the transactions contemplated hereby shall be heard and determined exclusively in any state or federal court located in New York County, New York. Each Party agrees that a final, non-appealable judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. **EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

(d) Section Headings. The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof.

(e) Notices.

(i) All communications under this Agreement shall be in writing and shall be delivered by hand, mailed by overnight courier or by registered or certified mail, postage prepaid or by e-mail:

(1) if to the Purchaser, at Oramed Pharmaceuticals, Inc., Attention: Nadav Kidron and Josh Hexter (e-mail: nadav@oramed.com ; josh@oramed.com), or at such other address or e-mail address as the Purchaser may have furnished the Seller in writing, with a copy (which shall not constitute notice) to: Proskauer Rose LLP, Eleven Times Square, New York, NY 10036, Attention: Ehud Barak; James P. Gerkis (e-mail: ebarak@proskauer.com; jgerkis@proskauer.com).

(2) if to the Seller, to 4955 Directors Place, San Diego, California 92121, Attention: Mohsin Y. Meghji, Chief Restructuring Officer (e-mail: mmeghji@m3-partners.com), or at such other address or e-mail address as it may have furnished in writing to the Purchaser, with a copy (which shall not constitute notice) to: Latham & Watkins LLP, 10250 Constellation Blvd. Suite 1100, Los Angeles, CA 90067, Attention: Andrew Clark; Caroline Reckler; Steven Feldman (e-mail: andrew.clark@lw.com; caroline.reckler@lw.com; steve.feldman@lw.com).

(ii) Any notice so addressed shall be deemed to be given: if delivered by hand, on the date of such delivery; if mailed by courier, on the first Business Day following the date of such mailing; if mailed by registered or certified mail, on the third Business Day after the date of such mailing; and if delivered by e-mail (with no error message received), on the date of such delivery.

(f) Expenses and Taxes. Except with respect to the Breakup Fee, the Expense Reimbursement and as otherwise provided in the Replacement DIP Facility, each Party shall bear its own expenses incurred in connection with this Agreement and the consummation of the transactions contemplated hereby; *provided*, that the Purchaser shall bear any transfer taxes payable in connection with the transfer of the Purchased Securities to the Purchaser.

(g) Successors and Assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned or delegated by the Purchaser or the Seller. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties, including the trustee in the Bankruptcy Case. Notwithstanding the foregoing or anything in this Agreement to the contrary, the Purchaser may assign this Agreement and/or any of its rights, interests, or obligations hereunder (in whole or in part) to an Affiliate of the Purchaser without the prior written consent of the other Party; *provided, however*, that such assignment shall not relieve the Purchaser of its obligations hereunder. Purchaser may, without the consent of Seller, designate, effective as of the Closing, one or more Persons to acquire all, or any portion of, the Purchased Securities or pay all or any portion of the Purchase Price; *provided, however*, that such designation shall not relieve the Purchaser of its obligations hereunder. The above designation may be made by Purchaser by written notice to Seller at least three (3) Business Days prior to the Closing Date. The Parties agree to modify any Closing deliverables in accordance with the foregoing designation.

(h) Remedies. The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with its specific terms or was otherwise breached and that monetary damages may not be an adequate remedy for any breach or threatened breach of any of the provisions of this Agreement. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, and any such injunction shall be in addition to any other remedy to which any Party is entitled, at law or in equity.

(i) Entire Agreement; Amendment and Waiver. This Agreement and the Confidentiality Agreements constitutes the entire understanding of the Parties and supersedes all prior understandings among such Parties, including the non-binding term sheet, dated August 4, 2023, between the Parties. This Agreement may be amended with (and only with) the written consent of the Seller and the Purchaser, and the observance of any term of this Agreement may be waived in a writing signed by the party making such waiver.

(j) Counterparts. This Agreement may be executed with counterpart signature pages or in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterpart signature pages or counterparts of this Agreement may be executed and delivered by electronic means (including in .pdf format sent by electronic mail) and other electronic signatures, and the receiving party may rely on the receipt of such document so executed and delivered by electronic means as if the original had been received.

(k) Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other terms, conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon a determination that any term or other provision of this Agreement is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

(l) Mutual Drafting. The Parties participated jointly in the negotiation and drafting of this Agreement and the language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent. If an ambiguity or question of intent or interpretation arises, then this Agreement will accordingly be construed as drafted jointly by the Parties, and no presumption or burden of proof will arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

(m) Rules of Construction. The words “hereby,” “herein,” “hereof,” “hereunder” and words of similar import refer to this Agreement as a whole (including any Exhibits and Schedules hereto) and not merely to the specific section, paragraph or clause in which such word appears. All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” When calculating periods of time under this Agreement, reference to a “day” or “days” shall refer to a calendar day unless otherwise expressly provided herein. The definitions given for terms in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. Except as otherwise expressly provided herein, all references to “dollars” or “\$” shall be deemed references to the lawful money of the United States of America. The use of “or” is not intended to be exclusive unless expressly indicated otherwise.

[Signature Pages Follow]

SELLER:

SORRENTO THERAPEUTICS, INC.

By: /s/ Mohsin Y. Meghji

Name: Mohsin Y. Meghji

Title: Chief Restructuring Officer

PURCHASER:

ORAMED PHARMACEUTICALS INC.

By: /s/ Nadav Kidron

Name: Nadav Kidron

Title: Chief Executive Officer

By: /s/ Joshua Hexter

Name: Joshua Hexter

Title: Chief Operating Officer

[Signature Page to Stock Purchase Agreement]

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**Schedule I**

**Purchased Securities**

<u>Class or Type of Securities</u>	<u>Number of Securities</u>
Common Stock	59,726,737
Series A Preferred Stock	29,057,096
Warrants	Warrants exercisable for 1,386,617 shares of common stock of the Company in respect of Public Warrants, and warrants exercisable for 3,104,000 shares of common stock of the Company in respect of Private Placement Warrants (each as defined in the latest publicly filed Annual Report on Form 10-K of the Company)

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Schedule I



**SENIOR SECURED, SUPER-PRIORITY DEBTOR-IN-POSSESSION  
LOAN AND SECURITY AGREEMENT**

**by and among**

**SORRENTO THERAPEUTICS, INC.  
SCINTILLA PHARMACEUTICALS, INC.**

**as Borrowers,**

**and**

**Oramed Pharmaceuticals Inc.,  
as Lender**

**Dated as of August 9, 2023**

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## Exhibits

Exhibit A – Form of Compliance Certificate  
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**SENIOR SECURED, SUPER-PRIORITY DEBTOR-IN-POSSESSION  
LOAN AND SECURITY AGREEMENT**

**THIS SENIOR SECURED, SUPER-PRIORITY DEBTOR-IN-POSSESSION LOAN AND SECURITY AGREEMENT** (this “Agreement”), is entered into as of August 9, 2023 (the “Effective Date”), by and among SORRENTO THERAPEUTICS, INC. (“Sorrento”), a Delaware corporation, SCINTILLA PHARMACEUTICALS, INC., a Delaware corporation (together with Sorrento, each a “Borrower” and collectively, the “Borrowers”), as borrowers, the guarantors from time to time a party hereto (each a “Guarantor” and collectively, the “Guarantors” and together with the Borrowers, each a “Loan Party” and collectively, the “Loan Parties”), and ORAMED PHARMACEUTICALS INC., a Delaware corporation, as lender (“Lender”).

**WHEREAS**, on February 13, 2022 (the “Petition Date”), the Borrowers commenced a voluntary bankruptcy proceeding (together with any other chapter 11 case by any Loan Party, collectively, the “Chapter 11 Cases”) under Chapter 11 of Title 11 of the United States Code (as amended, the “Bankruptcy Code”), in the United States Bankruptcy Court for the Southern District of Texas (together with any other court having jurisdiction over the Chapter 11 Cases or any proceeding therein from time to time, the “Bankruptcy Court”), which are being jointly administered under the lead case filed by Sorrento, Case No. 23-90085 (DRJ);

**WHEREAS**, on July 28, 2023, the Borrowers entered into that certain Junior Secured, Super-Priority Debtor-in-Possession Loan and Security Agreement (the “Junior Credit Agreement”) by means of which SCILEX HOLDING COMPANY (in its capacity as a lender, the “Junior Lender”) provided financing the Borrowers in the form of a junior term loan;

**WHEREAS**, each Borrower remains in possession of its business and manages its properties as debtor and debtor-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code;

**WHEREAS**, the Borrowers have requested that Lender provide financing to the Borrowers consisting of a senior secured super-priority term loan in the principal amount of One Hundred Million Dollars (\$100,000,000) (the “Facility”) pursuant to Sections 105, 363, 364(c) and 364(d) of the Bankruptcy Code;

**WHEREAS**, Lender has indicated its willingness to agree to extend the Facility to the Borrowers upon the terms and conditions set forth in this Agreement, the DIP Order, and in the other Loan Documents, and in accordance with Sections 105, 363, 364(c) and 364(d) of the Bankruptcy Code, so long as the Obligations are (i) secured by priming Liens on the Collateral granted by the Borrowers as hereinafter provided and (ii) given superpriority status as provided in the DIP Order;

**WHEREAS**, the Borrowers have agreed to grant to the Lender a priming security interest in all their assets as Collateral, and the Borrowers have further agreed that the Lender shall have Super-priority Claims in the Chapter 11 Cases for the repayment of the Obligations pursuant to the DIP Order, subject to the approval of the Bankruptcy Court; and

**WHEREAS**, on the date hereof, Lender and Sorrento have entered into a Stock Purchase Agreement (the “SPA”), pursuant to which (i) Lender shall purchase, and Sorrento shall sell, the Purchased Securities (as defined below), subject to the submission of higher or otherwise better offers for such assets in accordance with the Bidding Procedures Order and the Bidding Procedures (as defined below), and (ii) as part of the consideration to be provided by Lender to Sorrento for such purchase and sale, Lender intends to credit bid the full amount of outstanding Obligations relating to this Facility.

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

**1. DEFINITIONS AND CONSTRUCTION.**

1.1 **Definitions.** As used in this Agreement, the following terms shall have the meanings specified below:

“Acceptable 363 Sale” means a sale of all or substantially all of the Borrowers’ assets pursuant to Section 363 of the Bankruptcy Code, subject to the following conditions: the Lender shall have reviewed and approved in writing (with email being sufficient) in its reasonable discretion any “stalking horse” asset purchase agreement (the “Stalking Horse Purchase Agreement”), the bidding procedures governing a sale of any portion of the Collateral pursuant to Section 363 of the Bankruptcy Code (the “Bidding Procedures”), any order or proposed order approving the Bidding Procedures (the “Bidding Procedures Order”), any order or proposed order approving a sale of all or any portion of the Collateral pursuant to Section 363 of the Bankruptcy Code (a “Sale Order”), and any motions seeking entry of a Sale Order or approval of the Bidding Procedures.

“Acceptable Plan” means a plan of reorganization or liquidation for the Chapter 11 Cases that (i) (x) provides for the indefeasible payment in full in cash of the Obligations, in exchange for full discharge thereof, on or prior to the effective date of the plan as a condition to the effectiveness thereof or (y) is otherwise approved in writing (with email being sufficient) by the Lender, and (ii) contains releases, exculpations, waivers and indemnification for the Lender in form and substance reasonably acceptable to the Lender in its reasonable discretion.

“Additional Documents” has the meaning set forth in Section 5.11.

“Administrative Borrower” means Sorrento Therapeutics, Inc.

“Advisor Transaction Fees” means any transaction fee or the like owed to Moelis & Company LLC or M3 Advisory Partners, LP, as set forth in the Approved Budget.

“Affiliate” means, as to any Person, any other Person (a) that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person, (b) who is a director or officer (i) of such Person, (ii) of any Subsidiary of such Person, or (iii) of any Person described in clause (a) above with respect to such Person, or (c) which, directly or indirectly through one or more intermediaries, is the beneficial or record owner (as defined in Rule 13d-3 of the Securities Exchange Act of 1934, as amended, as the same is in effect on the date hereof) of ten percent (10%) or more of any class of the outstanding voting equity interests, securities or other equity or ownership interests of such Person. For purposes of this definition, the term “control” (and the correlative terms, “controlled by” and “under common control with”) shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies, whether through ownership of securities or other interests, by contract or otherwise.

“Agreement” has the meaning set forth in the preamble to this Agreement.

“Allowed Professional Fees” has the meaning set forth in the DIP Order.

“Approved Budget” has the meaning specified in Section 5.2(b).

“Authorized Person” means any one of the individuals identified on Schedule A, as such schedule is updated from time to time by written notice from the Administrative Borrower to the Lender.

“Bankruptcy Code” has the meaning set forth in the recitals hereto.

“Bankruptcy Committees” means the statutory committee of unsecured creditors appointed by the United States Trustee in relation to the Chapter 11 Cases, the statutory committee of equity securities holders appointed by the United States Trustee in relation to the Chapter 11 Cases, and any other official committees appointed in the Chapter 11 Cases.

“Bankruptcy Court” has the meaning set forth in the recitals hereto.

“Borrower(s)” has the meaning set forth in the preamble to this Agreement.

“Business Day” means any day that is not a Saturday, Sunday, or other day on which banks are authorized or required to close in the State of New York.

“Capital Expenditures” means, with respect to any Person for any period, the aggregate of all expenditures by such Person during such period that are capital expenditures as determined in accordance with GAAP, whether such expenditures are paid in cash or financed.

“Capital Lease” means a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP as in effect prior to the adoption and/or effectiveness of Accounting Standards Codification No. 842 or any successor or replacement accounting provisions.

“Carve Out” has the meaning set forth in the DIP Order.

“Carve Out Trigger Notice Reserve” has the meaning set forth in the DIP Order.

“Cash Collateral” has the meaning set forth in the DIP Order.

“Cash Operating Disbursements” means disbursements of the type listed under the “Cash Operating Disbursements” category in the Approved Budget; provided that, for the avoidance of doubt, Cash Operating Disbursements shall include contingency disbursements but exclude Other Disbursements.

“Cash Operating Receipts” means receipts of the type listed under the “Cash Operating Receipts” line item in the Approved Budget.

“CCC” has the meaning specified in Section 7.6(c).

“Change of Control” means, except with respect to the consummation of a Sale (whether under a plan of reorganization or under Section 363 of the Bankruptcy Code), the acquisition, through purchase or otherwise (including the agreement to act in concert without anything more), by any Person or group (as such term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended), after the date of this Agreement, of (i) the beneficial ownership, directly or indirectly, of 50% or more of the voting equity interests of Sorrento or (ii) all or substantially all of the assets of the Loan Parties, taken as a whole, except as permitted in this Agreement.

“Chapter 11 Cases” has the meaning set forth in the recitals hereto.

“Closing Fee” means the fee equal to \$450,000, which fee shall be fully earned and non-refundable upon entry of the DIP Order and paid in full out of the proceeds of the Facility pursuant to the DIP Order.



“Collateral” means, collectively, (a) all prepetition and post-petition real property and all prepetition and post-petition tangible and intangible personal property of the Borrowers and the other Loan Parties, in each case wherever located and whether now owned or hereafter acquired, including, but not limited to, all accounts, contracts rights, chattel paper, cash, general intangibles, intellectual property, machinery, equipment, goods, inventory, furniture, fixtures, letter of credit rights, books and records, deposit accounts, documents, instruments, arbitration awards, commercial tort claims (as more fully described on Schedule 4.6 and any judgments related thereto), money, insurance, receivables, receivables records, collateral support, supporting obligations and instruments, all interests in leaseholds and real properties, all patents, copyrights, trademarks (but excluding trademark applications or “amendments to alleged use” filed in the United States Patent and Trademark Office on the basis of the applicant’s intent-to-use such trademark unless and until evidence of use of the trademark has been filed with, and accepted by, the United States Patent and Trademark Office pursuant to Section 1(c) or Section 1(d) of the Lanham Act (15 U.S.C. §1051, et seq.)), trade names and other intellectual property (whether such intellectual property is registered in the United States or in any foreign jurisdiction), all equity interests (including, without limitation, the Pledged Securities and the Purchased Securities), all books and records relating to the foregoing, and all proceeds, products, accessions, rents and profits of or in respect of any of the foregoing (in each case as the foregoing are defined in the Uniform Commercial Code as in effect from time to time in the State of New York (and, if defined in more than one Article of such Uniform Commercial Code, shall have the meaning given in Article 9 thereof)), and (b) actions brought under section 549 of the Bankruptcy Code to recover any post-petition transfer of the Collateral; provided that the Collateral shall not include (i) the Excluded Assets, (ii) property subject to a purchase money lien, capital lease or similar arrangement to the extent the creation of a security interest therein is prohibited thereby or creates a right of termination in favor of any other party thereto or otherwise requires third party consent thereunder or (iii) the Carve Out Trigger Notice Reserve or any contents or proceeds thereof; provided that the exclusions set forth in the foregoing clauses shall not apply to any equity or residual value of such property or the proceeds, products, substitutions or replacements of the foregoing property unless such proceeds, products, substitutions or replacements would themselves constitute property excluded pursuant to foregoing clauses.

“Commitment” means the commitment of the Lender to make Loans hereunder. The aggregate amount of the Lender’s Commitment is One Hundred Million Dollars (\$100,000,000), subject to the terms of this Agreement and the DIP Order.

“Compliance Certificate” means a certificate substantially in the form of Exhibit A delivered by the Authorized Person of Borrowers to the Lender.

“Control Agreement” means a deposit account control agreement, in form and substance reasonably acceptable to Lender, executed and delivered by the Borrowers, the Lender, the Junior Lender and the applicable bank institution, with respect to each Deposit Account (other than the Excluded Accounts), which agreement is sufficient to give the Lender “control” (within the meaning of Article 8 and 9 of the UCC) over such Deposit Account and provide that such bank institution shall agree to follow Lender’s instructions with respect to all funds in such Deposit Account.

“Cynviloq Award” means the final award issued on December 19, 2022 in *Sorrento Therapeutics, Inc. v. NantPharma, LLC*, AAA Case No. 01-19-0001-0303 (filed April 3, 2019).

“Daily Balance” means, as of any date of determination and with respect to any fixed monetary Obligations, the amount of such Obligations owed at the end of such day.

“Debtor” means each Borrower in such Borrower’s capacity as a bankruptcy debtor.

“Default” means an event, condition, or default that, with the giving of notice, the passage of time, or both, would be an Event of Default or a default under the terms of this Agreement.

“Default Rate” has the meaning specified in Section 2.4(b).

“Deposit Account” means any deposit account, as that term is defined in the UCC.

“Designated Account” means the Deposit Account of the Administrative Borrower identified in Schedule D.

“Designated Account Bank” means the financial institution identified in Schedule D.

“DIP Order” means an order of the Bankruptcy Court authorizing and approving the Borrowers’ entry into this Agreement and the other Loan Documents, in a form and substance satisfactory to the Lender, on a final basis.

“Disbursement and Capital Expenditure Variance” has the meaning specified in Section 5.2(d).

“Dollars” or “\$” means United States dollars.

“Effective Date” has the meaning set forth in the preamble to this Agreement.

“Environmental Action” means any written complaint, summons, citation, notice, directive, order, claim, litigation, investigation, judicial or administrative proceeding, judgment, letter, or other written communication from any Governmental Authority, or any third party relating to or arising out of violations of Environmental Laws or releases of Hazardous Materials (a) from any Collateral; (b) from adjoining properties or businesses of any real property that constitutes Collateral, or (c) from or onto any facilities, with respect to the Collateral, which received Hazardous Materials generated by the Borrowers.

“Environmental Law” means any applicable federal, state, provincial, foreign or local statute, law, rule, regulation, ordinance, code, binding and enforceable guideline, binding and enforceable written policy, or rule of common law now or hereafter in effect and in each case as amended, or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, in each case, to the extent binding on the Borrowers, relating to the environment, the effect of the environment on employee health, or Hazardous Materials, in each case as amended from time to time.

“Environmental Liabilities” means all liabilities, monetary obligations, losses, damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts, or consultants, and costs of investigation and feasibility studies), fines, penalties, sanctions, and interest incurred as a result of any claim or demand, or Remedial Action required, by any Governmental Authority or any third party, and which relate to any Environmental Action.

“Event of Default” has the meaning specified in Section 8.1.

“Excluded Assets” means, with respect to any Loan Party (a) Excluded Accounts, (b) the capital stock held by such in (i) any subsidiary that is not a direct subsidiary of a Loan Party and (ii) any direct subsidiary of such Loan Party that is a foreign subsidiary, except for (A) sixty-five percent (65.0%) of the issued and outstanding capital stock in any such direct subsidiary entitled to vote (within the meaning of Treasury Regulations Section 1.956-2(c)(2)) and (B) one hundred percent (100.0%) of the issued and outstanding capital stock in any such direct subsidiary not entitled to vote (within the meaning of Treasury Regulations Section 1.956-2(c)(2)), (c) any property or asset to the extent that the grant of a security interest is prohibited or effectively restricted by any contractual restriction or applicable law (only so long as such prohibition exists and subject to any limitation on such prohibitions under the Bankruptcy Code) or requires a consent not obtained of any Governmental Authority pursuant to such applicable laws or a consent not obtained from an unaffiliated third party, (d) such Loan Party’s non-residential real property leases (or leasehold interest created thereby) that restrict or prohibit the grant of such liens or any security deposits held pursuant to such leases; (e) the Excluded Claims; and (f) any insurance policies and proceeds thereof relating to any of the Excluded Claims; provided, however, that such assets shall be included (and such security interest shall attach) immediately at such time as the contractual or legal prohibition shall no longer be applicable and to the extent severable, shall attach immediately to any portion of such property not subject to the prohibitions set forth above.

“Excluded Accounts” means: (a) deposit and/or securities accounts, the balance of which consists exclusively of (i) withheld income taxes and federal, state or local employment taxes, in such amounts as are required, in the reasonable judgment of the Borrowers, to be paid to the Internal Revenue Service or state or local government agencies, with respect to employees of any of the Loan Parties, or (ii) amounts required to be paid over to an employee benefit plan pursuant to DOL Reg. §-2510.3-102 on behalf of, or for the benefit of, employees of one (1) or more Loan Parties; and (b) all tax accounts (including, without limitation, sales tax accounts), accounts used solely for payroll, accounts maintained solely in trust for the benefit of third parties and fiduciary purposes, escrow accounts, zero balance or swept accounts, and employee benefit accounts (including 401(k) accounts and pension fund accounts), in each case of this clause (b), so long as such account is used solely for such purpose.

“Excluded Claims” means (i) any causes of action (or proceeds thereof) of the Debtors’ estates, including but not limited to any causes of action under Chapter 5 of the Bankruptcy Code (other than any actions brought under section 549 of the Bankruptcy Code to recover any postpetition transfer of DIP Collateral); and (ii) any judgments (or proceeds thereof) against the Nant Parties (as defined in Docket Number 810).

“Equity Interests” means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

“Facility” has the meaning specified in the recitals to this Agreement.

“Fees” means all fees due to the Lender under this Agreement, any Loan Document or the DIP Order, including the Closing Fee.

“Governmental Authority” means any federal, state, local, or other governmental or administrative body, instrumentality, board, department, or agency or any court, tribunal, administrative hearing body, arbitration panel, commission, or other similar dispute-resolving panel or body.

“Guaranteed Obligations” has the meaning specified in Section 7.1.

“Guaranty” means the terms and provisions of Article 7.

“Hazardous Materials” means (a) substances that are defined or listed in, or otherwise classified pursuant to, any applicable laws or regulations as “hazardous substances,” “hazardous materials,” “hazardous wastes,” “toxic substances,” or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity, or “EP toxicity”, (b) oil, petroleum, or petroleum derived substances, natural gas, natural gas liquids, synthetic gas, drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil, natural gas, or geothermal resources, (c) any flammable substances or explosives or any radioactive materials, and (d) asbestos in any form or electrical equipment that contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million.

“Indebtedness” means (a) all obligations for borrowed money, including, without limitation, the Obligations, (b) all obligations evidenced by bonds, debentures, notes, or other similar instruments and all reimbursement or other similar obligations then owing in respect of letters of credit, bankers acceptances, or other financial products, (c) all obligations as a lessee under Capital Leases, (d) all obligations or liabilities of others secured by a Lien on any asset of such Person, irrespective of whether such obligation or liability is assumed, (e) all payment obligations to pay the deferred purchase price of assets (other than trade payables incurred in the ordinary course of business and repayable in accordance with customary trade practices), (f) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by such Person, (g) the principal balance outstanding under any synthetic lease, off-balance sheet loan or similar off balance sheet financing products, or (h) any obligation guaranteeing or intended to guarantee (whether directly or indirectly guaranteed, endorsed, co-made, discounted, or sold with recourse) any obligation of any other Person that constitutes Indebtedness under any of clauses (a) through (h) above. For purposes of this definition, (i) the amount of any Indebtedness represented by a guaranty or other similar instrument shall be the lesser of the principal amount of the obligations guaranteed and still outstanding and the maximum amount for which the guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Indebtedness, and (ii) the amount of any Indebtedness described in clause (d) above shall be the lower of the amount of the obligation and the fair market value of the assets of such Person securing such obligation.

“Indemnified Liabilities” has the meaning specified in Section 10.3.

“Indemnified Person” has the meaning specified in Section 10.3.

“Information” has the meaning specified in Article 17.

“Initial Approved Budget” has the meaning specified in Section 5.2(b).

“Junior Credit Agreement” has the meaning set forth in the recitals hereto.

“Junior Lender” has the meaning set forth in the recitals hereto.

“Lender” has the meaning set forth in the preamble to this Agreement.

“Lender Expenses” means all reasonable and documented (a) costs or expenses (including taxes and insurance premiums) required to be paid by the Loan Parties under any of the Loan Documents that are paid, advanced, or incurred by the Lender, (b) out-of-pocket fees or charges paid or incurred by the Lender in connection with its transactions with the Borrowers under any of the Loan Documents, including, but not limited to, fees or charges for photocopying, notarization, couriers and messengers, telecommunication, public record searches (including tax lien, litigation, and UCC searches and including searches with the patent and trademark office, the copyright office, or the department of motor vehicles), filing, recording or publication, (c) out-of-pocket costs and expenses incurred by the Lender in the disbursement of funds to the Borrowers (by wire transfer or otherwise), (d) out-of-pocket charges paid or incurred by the Lender resulting from the dishonor of checks payable by or to the Borrowers, (e) out-of-pocket costs, fees (including reasonable and documented attorneys’ fees) and expenses paid or incurred by the Lender to correct any default or enforce any provision of the Loan Documents, or during the continuance of an Event of Default, in gaining possession of, maintaining, handling, preserving, storing, shipping, selling, preparing for sale, or advertising to sell the Collateral, or any portion thereof, irrespective of whether a sale is consummated, (f) [reserved], (g) out-of-pocket costs and expenses of third party claims or any other suit paid or incurred by the Lender in enforcing or defending the Loan Documents or in connection with the transactions contemplated by the Loan Documents or the Lender relationship with the Loan Parties, (h) out-of-pocket costs and expenses (including reasonable and documented attorneys’ fees) incurred by the Lender incurred in advising, structuring, drafting, reviewing, administering, or amending the Loan Documents, (i) out-of-pocket fees and expenses of the Lender related to any due diligence in connection with the Facility or meetings with the Loan Parties in connection with the Facility, (j) costs and expenses of the Lender (including reasonable and documented attorneys, accountants, consultants, and other advisors fees and expenses) incurred in terminating, enforcing (including reasonable attorneys, accountants, consultants, and other advisors fees and expenses incurred in connection with a “workout,” a “restructuring,” or an insolvency proceeding concerning the Loan Parties or in exercising rights or remedies under the Loan Documents, including credit bid rights), or defending the Loan Documents, irrespective of whether suit is brought, or in taking any Remedial Action concerning the Collateral and (k) all other reasonable and documented fees and expenses of other professionals retained by Lender, with the consent of the Administrative Borrower (which consent shall not be unreasonably withheld or delayed and shall not be required following an Event of Default). Notwithstanding the above, Lender Expenses shall not include, and in no event shall the Borrowers pay or reimburse (i) fees and expenses of H.C. Wainwright & Co. or any other investment bankers retained by the Lender in connection with this Agreement, the SPA or otherwise, and (ii) any out-of-pocket costs, expenses and disbursements incurred in connection with the transfer of funds or otherwise to make funds available for the Facility.

“Lender Related Person” means the Lender, together with its officers, directors, employees, attorneys, representatives, advisors and agents.

“Lien” means any pledge, hypothecation, assignment (which is intended as security), charge, deposit arrangement (which is intended as security), encumbrance, easement, lien (statutory or other), mortgage, security interest, or other security arrangement and any other preference, priority, or preferential arrangement of any kind or nature whatsoever (which is intended as security), including any title retention agreement, the interest of a lessor under a Capital Lease, and any synthetic or other financing lease having substantially the same economic effect as any of the foregoing.

“Loan Documents” means this Agreement, the DIP Order, the Additional Documents, the Security Documents, and any other notes or security agreements executed by Loan Parties in connection with the Agreement in favor of the Lender, any other agreement entered into, now or in the future, by any Loan Party and the Lender in connection with this Agreement and designated as a Loan Document, and all amendments, modifications, renewals, substitutions and replacements of any of the foregoing.

“Loans” means all extensions of credit advanced by Lender to Borrowers under this Agreement.

“Material Adverse Change” means, other than with respect to the Chapter 11 Cases, any event, condition, circumstance or contingency that, individually or in the aggregate, (a) has had or could reasonably be expected to have, a material adverse effect on the business, operations, performance, prospects or financial condition of the Loan Parties, taken as a whole, (b) has resulted in, or could reasonably be expected to result in, a material adverse effect on the validity or enforceability of, or the rights, remedies or benefits available to the Lender under this Agreement or the DIP Order (other than as permitted hereunder or as a result of an action or failure to take action by the Lender) or of Lender’s ability to enforce the Obligations or realize upon the Collateral, (c) has had or could reasonably be expected to have, a material adverse effect on the ability of any Loan Party, taken as a whole, to perform its payment obligations under this Agreement or the DIP Order, or (d) a material impairment of the enforceability or priority of the Lender’s Liens with respect to the Collateral, taken as a whole, or the priority of such Liens, as provided in the DIP Order.

“Material Contract” means each contract or agreement as to which the breach, nonperformance, cancellation, termination, loss, expiration or failure to renew by any party thereto would reasonably be expected to result in a Material Adverse Change.

“Maturity Date” means the earliest of: (i) October 15, 2023; (ii) the effective date of a plan of reorganization of the Chapter 11 Cases; (iii) the consummation of any sale or other disposition of all or substantially all of the Collateral pursuant to Section 363 of the Bankruptcy Code; (iv) the date of acceleration of the Obligations and the termination of the Commitment pursuant to this Agreement; (v) the dismissal of the Chapter 11 Cases or its conversion to a case under Chapter 7 of the Bankruptcy Code; (vi) the date of termination of the SPA or other definitive documentation related to the Purchased Securities or the Scilex Asset Sale, solely in the event such termination results from a material breach of such documentation by the any Loan Party or other seller thereunder; and (vii) the date on which a “Trigger Event” (as defined in the Restated Certificate of Incorporation of Scilex Holding Company) has occurred.

“Measuring Period” has the meaning specified in Section 5.2(d).

“Milestones” has the meaning specified in Section 5.17.

“Net Cash Proceeds” means with respect to any sale or disposition of Collateral by any Person, the amount of cash proceeds received (directly or indirectly) from time to time (whether as initial consideration or through the payment of deferred consideration) by or on behalf of such Person, in connection therewith, after deducting therefrom only (i) attorneys’ fees, accountants’ fees, investment banking fees, consulting fees, other fees, commissions, and expenses related thereto and required to be paid in connection with such sale or disposition, (ii) amounts required to be applied to the repayment of Indebtedness secured by a Lien expressly permitted hereunder on any asset which is the subject of such sale or disposition, (iii) taxes paid or payable to any taxing authorities in connection with such sale or disposition, (iv) the amount of any reasonable reserve established in accordance with GAAP against any liabilities (other than any taxes deducted pursuant to clause (ii) above), and (v) the pro rata portion of the Net Cash Proceeds thereof (calculated without regard to this clause (v)) attributable to minority interests and not available for distribution to or for the account of any Loan Party as a result thereof.

“Net Operating Disbursements” means Cash Operating Receipts *less* Cash Operating Disbursements.

“Net Operating Disbursements Variance” means, for each Measuring Period, the difference, expressed as a percentage, between (a) actual Net Operating Disbursements for such Measuring Period *and* (b) projected Net Operating Disbursements for such Measuring Period, as set forth in the relevant Approved Budget.

“Notice of Borrowing” has the meaning specified in Section 2.2.

“Obligations” means (a) all loans, including, without limitation, the Loans, debts, principal, interest, contingent reimbursement or indemnification obligations, liabilities, obligations (including indemnification obligations), Fees, Lender Expenses, premiums, costs, expenses and indemnities, whether primary, secondary, direct, indirect, absolute or contingent, due or to become due, now existing or hereafter arising, fixed or otherwise, guaranties, covenants, and duties of any kind and description owing by the Loan Parties, to the Lender pursuant to or evidenced by the Loan Documents and/or pursuant to or in connection with any one or more documents, instruments or agreements described in clause (i) of the definition of Lender Expenses and, in each case, irrespective of whether for the payment of money, of the Loan Parties to the Lender under the Loan Documents and the DIP Order, and including all interest not paid when due and all other expenses or other amounts that Loan Parties are required to pay or reimburse by the Loan Documents or by law or otherwise in connection with the Loan Documents including, without limitation, including in connection with the collection or enforcement of or preservation of rights of the Lender under the Loan Documents.

“Ordinary Course” and “Ordinary Course of Business” shall mean, in respect of any Person, the ordinary course and reasonable requirements of such Person’s business and undertaken in good faith.

“Organizational Documents” means (a) for any corporation, the certificate or articles of incorporation, the bylaws, any certificate of designation or other instrument relating to the rights of preferred shareholders or stockholders of such corporation, any shareholder rights agreement and all applicable resolutions of the board of directors (or any committee thereof) of such corporation, (b) for any partnership, the partnership agreement and, if applicable, the certificate of limited partnership, and (c) for any limited liability company, the operating agreement and articles or certificate of formation or organization and all applicable resolutions of any managing member of such limited liability company.

“Other Disbursements” means disbursements of the type listed under the “Other Disbursements” category in the Approved Budget; provided that, for the avoidance of doubt, Other Disbursements shall include Professional Fees, interest payments in respect of the Loans and other expenses paid pursuant to the DIP Order.

“Payment Account” means the Deposit Account of the Lender notified in writing to the Borrowers.

“Permits” means any license, lease, power, permit, franchise, certificate, authorization or approval issued by a Governmental Authority.

“Permitted Indebtedness” has the meaning set forth in Section 6.1.

“Permitted Liens” means:

(a) all Liens created by the Loan Documents and the DIP Order (including the Carve Out, Adequate Protection Liens and Adequate Protection Super-priority Claims, as defined therein);

(b) Liens securing the obligations under the Junior Credit Agreement and other Liens existing on the Effective Date and listed on Schedule 6.2 and any renewals, substitutions or extensions thereof; provided that (i) the property or asset covered thereby has not changed, (ii) the outstanding principal amount thereof secured by such property or asset does not increase (unless otherwise permitted pursuant to the terms of the documentation (as in effect as of the Effective Date) in respect of such Liens), and (iii) the Loan Party liable with respect thereto has not changed;

(c) Liens for Taxes that are not delinquent or thereafter payable and that are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(d) Statutory or common law Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen, repairmen, construction contractors and suppliers and other Liens imposed by law or pursuant to customary reservations or retentions of title arising in the Ordinary Course of Business for amounts not overdue or subject to Permitted Protest;

(e) (i) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA, and (ii) pledges and deposits of cash securing liability for reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty or liability insurance to any Loan Party;

(f) deposits to secure the performance of bids, trade contracts, governmental contracts and leases (other than Indebtedness for borrowed money), statutory obligations, surety, stay, customs and appeal bonds, performance bonds and other obligations of a like nature (including those to secure health, safety and environmental obligations) incurred in the Ordinary Course of Business;

(g) easements, rights-of-way, restrictions, encroachments, protrusions and other similar encumbrances and minor title defects affecting real property that, in the aggregate, do not in any case materially detract from the value or use of the property subject thereto, impair the use or operation of the Collateral for the use currently being made thereof or impair Borrower's ability to pay the Obligations in a timely manner or materially interfere with the ordinary conduct of the business of the applicable Person;

(h) Liens on equipment arising from precautionary UCC financing statements regarding operating leases of equipment;

(i) Liens in favor of customs and revenue authorities arising as a matter of law to secure the payment of customs duties in connection with the importation of goods in the Ordinary Course of Business, and consistent with past practice;

(j) receipts of progress payments and advances from customers in the Ordinary Course of Business, and consistent with past practice, to the extent same creates a Lien on the related inventory and proceeds thereof;

(k) Liens on the Equity Interests of subsidiaries to the extent constituting Excluded Assets;

(l) Liens securing judgments for the payment of money (or appeal or other surety bonds relating to such judgments) in existence for less than thirty (30) days after the entry thereof or with respect to which execution has been stayed and which do not constitute an Event of Default;

(m) non-exclusive licenses and sublicenses of intellectual property entered into in the Ordinary Course of Business;

(n) normal and customary rights of setoff upon deposits of cash in favor of banks or other depository institutions incurred in connection with the maintenance of such deposits in the Ordinary Course and not arising in connection with the issuance or repayment of Indebtedness;

(o) Liens that are contractual rights of setoff relating to pooled deposit or sweep accounts of the Borrowers or their Subsidiaries to permit satisfaction of overdraft or similar obligations incurred in the Ordinary Course of Business of the Loan Parties;

(p) Liens on insurance policies and the proceeds thereof solely securing the financing of the premiums with respect thereto; and

(q) any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of any real property that does not materially interfere with the ordinary conduct of the business of the Borrowers, individually, or taken as a whole.

“Permitted Protest” means the right of any Borrower or other Loan Party to protest any Lien (other than any Lien that secures the Obligations), taxes, or rental payment; provided that (a) a reserve with respect to such obligation is established on such Borrower’s or other Loan Party’s books and records in such amount as is required under GAAP, (b) any such protest is instituted promptly and prosecuted diligently by such Borrower or such other Loan Party in good faith and (c) the Lender is satisfied in its reasonable discretion that, while any such protest is pending, there will be no impairment of the enforceability, validity, or priority of any of the Lender’s Liens.

“Permitted Transfers” means a sale of Collateral not to exceed gross proceeds of \$20,000,000 subject to the following conditions: (a) no Default or Event of Default has occurred and is continuing or would occur after giving effect to any proposed Permitted Transfer, (b) the Borrowers have filed an Acceptable Plan (or otherwise provides for the payment in full in cash of the Obligations in a manner satisfactory to the Lender in its sole discretion) and (c) the proceeds thereof are used solely to fund working capital of Borrowers in accordance with the Approved Budget.

“Permitted Variance” means a positive 20.00% or less Net Operating Disbursements Variance.

“Person” means natural persons, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, trusts, land trusts, business trusts, or other organizations, irrespective of whether they are legal entities, and governments and agencies and political subdivisions thereof.

“Petition Date” has the meaning set forth in the recitals hereto.

“Pledged Securities” any Equity Interests now owned or obtained in the future by any Borrower, as more fully described on Schedule 14.11 with respect to Pledged Securities as of the Effective Date.

“Post Carve Out Notice Trigger Cap” has the meaning set forth in the DIP Order.

“Pre-Trigger Date Fees” has the meaning set forth in the DIP Order.

“Professional Fees” means all unpaid fees and expenses incurred by persons or firms retained by the Loan Parties pursuant to Sections 327, 328, 329, 330, 331, 363, or 503(b)(4) of the Bankruptcy Code; provided that to the extent that any amount of the foregoing compensation or reimbursement is denied or reduced by the Bankruptcy Court or any other court of competent jurisdiction, such amount shall no longer constitute Professional Fees.

“Purchased Securities” has the meaning set forth in the SPA.

“Record” means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

“Refinanced DIP Obligations” shall mean the postpetition financing obligations incurred by the Debtors pursuant to and in accordance with the *Final Order (I) Authorizing the Debtors to (A) Obtain Senior Secured Superpriority Postpetition Financing and (B) Use Cash Collateral, (II) Granting Liens and Providing Claims with Superpriority Administrative Expense Status, (III) Modifying the Automatic Stay, and (IV) Granting Related Relief*, entered as Docket No. 324 in the Bankruptcy Cases (the “Final JMB Order”) and the DIP Loan Documents (as defined in the Final JMB Order).



“Remedial Action” means all actions taken to (a) clean up, remove, remediate, contain, treat, monitor, assess, evaluate, or in any way address Hazardous Materials in the indoor or outdoor environment, (b) prevent or minimize a release or threatened release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment, (c) restore or reclaim natural resources or the environment, (d) perform any pre-remedial studies, investigations, or post-remedial operation and maintenance activities, or (e) conduct any other actions with respect to Hazardous Materials required by Environmental Laws.

“Remedies Notice” has the meaning set forth in the applicable DIP Order.

“Remedies Notice Period” has the meaning set forth in the applicable DIP Order.

“Required Lien Priority” has the meaning set forth in Section 9.1(a)(iii).

“Sale” means the sale of all or substantially all of the assets of Borrowers or any other Loan Party to any party, including the Lender, or any of its Affiliates, pursuant to an Acceptable 363 Sale or pursuant to an Acceptable Plan.

“Schedules” means those certain schedules annexed hereto and made a part hereof.

“Scilex Assets Sale” has the meaning set forth in Section 5.17(a).

“Security Documents” means (i) all UCC financing statements, or amendments or continuations thereof, and (ii) any other security agreements, Control Agreements, documents or filings in connection with the perfection of the Liens hereunder.

“Sorrento” has the meaning set forth in the preamble to this Agreement.

“SPA” has the meaning set forth in the recitals hereto.

“Stalking Horse Protections Order” means an order of the Bankruptcy Court authorizing and approving certain break-up fees, expense reimbursement and other protections in favor of the Lender, in a form and substance satisfactory to the Lender, on a final basis.

“Stay Relief Hearing” has the meaning set forth in the applicable DIP Order.

“Subsidiary” means, with respect to any Person, any corporation, partnership, limited liability company, association or other business entity of which more than fifty percent (50%) of the total voting power of shares of stock (or equivalent ownership or controlling interest) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, governors or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof.

“Super-priority Claim” has the meaning set forth in Section 9.1(a)(i).

“Trigger Date” has the meaning set forth in the DIP Order.

“UCC” means the Uniform Commercial Code as in effect in the State of New York; provided that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, “UCC” means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

“United States” means the United States of America.

“Updated Approved Budget” has the meaning specified in Section 5.2(c).

“Variance Report” has the meaning specified in Section 5.2(d).

“Voidable Transfer” has the meaning set forth in Section 14.7.

1.2 **Accounting Terms.** All accounting terms not specifically defined herein shall be construed in accordance with GAAP; provided that, if the Administrative Borrower notifies the Lender that the Borrowers request an amendment to any provision hereof to eliminate the effect of any change occurring after the Effective Date in GAAP or in the application thereof on the operation of such provision (or if the Lender notifies the Administrative Borrower that the Lender requests an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then the Lender and the Administrative Borrower agree that they will negotiate in good faith amendments to the provisions of this Agreement that are directly affected by such change in GAAP with the intent of having the respective positions of the Lender and the Administrative Borrower after such change in GAAP conform as nearly as possible to their respective positions as of the date of this Agreement and, until any such amendments have been agreed upon, the provisions in this Agreement shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective. When used herein, the term “financial statements” shall include the notes and schedules thereto. Whenever the term “Borrower” or “Borrowers” is used in respect of a financial covenant or a related definition, it shall be understood to mean the Borrowers on a consolidated basis, unless the context clearly requires otherwise.

1.3 **UCC.** Any terms used in this Agreement that are defined in the UCC shall be construed and defined as set forth in the UCC unless otherwise defined herein; provided that, to the extent that the UCC is used to define any term herein and such term is defined differently in different Articles of the UCC, the definition of such term contained in Article 9 of the UCC shall govern.

1.4 **Construction.** Unless the context of this Agreement or any other Loan Document clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms “includes” and “including” are not limiting, and the term “or” has, except where otherwise indicated, the inclusive meaning represented by the phrase “and/or.” The words “hereof,” “herein,” “hereby,” “hereunder,” and similar terms in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular provision of this Agreement or such other Loan Document, as the case may be. Section, subsection, clause, schedule, and exhibit references herein are to this Agreement unless otherwise specified. Any reference in this Agreement or in any other Loan Document to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). The words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts, and contract rights. Any reference herein or in any other Loan Document to the satisfaction, repayment, or payment in full of the Obligations shall mean the repayment in full in cash of all Obligations other than unasserted contingent indemnification Obligations (with all such Obligations consisting of monetary or payment Obligations having been paid in full in cash) and the irrevocable termination of all Commitments under this Agreement. Any reference herein to any Person shall be construed to include such Person’s successors and assigns. Any requirement of a writing contained herein or in any other Loan Document shall be satisfied by the transmission of a Record.

1.5 **Schedules and Exhibits.** All schedules and exhibits attached to this Agreement shall be deemed incorporated herein by reference.

## 2. LOAN AND TERMS OF PAYMENT.

### 2.1 Agreement to Lend; Security Documents and Loan Documents.

(a) Subject to the terms and conditions of the DIP Order and this Agreement, Lender agrees, subject to the satisfaction or waiver of the conditions precedent in Section 1, to make, on the Effective Date, a single advance to the Borrowers in an amount equal to the Commitment; provided that in no event shall the outstanding Loans exceed the Commitment. Any Loan, or portion thereof, that is repaid or prepaid (whether as an optional prepayment or a mandatory prepayment) cannot be reborrowed.

(b) [Reserved.]

(c) The Loans shall be secured by the Collateral as set forth in this Agreement, the DIP Order, and the other Loan Documents.

(d) The Borrowers agree that they are jointly and severally liable for the prompt payment and performance of all Obligations under the Loan Documents. Each Borrower promises to pay the Obligations (including principal, interest, fees, costs, and expenses) in Dollars in full on the Maturity Date.

2.2 Borrowing Procedures. The borrowing under Section 2.1(a) shall be made by a written request substantially in the form of the Notice of Borrowing attached hereto as Exhibit D (each such written request, a "Notice of Borrowing") executed by an Authorized Person of the Administrative Borrower, accompanied by a Compliance Certificate, and delivered to the Lender no later than two (2) Business Days prior to the requested funding date; provided that (i) Administrative Borrower shall submit such request only after entry of the DIP Order and (ii) the aggregate amount of all such Loans shall not exceed the aggregate Commitment. Upon satisfaction or waiver of the conditions precedent specified herein, the Lender shall make the proceeds of the Loan available to the Borrowers on the requested funding date by causing the principal amount of the Loan to be credited to the Designated Account or such other Deposit Account of the Borrowers or other Person as directed in writing by the Administrative Borrower to the Lender.

### 2.3 Payments; Reductions of the Commitment; Prepayments.

(a) **Payments by the Borrowers.** Except as otherwise expressly provided herein, all payments by the Borrowers shall be made to the Payment Account for the account of the Lender and shall be made in immediately available funds, no later than 4:00 p.m. (Eastern time) on the date specified herein. Any payment received by the Lender later than 4:00 p.m. (Eastern time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue until such following Business Day.

(b) **Application of Payments and Proceeds.** All payments remitted to the Lender and all proceeds of Collateral received by the Lender shall be applied as follows (unless otherwise directed by the Lender):

- (i) first, to pay any Lender Expenses then owed to the Lender or Lender Related Persons in accordance with the DIP Order, or indemnities then due to the Lender under the Loan Documents, until paid in full;
- (ii) second, to pay any Fees then due to the Lender under the Loan Documents until paid in full;
- (iii) third, to pay interest due in respect of the Loans until paid in full;
- (iv) fourth, to pay the principal of all Loans until paid in full;
- (v) fifth, to pay any other Obligations until paid in full; and
- (vi) sixth, to Borrowers (to be wired to the Designated Account or any other Deposit Account of the Borrowers notified in writing to the Lender from time to time) or as otherwise required by applicable law.

In the event of a direct conflict between the priority provisions of this Section 2.3(b) and any other provision contained in any other Loan Document (except for the DIP Order), it is the intention of the parties hereto that such provisions be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of this Section 2.3(b) shall control and govern. Notwithstanding the foregoing, to the extent there is a conflict between the DIP Order and any other Loan Document, the DIP Order shall control and govern.

(c) **Optional Prepayments.** Upon five (5) Business Days' prior notice to Lender, Borrowers may prepay any Loan, in whole or in part, without premium or penalty, at any time, provided that (i) the principal amount being prepaid shall be an amount not less than \$5,000,000, and (ii) any such prepayments under this clause (c) shall be applied in the order set forth in Section 2.3(b).

**Pursuant to California Civil Code Section 2954.10, Borrowers expressly waive their right to prepay the Loans except as expressly permitted herein.**

(d) **Mandatory Prepayments.**

(i) **Dispositions.** On or after September 30, 2023, in the event the Obligations have not been indefeasibly satisfied through consummation of the SPA or the Obligations have not been indefeasibly paid in full in cash with the proceeds of the sale of the Purchased Securities to a third party purchaser, within one (1) Business Day of the date of receipt by the Borrowers or any other Loan Party of the Net Cash Proceeds of any disposition (whether through a voluntary or involuntary sale, the loss, destruction or damage thereof or any actual condemnation, confiscation, requisition, seizure or taking thereof or otherwise) of Collateral (including in any Scilex Asset Sale) described in Section 6.4, the Borrowers shall prepay such portion of the outstanding amount of the Obligations in accordance with Section 2.3(b) in an amount equal to 100% of the Net Cash Proceeds (including insurance proceeds, condemnation awards, and payments in lieu thereof) received in connection with such sales or dispositions, plus the accrued interest. Nothing contained in this Section 2.3(d)(i) shall permit the Borrowers to sell any Collateral other than in accordance with Section 6.4. In no event shall any amount paid to Lender under this Section 2.3(d)(i) exceed the outstanding amount of the Obligations.

(ii) **Indebtedness.** Within one (1) Business Day of the date of incurrence by any Borrower or any other Loan Party of any Indebtedness (other than Permitted Indebtedness), the Borrowers shall prepay the outstanding principal amount of the Obligations in accordance with Section 2.3(b) in an amount equal to 100% of the Net Cash Proceeds received by such Person in connection with the incurrence of such Indebtedness plus the accrued interest. The provisions of this Section 2.3(d)(ii) shall not be deemed to be implied consent to any such incurrence otherwise prohibited by the terms and conditions of this Agreement.

## 2.4 **Interest Rates and Rates, Payments and Calculations.**

(a) **Interest Rate.** Except as provided in Section 2.4(b), all Loans shall bear interest on the Daily Balance thereof at a rate equal to fifteen percent (15.00%) per annum. For the purpose of calculating interest under this Section 2.4(a), the Daily Balance shall exclude accrued but unpaid interest due or owing hereunder.

(b) **Default Rate.** Upon the occurrence and during the continuation of an Event of Default, all Obligations shall bear interest on the Daily Balance thereof at a per annum rate equal to three percent (3.00%) plus the then applicable interest rate (the “Default Rate”), and the Default Rate may be applied retroactively to the date of the occurrences of the related Event of Default. For the purpose of calculating interest under this Section 2.4(b), the Daily Balance shall exclude accrued but unpaid interest due or owing hereunder.

(c) **Payment.** Except to the extent provided to the contrary herein, interest, all Fees payable hereunder or under any of the other Loan Documents, and all costs, expenses, and Lender Expenses payable hereunder or under any of the other Loan Documents, shall be due and payable, in arrears, on the first (1<sup>st</sup>) day of each month at any time that Obligations or the Loans are outstanding and shall be paid to the Payment Account, subject to the procedures set forth in the DIP Order (to the extent applicable). Each Borrower agrees that the Lender have all rights of setoff and bankers’ lien provided by applicable law on account of any accounts maintained at the Lender, and in addition thereto, each Borrower agrees that at any time any Event of Default exists, upon prior notice to the Administrative Borrower, the Lender may apply all balances, credits, deposits, accounts or moneys of such Borrower then or thereafter with the Lender to the payment of any Obligations of the Borrowers hereunder, whether or not then due.

(d) **Computation.** All interest and fees chargeable under the Loan Documents shall be computed based on a 360-day year, in each case, for the actual number of days elapsed in the period during which the interest or fees accrue.

(e) **Intent to Limit Charges to Maximum Lawful Rate.** In no event shall the interest rate or rates payable under this Agreement, plus any other amounts paid in connection herewith, exceed the highest rate permissible under any law that a court of competent jurisdiction shall, in a final determination, deem applicable. The Borrowers and the Lender, in executing and delivering this Agreement, intend legally to agree upon the rate or rates of interest and manner of payment stated within it; provided that, anything contained herein to the contrary notwithstanding, if said rate or rates of interest or manner of payment exceeds the maximum allowable under applicable law, then, *ipso facto*, as of the date of this Agreement, Borrowers are and shall be liable only for the payment of such maximum as allowed by law, and payment received from the Borrowers in excess of such legal maximum, whenever received, shall be applied to reduce the principal balance of the Obligations to the extent of such excess.

2.5 **Crediting Payments; Clearance Charge.** The receipt of any payment item by the Lender shall not be considered a payment on account unless such payment item is a wire transfer of immediately available funds made to the Payment Account or unless and until such payment item is honored when presented for payment. Should any payment item not be honored when presented for payment, then Borrowers shall be deemed not to have made such payment and interest shall be calculated accordingly.

2.6 **[Reserved].**

2.7 **Statements of Obligations.** The Lender shall maintain true, correct and complete electronic or written records evidencing the Indebtedness and other Obligations owed by the Borrowers to the Lender, in which the Lender will record (i) the amount of all Loans made under this Agreement, (ii) the amount of any principal and/or interest due and payable and/or to become due and payable from the Borrowers to the Lender under this Agreement and (iii) all amounts received by the Lender under this Agreement from the Borrowers.

2.8 **Closing Fee.** Upon entry of the DIP Order, the Closing Fee shall be fully earned by the Lender. The Closing Fee shall be paid to the Lender out of the proceeds of the Loans pursuant to the DIP Order. The Fees payable to the Lender under this Agreement, the DIP Order or any of the other Loan Documents shall not be subject to proration and shall be non-refundable and non-avoidable obligations of the Borrowers.

3. **CONDITIONS; TERM OF AGREEMENT.**

3.1 **Conditions Precedent to the Effective Date.** The effectiveness of this Agreement and the agreements hereunder of the Lender shall be subject to the satisfaction of the conditions specified below (unless waived by the Lender in its sole discretion):

- (a) Not later than August 8, 2023, the DIP Order shall have been entered by the Bankruptcy Court, with such changes as are acceptable to the Lender in its sole discretion, and such DIP Order shall be in full force and effect and shall not have been reversed, modified, stayed vacated, appealed or subject to a stay pending appeal. The Borrowers and the Lender shall be entitled to rely in good faith upon the DIP Order and shall be permitted and required to perform their respective obligations in compliance with this Agreement notwithstanding any such objections thereto, unless the DIP Order has been stayed by a court of competent jurisdiction.
- (b) The Lender shall have received all necessary UCC financing statements and other documentation necessary to provide the Lender with a valid, perfected priming security interest in the Collateral pledged by the Borrowers.
- (c) The Lender shall have received from Borrowers an Updated Approved Budget, which is attached hereto as Exhibit B.
- (d) The parties shall have executed and delivered this Agreement, the Loan Documents and all other documents required by the Lender as a condition to the Effective Date and in connection with the transactions contemplated by this Agreement and shall be in form and substance reasonably satisfactory to the Lender.
- (e) The Lender shall have received all Fees required to be paid on the Effective Date, and all Lender Expenses for which invoices have been presented (including, for the avoidance of doubt, the reasonable fees and expenses of legal counsel) within one (1) Business Day before the Effective Date. All such amounts will be reflected in the funding instructions given by the Administrative Borrower to the Lender on or before the Effective Date.
- (f) The Borrowers shall have delivered to the Lender the SPA, duly and fully executed by each of the parties thereto.

3.2 **Maturity.** This Agreement shall continue in full force and effect until the payment in full of the Obligations. All Obligations including, without limitation, the outstanding unpaid principal balance and all accrued and unpaid interest on the Loans and all Fees shall be due and payable on the Maturity Date.

3.3 **Effect on Maturity.** On the Maturity Date, all Obligations immediately shall become due and payable without notice or demand. No termination of the obligations of Lender (other than payment in full of the Obligations and termination of the Commitment) shall relieve or discharge the Borrowers of their respective duties, obligations, or covenants hereunder or under any other Loan Document and the Lender's Liens in the Collateral shall continue to secure the Obligations and shall remain in effect until all Obligations have been paid in full and the Commitment has been terminated. When all of the Obligations have been indefeasibly paid in full in immediately available funds, the Lender will, at the Borrowers' expense, execute and deliver any termination statements, lien releases, discharges of security interests, and other similar discharge or release documents (and, if applicable, in recordable form) as are reasonably necessary to release, as of record, the Lender's Liens and all notices of security interests and Liens previously filed by the Lender with respect to the Obligations.

#### **4. REPRESENTATIONS AND WARRANTIES.**

In order to induce the Lender to enter into this Agreement, each Borrower makes the following representations and warranties to the Lender. Each Borrower further represents that such representations and warranties shall be true, correct, and complete, in all material respects, as of the Effective Date, and shall be true, correct, and complete, in all material respects, as of the date of the making of any Loan (or other extension of credit) made thereafter, as though made on and as of the date of such Loan (or other extension of credit) (except to the extent that such representations and warranties relate solely to an earlier date) and such representations and warranties shall survive the execution and delivery of this Agreement until all Obligations have been indefeasibly paid in full:

4.1 **Due Organization and Qualification.** Each Borrower (i) is duly formed and existing and in good standing under the laws of the jurisdiction of its formation, (ii) where the ownership of Collateral requires such qualification, is qualified to do business in any state where the failure to be so qualified would reasonably be expected to result in a Material Adverse Change, and (iii) subject to the Bankruptcy Court's entry of the DIP Order and any limitation under the Bankruptcy Code or other debtor relief law, has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to enter into the Loan Documents to which it is a party and to carry out the transactions contemplated thereby. Schedule 4.1 is an organizational chart showing the complete and accurate ownership structure of the Borrowers.

4.2 **Due Authorization.** The execution, delivery, and performance by each Borrower of the Loan Documents to which it is a party have been duly authorized by all necessary corporate or limited liability company action on the part of such Borrower and, with respect to such Borrower, is only subject to the Bankruptcy Court's entry of the DIP Order.

4.3 **Binding Obligations.** Each Loan Document has been duly executed and delivered by each Borrower that is a party thereto and, subject to the entry of the DIP Order, as applicable, is the legally valid and binding obligation of such Borrower, enforceable against such Borrower in accordance with its respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally (regardless of whether such enforceability is considered in a proceeding at law or in equity).

4.4 **Title to Properties.** Except for Permitted Liens, each Borrower has (i) good, sufficient and legal title to, and (ii) good and marketable title to (in the case of personal property), all of such Borrower's right, interest and title in the Collateral.

4.5 **Jurisdiction of Formation; Location of Chief Executive Office; Organizational; Identification Number.**

(a) The name (within the meaning of Section 9-503 of the UCC), jurisdiction of formation, tax identification numbers and organizational identification number (if any) of each Borrower are as set forth on Schedule 4.5 (as such Schedule may be updated from time to time by notice from Administrative Borrower to Lender).

(b) The chief executive office of each Borrower is located at the address indicated on Schedule 4.5 (as such Schedule may be updated from time to time by notice from the Administrative Borrower to Lender).

4.6 **Litigation.** Other than the Chapter 11 Cases and as set forth on Schedule 4.6, there are no actions, suits, proceedings, claims or disputes pending or, to the actual knowledge of any Borrower, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against any Borrower or against any of its properties or revenues that (a) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby (other than objections or pleadings that may have been filed in the Chapter 11 Cases with respect to the Borrowers seeking authorization to enter into the Loan Documents and incur the Obligations under this Agreement), or (b) except as set forth on Schedule 4.6, either individually or in the aggregate, if determined adversely, could reasonably be expected to have a Material Adverse Change. Schedule 4.6 contains all of the commercial tort claims against any Borrower, pending or threatened, known to any Borrower as of the Effective Date.

4.7 **Fraudulent Transfer.** No transfer of property is being made by any Borrower and no obligation is being incurred by any Borrower in connection with the transactions contemplated by this Agreement or the Loan Documents with the intent to hinder, delay or defraud either present or future creditors of any Borrower.

4.8 **Indebtedness.** Set forth on Schedule 4.8 is a true and complete list of all Indebtedness of the Borrowers outstanding as of the Effective Date.

4.9 **Payment of Taxes.** Except as provided on Schedule 4.9, all United States federal, state and other material tax returns and reports of the Borrowers required to be filed by the Borrowers with respect to the Collateral have been timely filed, and all taxes due with respect to the period covered by such tax returns and all material assessments, fees and other governmental charges upon any Collateral that are due and payable have been paid when due and payable, other than taxes that are the subject of a Permitted Protest. With respect to the Collateral, no Borrower is aware of any proposed material tax assessment against any Borrower with respect to United States federal, state or municipal taxes.

4.10 **Approved Budget.** Attached to this Agreement as Exhibit B is a true and complete copy of the Approved Budget. The Approved Budget may be amended or otherwise modified from time to time with the written consent of the Lender in its sole discretion so long as such amendments or modifications are in accordance with the DIP Order and this Agreement; provided that the total amount of Loans provided pursuant to the Approved Budget shall not exceed the total amount of the Commitment authorized by the DIP Order.



4.11 **Pledged Securities.** The only equity interests of any Person owned by any Borrower or other Loan Party as of the Effective Date are listed on Schedule 4.11.

4.12 **Permits.** Except as set forth on Schedule 4.12, as of the Effective Date, each Loan Party is in compliance with, and has, all Permits that, as of the Effective Date, are required for the operation of its business and for the execution, delivery and performance by, and enforcement against, such Borrower of each Loan Document. Except as set forth in Schedule 4.12, as of the Effective Date, no Loan Party is in breach of or default under the provisions of any such Permit, nor is there any event, fact, condition or circumstance which, with notice or passage of time or both, would constitute or result in any of the foregoing, which in each case could reasonably be expected to have a Material Adverse Change.

4.13 **No Other Representations.** Except for the representations and warranties contained in this Article 4 (including the related portions of the Schedules), no Loan Party nor any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of the Borrowers or any other Loan Party including, without limitation, any representation or warranty as to the accuracy or completeness of any information, documents or material delivered to the Lender or made available to the Lender. Lender hereby acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, Lender has relied solely upon its own investigation and the express representations and warranties of the Borrowers set forth in this Article 4 (including the related portions of the Schedules) and (b) no Loan Party nor any other Person has made any representation or warranty except as expressly set forth in this Article 4 (including the related portions of the Schedules).

## 5. **AFFIRMATIVE COVENANTS.**

Each Borrower covenants and agrees that, until termination of the Commitment and the indefeasible payment in full in cash of the Obligations (other than contingent or indemnification obligations not then due), it shall comply with each of the following, as applicable:

5.1 **Reports ; Certificates.** Borrowers shall deliver to the Lender (a) promptly upon becoming aware of any Default, notice of such Default; (b) promptly upon becoming aware of any litigation threatened in writing against any Borrower or filed (other than any adversary proceeding filed in the Chapter 11 Cases), or any event (other than events of public knowledge in the Chapter 11 Cases), in each case which could reasonably be expected to have a Material Adverse Change, notice of such litigation or event; and (c) at the time a Notice of Borrowing is furnished to the Lender, a Compliance Certificate. In addition, the Borrowers agree to maintain a system of accounting that enables the Borrowers to produce unaudited financial statements in accordance with GAAP.

### 5.2 **Reporting; Approved Budget; Conference Calls.**

(a) The Borrowers shall comply with the agreements, requirements, covenants and undertakings applicable to it set forth in Exhibit C, in accordance with the terms thereof.

(b) The Borrowers have delivered to the Lender an extended weekly Approved Budget that sets forth in reasonable detail and separated into line items for each category of receipts or disbursements, all of the Borrowers' projected (i) Cash Operating Receipts, (ii) Cash Operating Disbursements, and (iii) Other Disbursements, each on a weekly basis and in form and substance acceptable to the Lender (the "Initial Approved Budget", as modified from time to time in accordance herewith, the "Approved Budget"), which is attached hereto as Exhibit B.

(c) Every fourth Wednesday following the Initial Approved Budget's approval (or, to the extent such Wednesday is not a Business Day, the next Business Day thereafter), the Borrowers shall deliver an updated Approved Budget extending the term thereof (each an "Updated Approved Budget"). Lender, in its sole discretion, shall have the right to approve or reject any Updated Approved Budget or any amendments by providing the Borrowers specific notice thereof within five (5) Business Days after the delivery by the Borrowers of an Updated Approved Budget. To the extent the Lender provides written notice rejecting the Updated Approved Budget, the then existing Approved Budget shall continue to constitute the Approved Budget until such time as an update or amendment is approved by the Lender. In the event the Lender does not provide written notice of its rejection of the proposed updates within such five (5)-day period, the Lender shall be deemed to have approved the Updated Approved Budget. Upon approval, the Updated Approved Budget shall become the Approved Budget.

(d) On Thursday of every week following delivery by the Borrowers of the Updated Approved Budget (or, to the extent such Thursday is not a Business Day, the next Business Day thereafter), the Borrowers shall deliver to the Lender a variance report, in a form satisfactory to the Lender, for the rolling cumulative four (4)-week period ending the prior Friday (each a "Measuring Period") calculating the Net Operating Disbursements Variance for such Measuring Period; and explaining in reasonable detail all material Net Operating Disbursements Variance (each such report, a "Variance Report").

(e) [Reserved].

(f) The Borrowers (or their financial advisor) shall use commercially reasonable efforts to participate in a weekly conference call at such time to be agreed between the Borrowers and the Lender, if requested by the Lender, management issues, sale process, and other matters. If reasonably requested by the Lender, the chief restructuring officer or the chief financial officer of the Borrowers shall participate in such conference calls.

(g) **Material Contracts; Sale Offers.** Other than defaults existing as of the date hereof, the Borrowers shall deliver to the Lender (i) promptly upon the Borrowers becoming aware of any default (other than the filing of the Chapter 11 Cases) or other material breach under any Material Contract to which any Borrower is a party, notice of such defaults or breaches, and (ii) promptly notify the Lender upon any written offer by a third party to purchase all or substantially all of the assets of any Borrower, or to purchase all or substantially all of the equity of the Borrowers, in a binding bid related to a potential Sale.

5.3 **Existence.** At all times, the Borrowers shall (a) maintain and preserve in full force and effect its existence (including being in good standing in its jurisdiction of incorporation or formation) and (b) maintain all its rights and franchises, licenses and permits, except where the failure to maintain any such rights and franchises, or licenses and permits would not reasonably be expected to result in a Material Adverse Change.

5.4 **Maintenance of Properties; Permits.** The Borrowers shall (a) maintain and preserve the Collateral that is necessary to the proper conduct of its business in good working order and condition, ordinary wear, tear, and casualty excepted to the extent permitted by the Approved Budget and the Permitted Variance, (b) comply with the material provisions of all material leases related to the Collateral pledged by it, so as to prevent the loss or forfeiture thereof, unless such provisions are the subject of a Permitted Protest and (c) maintain, comply with and keep in full force and effect its Permits with respect to the Collateral pledged by it, unless failure to do so would not result in a Material Adverse Change. The Borrowers shall comply with, and obtain and maintain, all Permits required for the operation of its business, unless failure to do so would not result in a Material Adverse Change.

5.5 **Taxes**. The Borrowers shall cause all assessments and taxes imposed, levied, or assessed after the Petition Date against any Collateral to be paid in full, before delinquency or before the expiration of any extension period, except to the extent that any such assessments and taxes shall be paid as part of a Sale or pursuant to the Approved Budget or that is subject to a Permitted Protest.

5.6 **Insurance**. At the relevant Borrowers' expense, the Borrowers shall maintain insurance with respect to the Collateral in which the Borrowers have any right, interest or title, covering loss or damage by fire, theft, explosion, and all other hazards and risks as ordinarily are insured against by other Persons engaged in the same or similar businesses and consistent with the Borrowers' insurance policies in effect on the Petition Date. The Borrowers shall maintain general liability, director's and officer's liability insurance, fiduciary liability insurance, employment practices liability insurance, title insurance as well as insurance against larceny, embezzlement, and criminal misappropriation, consistent with the Borrowers' insurance policies in effect on the Petition Date. All such policies of insurance shall be with responsible and reputable insurance companies and in such amounts as is carried generally in accordance with sound business practice by companies in similar businesses similarly situated and located and in any event in amount, adequacy and scope reasonably satisfactory to the Lender. All property insurance policies covering the Collateral are, reasonably promptly after the Effective Date (but not more than fifteen (15) Business Days thereafter), to be made payable to the Lender, in case of loss, pursuant to a standard loss payable endorsement with a standard non-contributory "lender" or "secured party" clause and are to contain such other provisions as the Lender may reasonably require to fully protect the Lender's interest in the Collateral and any payments to be made under such policies. All certificates of property and general liability insurance are to be delivered to the Lender, reasonably promptly after the Effective Date (but not more than fifteen (15) Business Days thereafter), with the loss payable (but only in respect of Collateral) and additional insured endorsements in favor of the Lender and shall provide for not less than thirty (30) days (fifteen (15) in the case of non-payment) prior written notice to Lender of the exercise of any right of cancellation. If the Borrowers fail to maintain the insurance required by this Section 5.6, the Lender may arrange for such insurance, but at the Borrowers' expense and without any responsibility on the Lender's part for obtaining the insurance, the solvency of the insurance companies, the adequacy of the coverage, or the collection of claims. The Administrative Borrower shall give the Lender prompt notice of any loss covered by the casualty or business interruption insurance of any Borrower. Upon the occurrence and during the continuance of an Event of Default, the Lender shall have the sole right to file claims under any property and general liability insurance policies in respect of the Collateral, to receive, receipt and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies.

5.7 **Inspection**. The Borrowers shall permit the Lender and each of its duly authorized representatives or agent to visit any of its properties and inspect any of its Collateral or books and records, to conduct appraisals and valuations, to examine and make copies of its books and records, and to discuss its affairs, finances, and accounts with, and to be advised as to the same by, its officers and employees at such reasonable times and intervals as the Lender may reasonably require and, so long as no Default or Event of Default exists, with reasonable prior notice to the applicable Loan Party.

5.8 **Environmental**. The Loan Parties shall:

(a) Comply with all applicable Environmental Laws, except where the failure to so comply would not reasonably be expected result in a Material Adverse Change.

(b) Promptly notify the Lender of any release of which any Loan Party has knowledge of a Hazardous Material in any reportable quantity from or onto property owned or operated by any Loan Party that would reasonably be expected to result in a Material Adverse Change.

(c) Promptly, but in any event within five (5) Business Days of its receipt thereof, provide the Lender with written notice of (i) commencement of any Environmental Action or written notice that an Environmental Action will be filed against any Loan Party, which Environmental Action may would reasonably be expected to result in a Material Adverse Change, and (ii) written notice of a violation, citation, or other administrative order from a Governmental Authority, which would reasonably be expected to result in a Material Adverse Change.

5.9 **Compliance with Laws**. The Loan Parties shall comply with the requirements of all applicable laws, rules, regulations, and orders of any Governmental Authority, other than laws, rules, regulations, and orders the non-compliance with which, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Change.

5.10 **Disclosure Updates**. The Loan Parties shall promptly, and in no event later than five (5) Business Days after obtaining actual knowledge thereof, notify the Lender of any written information, exhibit, or report (other than materials marked as drafts and forward-looking information and projections and information of a general economic nature and general information about Loan Parties' industry) furnished to the Lender contained, at the time it was furnished, any untrue statement of a material fact or omitted to state any material fact necessary to make the statements contained therein (taken as a whole) not misleading in light of the circumstances in which made. Any notification pursuant to the foregoing provision will not cure or remedy the effect of the prior untrue statement of a material fact or omission of any material fact nor shall any such notification have the effect of amending or modifying this Agreement or any of the Schedules or reports hereto, except as expressly provided hereunder.

5.11 **Further Assurances**. Upon reasonable written notice from the Lender, the Loan Parties shall use commercially reasonable efforts to execute and deliver to the Lender any and all Security Documents, fixture filings, endorsements of certificates of title, and all other documents (collectively, the "**Additional Documents**") that the Lender may reasonably request in form and substance reasonably satisfactory to the Lender, to create, perfect, and continue perfected or to better perfect the Lender's Liens in all the Collateral (whether now owned or hereafter arising or acquired, tangible or intangible, real or personal).

5.12 **[Reserved]**.

5.13 **Approved Budget**. Borrowers shall comply with the Approved Budget (as updated and supplemented in accordance with this Agreement), subject to the Permitted Variance.

5.14 **Carve Out Trigger Notice Reserve**. The Borrowers shall deposit and hold in a segregated account the Carve Out Trigger Notice Reserve to pay such then unpaid Allowed Professional Fees prior to any and all other claims. The Carve Out Trigger Notice Reserve shall be funded by the Borrowers on a weekly basis and shall contain an amount equal to the amount of Pre-Trigger Date Fees reflected in the Approved Budget from the Petition Date through the weekly date of funding.

5.15 **Pledged Securities**. The Pledged Securities (other than the Equity Interests of any Borrower pledged hereunder) in the securities accounts noted on **Schedule 4.11** shall at all times remain in such securities accounts noted on such **Schedule 4.11** and, on a monthly basis, the Borrowers shall provide to Lender a copy of the statement from the securities intermediary which sets forth the balance of such Pledged Securities and confirms that no transfers have been made other than a Permitted Transfer in accordance with the terms of this Agreement.

5.16 **Joinder of Existing Subsidiaries**. The Borrowers shall cause any of their Subsidiaries that join the Chapter 11 Cases or otherwise commence a chapter 11 case under the Bankruptcy Code to be joined as a Guarantor under this Agreement by executing a Guarantor Joinder Agreement in substantially the form attached hereto as Exhibit F.

5.17 **Milestones**. The Borrowers shall comply, and shall cause each other Loan Party to comply, with the following milestones (the “Milestones”) by the required dates set forth below (unless extended or waived in writing (email being sufficient) by the DIP Lender in its sole discretion):

(a) By no later than August 8, 2023, the Bankruptcy Court shall have entered the (i) DIP Order and (ii) Stalking Horse Protections Order;

(b) By no later than August 14, 2023, the auction for the sale of the Purchased Securities (the “Scilex Assets Sale”) shall have commenced;

(c) By no later than August 18, 2023, the Bankruptcy Court shall commence a hearing to consider approval of the Scilex Assets Sale.

(d) By no later than August 21, 2023, the Bankruptcy Court shall have entered an order approving the Scilex Assets Sale in form and substance acceptable to the DIP Lender; and

(e) By no later than September 30, 2023, the closing date of the Scilex Assets Sale shall have occurred.

## **6. NEGATIVE COVENANTS.**

The Loan Parties covenant and agree that, until termination of the Commitment and payment in full of the Obligations, the Loan Parties will not do any of the following without the prior consent of the Lender in its sole discretion:

6.1 **Indebtedness**. Create, incur, assume, suffer to exist, guarantee, or otherwise become or remain, directly or indirectly, liable with respect to any Indebtedness with respect to the Collateral, except for the following (“Permitted Indebtedness”):

(a) Indebtedness evidenced by this Agreement and the other Loan Documents (including, for the avoidance of doubt, the Carve Out);

(b) Indebtedness outstanding under the Junior Credit Agreement and other Indebtedness outstanding as of the Effective Date (after giving effect to the refinancing and payment in full of the Refinanced DIP Obligations) and listed on Schedule 4.8 and any refinancing Indebtedness in respect thereof in an amount not to exceed the principal amount of such original indebtedness except by an amount no greater than accrued and unpaid interest with respect to such original indebtedness and any reasonable fees, premium and expenses relating to such renewal or refinancing;

(c) unsecured obligations (contingent or otherwise) of any Borrower existing or arising under any swap contract; provided that (i) such obligations are (or were) entered into by such Person in the Ordinary Course of Business for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person, or changes in the value of securities issued by such Person, and not for purposes of speculation or taking a “market view”, and (ii) such swap contract is not for speculative purposes;

(d) obligations under any cash management agreement and other Indebtedness in respect of netting services, automatic clearinghouse arrangements, overdraft protections, employee credit card programs and other cash management and similar arrangements incurred in the Ordinary Course of Business;

(e) unsecured Indebtedness consisting of (i) the financing of insurance premiums or (ii) take-or-pay obligations contained in supply arrangements, in each case, incurred in the Ordinary Course of Business;

(f) unsecured Indebtedness incurred by any Borrower in respect of letters of credit, bank guarantees, bankers' acceptances, warehouse receipts or similar instruments issued or created in the Ordinary Course of Business, including in respect of workers compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance or other Indebtedness with respect to reimbursement-type obligations regarding workers compensation claims; provided that upon the drawing of such letter of credit, the reimbursement of obligations in respect of bankers' acceptances and the incurrence of such Indebtedness, and such obligations are reimbursed promptly (but no more than thirty (30) days) following such drawing, reimbursement obligation or incurrence;

(g) all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (a) through (g) above below;

(h) guarantees with respect to Indebtedness permitted under this Section 6.1;

(i) intercompany Indebtedness of a Loan Party incurred in the Ordinary Course of Business, and consistent with past practice in an aggregate amount not exceeding \$10,000,000; and

(j) any other Indebtedness in an aggregate outstanding amount not to exceed \$25,000,000 at any one time; provided that (i) any Liens securing such Indebtedness shall rank junior in priority to the Liens on the Collateral securing the Obligations and (ii) such Indebtedness shall be subordinated in right of payment to the Obligations on terms satisfactory to the Lender.

6.2 **Liens.** Create, incur, assume, or suffer to exist on or after the date of this Agreement, directly or indirectly, any Lien on or with respect to any of the Collateral, of any kind, whether now owned or hereafter acquired, or any income or profits therefrom, except for Permitted Liens.

6.3 **Restrictions on Fundamental Changes.** Except in connection with an Acceptable Plan or Acceptable 363 Sale approved by the Bankruptcy Court or otherwise with the prior written consent of the Lender:

(a) no Loan Party shall enter into any merger, consolidation, reorganization, or recapitalization, or reclassify its equity interests;

(b) no Loan Party shall liquidate, wind up, or dissolve itself (or suffer any liquidation or dissolution); and

(c) no Loan Party shall suspend or close a substantial portion of its business.

6.4 **Disposal of Assets.** Except in connection with an Acceptable Plan or Acceptable 363 Sale, convey, sell, lease, license, assign, transfer, or otherwise dispose of (or enter into an agreement to convey, sell, lease, license, assign, transfer, or otherwise dispose of) any Collateral pledged by the Borrowers, other than:

(a) dispositions of inventory of any goods or assets made in the Ordinary Course of Business and consistent with past practice;

(b) dispositions of surplus, obsolete or worn-out assets or assets no longer used or useful in the conduct of business of the Borrower and consistent with past practice;

(c) Permitted Transfers;

(d) dispositions of Collateral comprising of the businesses, assets or Equity Interests owned by the Borrowers in ImmuneOncia Therapeutics Inc., Lee's Pharmaceutical Holdings Limited, and Sofusa (formerly a subsidiary of Kimberly-Clark Corporation); and

(e) additional dispositions of inventory, goods or assets with an aggregate fair market value not to exceed \$100,000,000 over the term of this Agreement.

6.5 **Change Name.** Change any Loan Party's name, state of organization or organizational identity, except upon ten (10) Business Days prior written notice to the Lender.

6.6 **Nature of Business.** Make any change in the nature of any Loan Party's business or acquire any properties or assets that are not reasonably related to the conduct of such business activities; provided that the foregoing shall not prevent any Loan Party from (i) engaging in any business that is reasonably related or ancillary to its or their business, or (ii) complying with any requirement of the Bankruptcy Code.

6.7 **Material Leases or Contracts; Amendments.** Change or modify (i) the material terms of any of its Material Contracts in connection with Collateral except in a manner that could not reasonably be expected to result in a Material Adverse Change, or (ii) any of its Organizational Documents in a manner that is adverse to the Lender.

6.8 **Change of Control.** Cause, permit, or suffer, directly or indirectly, any Change of Control.

6.9 **Accounting Methods.** Modify or change its fiscal year or its method of accounting (other than as may be required to conform to GAAP).

6.10 **Transactions with Affiliates.** Directly or indirectly enter into or permit to exist any transaction with any Affiliate of any Loan Party, except for (a) transactions that are in the Ordinary Course of Business of such Loan Party and are consistent with such Loan Party's past practice, or (b) are otherwise in connection with the permitted transactions described in Sections 6.1, 6.2, 6.3, 6.4, 6.15 and 6.19, including, for the avoidance of doubt, such as various employee incentive and retention programs (in compliance with the Bankruptcy Code) among Loan Parties and their respective Affiliates.

6.11 **Use of Proceeds.** Use the proceeds of the Loans for any purpose other than to fund payments related to the: (a) working capital and other general corporate purposes of the Borrowers, subject to the Approved Budget and the Permitted Variance; (b) the payment of Allowed Professional Fees and bankruptcy-related expenses, subject to the Carve Out, and in each case, consistent with, subject to, and within the categories and limitations contained in the DIP Order and the Approved Budget; (c) Fees and Lender Expenses payable under this Agreement; (d) refinancing and payment in full of the Refinanced DIP Obligations; and (e) interest and other amounts payable under this Agreement. Notwithstanding anything to the contrary in this Agreement, or any other Loan Document, the proceeds of the Loans or Collateral, or any portion of the Carve-Out, shall not be used directly or indirectly by any Borrower, any other Loan Party, the Bankruptcy Committees, or any trustee appointed in the Chapter 11 Cases or any successor cases, including any case under Chapter 7 of the Bankruptcy Code, or any other Person:

(a) in connection with the investigation, initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation: (i) against the Lender, or its respective predecessors-in-interest, agents, affiliates, representatives, attorneys, or advisors, or any action purporting to do the foregoing in respect of the Obligations, Lender's Liens on the Collateral, or Lender's claims in the Chapter 11 Cases; or (ii) challenging the amount, validity, perfection, priority or enforceability of or asserting any defense, counterclaim or offset to, the Obligations and/or the liens, claims, rights, or security interests granted under the DIP Order, the Documents, including, in each case, without limitation, for lender liability or pursuant to section 105, 510, 544, 547, 548, 549, 550, or 552 of the Bankruptcy Code, applicable non-bankruptcy law or otherwise;

(b) to prevent, hinder, or otherwise delay the Lender's enforcement or realization on the Obligations, Collateral, and the liens, claims and rights granted to the Lender under the DIP Order, each in accordance with the Loan Documents and the DIP Order; provided, however, that this shall not apply to objections to the DIP Order;

(c) to seek to modify, stay, vacate or amend any of the rights and remedies granted to the Lender under the DIP Order (other than with the consents contemplated thereunder), or the Loan Documents, as applicable; or

(d) to apply to the Bankruptcy Court for authority to approve Super-priority Claims or grant liens (other than the liens permitted pursuant to the DIP Documents) or security interests in the Collateral or any portion thereof that are senior to, or on parity with, the Lender's Liens on the Collateral or the Lender's claims in the Chapter 11 Cases, unless permitted under the Loan Documents or unless all Obligations and claims granted to the Lender under the DIP Order have been refinanced or paid in full in cash or otherwise agreed to in writing by the Lender.

6.12 **Limitation on Capital Expenditures.** Except as set forth in the Approved Budget, make or incur any Capital Expenditure.

6.13 **Chapter 11 Cases.** Seek approval from the Bankruptcy Court for approval of, consent or suffer to exist (i) any modification, stay, vacation or amendment to the DIP Order; (ii) in connection with the Collateral, a priority claim for any administrative expense or unsecured claim against any Loan Party (now existing or hereafter arising of any kind or nature whatsoever, including, without limitation, any administrative expense of any kind specified in Section 503(b), 506(b) or (c) or 507(b) of the Bankruptcy Code) equal to or superior to the priority claim of the Lender in respect to the Collateral; and (iii) any Lien on Collateral having a priority equal or superior to the Liens in favor of the Lender in respect of the Obligations, other than as required under a purchase agreement with respect to the good faith deposit thereunder.

6.14 **Plan.** Propose and/or support any plan that is not an Acceptable Plan.



6.15 **Acquisitions, Loans or Investments**. Make any acquisition, advance, loan or any other investment of any kind or nature other than:

(a) investments held by any Loan Party in the form of cash or cash equivalents;

(b) investments existing as of the Effective Date;

(c) investments in any Person that is a Loan Party;

(d) intercompany investments consisting of Indebtedness granted by a Loan Party to a non-Loan Party incurred in the Ordinary Course of Business, and consistent with past practice intercompany, in an aggregate amount not exceeding \$10,000,000;

(e) guarantees permitted by Section 6.1; and

(f) investments consisting of Indebtedness, Liens, fundamental changes and dispositions permitted under Sections 6.1, 6.2, 6.3 and 6.4, respectively.

6.16 **Payments on Indebtedness**. Other than with respect to the Obligations or pursuant to the Approved Budget, make any payment when due with respect to any Indebtedness.

6.17 **Distributions or Redemptions**. Pay any dividends or distributions on, or make any redemptions of, any equity interest of any Loan Party other than to another Borrower.

6.18 **Transfer of Pledged Securities**. Except as otherwise set forth in Section 6.4, transfer, move, withdraw or otherwise exchange the Pledged Securities from the securities intermediary currently in place as of the Effective Date.

6.19 **Formation of Subsidiaries**. Form any direct or indirect Subsidiary or acquire any direct or indirect Subsidiary after the Effective Date, if such Subsidiary is to be added as a debtor in possession under the Chapter 11 Cases or otherwise commences a chapter 11 case under the Bankruptcy Code unless such Subsidiary is joined as a Guarantor under this Agreement by executing a Guarantor Joinder Agreement in substantially the form attached hereto as Exhibit E, or otherwise with the written consent of Lender in its sole discretion.

## **7. GUARANTY.**

7.1 **Guaranty**. Each Guarantor unconditionally and irrevocably guarantees to the Lender the full and prompt payment when due (whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise) and performance of the Obligations (the "Guaranteed Obligations").

7.2 **Separate Obligation**. Each Guarantor acknowledges and agrees that, in providing benefits to the Borrowers, the Lender is relying upon the enforceability of this Article 7 and the Guaranteed Obligations. The fact that the guaranty is set forth in this Agreement rather than in a separate guaranty document is for the convenience of Borrowers and Guarantors and shall in no way impair or adversely affect the rights or benefits of the Lender under this Article 7.

7.3 **Limitation of Guaranty**. To the extent that any court of competent jurisdiction shall impose by final judgment under applicable Laws (including Sections 544 and 548 of the Bankruptcy Code) any limitations on the amount of any Guarantor's liability with respect to the Guaranteed Obligations that the Lender can enforce under this Article 7, the Lender accepts such limitation on the amount of such Guarantor's liability hereunder only to the extent needed to make this Article 7 fully enforceable and non-avoidable.

7.4 **Liability of Guarantors.** The liability of each Guarantor under this Article 7 shall be irrevocable, absolute, independent and unconditional, and shall not be affected by any circumstance that might constitute a discharge of a surety or Guarantor other than the indefeasible payment and performance in full of all Guaranteed Obligations. In furtherance of the foregoing and without limiting the generality thereof, each Guarantor agrees as follows:

(a) such Guarantor's liability hereunder shall be the immediate, direct, and primary obligation of such Guarantor and shall not be contingent upon the Lender's exercise or enforcement of any remedy it may have against the Borrowers or any other Person, or against any Collateral or any security for any Guaranteed Obligations;

(b) this guarantee is a guaranty of payment when due and not merely of collectability;

(c) such Guarantor's payment of a portion, but not all, of the Guaranteed Obligations shall in no way limit, affect, modify or abridge such Guarantor's liability for any portion of the Guaranteed Obligations remaining unsatisfied; and

(d) such Guarantor's liability with respect to the Guaranteed Obligations shall remain in full force and effect without regard to, and shall not be impaired or affected by, nor shall such Guarantor be exonerated or discharged by, any of the following events:

(i) any proceeding under the Bankruptcy Code (except to the extent set forth in Section 7.3);

(ii) any limitation, discharge, or cessation of the liability of any Borrower or any other Person for any Guaranteed Obligations due to any applicable law, or any invalidity or unenforceability in whole or in part of any of the Guaranteed Obligations or the Loan Documents;

(iii) any merger, acquisition, consolidation or change in structure of any Borrower, any Subsidiary thereof or any other Guarantor or Person, or any sale, lease, transfer or other disposition of any or all of the assets of any Borrower or any other Person;

(iv) any assignment or other transfer, in whole or in part, of the Lender's interests in and rights under this Agreement (including this Section 7) or the other Loan Documents;

(v) any claim, defense, counterclaim or setoff, other than that of prior performance, that Borrowers, such Guarantor, any other Guarantor or any other Person may have or assert, including any defense of incapacity or lack of corporate or other authority to execute any of the Loan Documents;

(vi) the amendment, modification, renewal, extension, cancellation or surrender of any Loan Document or any Guaranteed Obligations; or (vii) the Lender's exercise or non-exercise of any power, right or remedy with respect to any Guaranteed Obligations.

7.5 **Consents of Guarantors.** Each Guarantor hereby unconditionally consents and agrees that, without notice to or further assent from such Guarantor:

(a) the principal amount of the Guaranteed Obligations may be increased or decreased and additional indebtedness or obligations of Borrowers under the Loan Documents may be incurred and the time, manner, place or terms of any payment under any Loan Document may be extended or changed, by one or more amendments, modifications, renewals or extensions of any Loan Document or otherwise;

(b) the time for Borrowers' (or any other Person's) performance of or compliance with any term, covenant or agreement on its part to be performed or observed under any Loan Document may be extended, or such performance or compliance waived, or failure in or departure from such performance or compliance consented to, all in such manner and upon such terms as the Lender may deem proper;

(c) the Lender may request and accept other guaranties and may take and hold security as collateral for the Guaranteed Obligations, and may, from time to time, in whole or in part, exchange, sell, surrender, release, subordinate, modify, waive, rescind, compromise or extend such other guaranties or security and may permit or consent to any such action or the result of any such action, and may apply such security and direct the order or manner of sale thereof; and

(d) the Lender may exercise, or waive or otherwise refrain from exercising, any other right, remedy, power or privilege even if the exercise thereof affects or eliminates any right of subrogation or any other right of such Guarantor against any Borrower.

7.6 **Guarantor's Waivers.** Each Guarantor waives and agrees not to assert:

(a) any defense arising by reason of any lack of corporate or other authority or any other defense of any Borrower, such Guarantor or any other Person;

(b) any and all notice of the acceptance of this Guaranty, and any and all notice of the creation, renewal, modification, extension or accrual of the Guaranteed Obligations. The Guaranteed Obligations shall conclusively be deemed to have been created, contracted, incurred and permitted to exist in reliance upon this Guaranty. Each Guarantor waives promptness, diligence, presentment, protest, demand for payment, notice of default, dishonor or nonpayment and all other notices to or upon any Borrower, each Guarantor or any other Person with respect to the Guaranteed Obligations;

(c) any right, including but not limited to under Sections 2845 or 2850 of the California Civil Code (the "CCC"), to require Lender to institute suit against, or to exhaust any rights and remedies which Lender has or may have against, any Borrower or any other Loan Party or any third party or against any Collateral for the Obligations;

(d) (i) any right to assert against Lender any defense (legal or equitable), set-off, counterclaim or claim which such Guarantor may now or at any time hereafter have against any Borrower or any other party liable to Lender, including, without limitation under Sections 2787 through 2855, 2899, and 3433; (ii) any defense, set-off, counterclaim or claim, of any kind or nature, arising directly or indirectly from the present or future lack of perfection, sufficiency, validity, or enforceability of the Obligations or any security therefor; (iii) any defense such Guarantor has to performance under this Guaranty, and any right Guarantor has to be exonerated, under Sections 2819, 2822, or 2825 of the CCC, or otherwise, arising by reason of the impairment or suspension of Lender's rights or remedies against any Borrower, the alteration or modification by Lender of any of the Obligations of any Borrower, any discharge or release of any of the Obligations to Lender by operation of law as a result of Lender's intervention or omission, or the acceptance by Lender of anything in partial satisfaction of any of the Obligations; (iv) the benefit of any statute of limitations affecting such Guarantor's liability under this Guaranty or the enforcement thereof, and any act which shall defer or delay the operation of any statute of limitations applicable to the Obligations shall similarly operate to defer or delay the operation of such statute of limitations applicable to such Guarantor's liability under this Guaranty; and

(e) any defense arising by reason of or deriving from (i) any claim or defense based upon an election of remedies by Lender, including but not limited to any defense based upon an election of remedies by Lender under Section 580a, 580b, 580d or 726 of the California Code of Civil Procedure or any similar law of California, New York or any other jurisdiction; or (ii) any election by Lender under the Bankruptcy Code Section 1111(b) to limit the amount of, or any Collateral securing, its claim against the Borrowers.

As provided in Article 12 of this Agreement, this Agreement shall be governed by, and shall be construed and enforced in accordance with the laws of the State of New York. This Section 7.6 is included solely out of an abundance of caution, and shall not be construed to mean that any of the above-referenced provisions of California law are in any way applicable to this Agreement or to any of the Obligations.

7.7 **Continuing Guaranty.** This Guaranty is a continuing guaranty and agreement of subordination and shall continue in effect and be binding upon each Guarantor until termination of the Commitment and payment and performance in full of the Guaranteed Obligations.

7.8 **Reinstatement.** This Guaranty shall continue to be effective or shall be reinstated and revived, as the case may be, if, for any reason, any payment of the Guaranteed Obligations by or on behalf of the Borrowers (or receipt of any proceeds of Collateral) shall be rescinded, invalidated, declared to be fraudulent or preferential, set aside, voided or otherwise required to be repaid to the Borrowers, its estate, trustee, receiver or any other Person (including under the Bankruptcy Code), or must otherwise be restored by the Lender in the Chapter 11 Cases of the Borrowers.

## **8. EVENTS OF DEFAULT.**

8.1 **Events of Default.** Any one or more of the following events shall constitute an event of default following giving of any applicable notice (if required) and the expiration of the applicable cure period (if any) (each, an “Event of Default”) under this Agreement:

(a) The Borrowers shall fail to pay when due, any principal (including without limitation pursuant to Section 2.3(d) hereof);

(b) The Borrowers shall fail to pay any interest or any Fees, costs due to Lender or any other amount (other than an amount referred to in subsection (a) above) under this Agreement or any Loan Document when and as the same shall become due and payable;

(c) Any Loan Party shall fail to comply with its obligations under Sections 5.1(a), 5.3 (solely with respect to maintaining the Borrowers’ existence), 5.8, Article 6 and/or Article 9;

(d) Other than as set forth in any other sub-section of this Section 8.1, any Loan Party shall fail to perform, or otherwise breach, any of its respective covenants or obligations contained in this Agreement, which failure or breach shall continue unremedied (i) for a period of three (3) Business Days if such breach relates to the terms or provisions of Sections 5.2(a), (b), (c) and/or (d), or (ii) for a period of ten (10) Business Days (or seven (7) Business Days if such breach relates to the terms or provisions of Section 5.4) after the earlier to occur of (x) the date on which such failure to comply is known or reasonably should have become known to any officer of the relevant Loan Party, or (y) the date on which the Lender shall have notified the relevant Loan Party of such failure; provided, however, that the period set forth in this clause (ii) shall not apply in the case of any failure which is not capable of being cured at all or within such ten period;

(e) Any representation or warranty made by any Loan Party in this Agreement or in any agreement, certificate, instrument or financial statement or other statement delivered to the Lender pursuant to or in connection with this Agreement shall prove to have been incorrect in any material respect when made or deemed made, which failure or breach shall continue for ten (10) Business Days after the date upon which such default is known or reasonably should have become known to any officer of the relevant Loan Party or it has received a written notice of such failure or breach from the Lender;

(f) The failure of the Loan Parties to meet the Milestones by the applicable specified deadlines;

(g) Any Borrower shall file or obtain Bankruptcy Court approval of a disclosure statement for a plan of reorganization that is not an Acceptable Plan;

(h) The entry of the DIP Order shall have not occurred on or before August 8, 2023;

(i) Except with respect to the Carve Out, the Borrowers shall file any motion or application, or the Bankruptcy Court grants the motion or application of any other Person, which seeks approval for or allowance of any claim, lien, security interest ranking equal or senior in priority to the claims, liens and security interests granted to the Lender under the DIP Order, or with respect to the Collateral or any such equal or prior claim, lien, or security interest shall be established in any manner, except, in any case, as expressly permitted under the DIP Order;

(j) The DIP Order shall cease to be in full force and effect from and after the date of entry thereof by the Bankruptcy Court without the prior written consent of Lender;

(k) Non-compliance by any Loan Party with the terms of the DIP Order, subject to any grace or cure period provided in such order or granted by order of a court in the Bankruptcy Case;

(l) The entry of an order which provides relief from any stay or proceeding (including, without limitation, the automatic stay imposed pursuant to Section 362 of the Bankruptcy Code), which order permits any creditor, other than the Lender, to realize upon, or to exercise any right or remedy with respect to, any material asset of the Loan Parties to which a fair market value exceeds \$30,000,000;

(m) The entry of an order (i) surcharging any of the Collateral under Sections 105, 506(c), or any other section of the Bankruptcy Code, (ii) allowing any administrative expense claim having priority over or ranking in parity with the Lender's claims or the rights, or (iii) resulting in the marshaling of any Collateral;

(n) Conversion of any Chapter 11 Case to a case under Chapter 7 of the Bankruptcy Code, or dismissal of a Chapter 11 Case or any subsequent case under Chapter 7 of the Bankruptcy Code, either voluntarily or involuntarily and the Obligations are not simultaneously indefeasibly paid in full;

(o) The DIP Order or any Loan Document is modified, reversed, revoked, remanded, stayed, rescinded, vacated or amended on appeal or by the Bankruptcy Court without the prior written consent of the Lender (and no such consent shall be implied from any other authorization or acquiescence by the Lender);

(p) The entry of an order appointing a trustee, responsible officer, or an examiner having expanded powers (beyond those set forth under Sections 1106(a)(3) and (4) of the Bankruptcy Code) under Bankruptcy Code section 1104 (other than a fee examiner) in the Chapter 11 Cases, or the Bankruptcy Court shall have entered an order providing for such appointment, in each case without the prior written consent of the Lender in its sole discretion;

(q) Any action by any Borrower to (i) challenge the rights and remedies of the Lender under this Agreement in the Chapter 11 Cases or acting in a manner inconsistent with the Loan Documents or (ii) avoid or require disgorgement by the Lender of any amounts received in respect of the Obligations;

(r) The making of any material payments in respect of prepetition obligations other than (i) as permitted by the DIP Order, (ii) as permitted by any “first day” or “second day” orders reasonably satisfactory to the Lender, (iii) as permitted by any other order of the Bankruptcy Court reasonably satisfactory to the Lender, (iv) as permitted under this Agreement or any other Loan Documents, or (v) as otherwise agreed to by the Lender in writing;

(s) The entry of an order by the Bankruptcy Court terminating or modifying the exclusive right of any Borrower to file a chapter 11 plan pursuant to section 1121 of the Bankruptcy Code, without the prior written consent of the Lender;

(t) The Borrowers shall seek to, or support any other person’s motion to, (a) disallow in whole or in part the Obligations, (b) challenge the validity and enforceability of the Lender’s Liens, (c) contest any material provision of this Agreement or any Loan Document;

(u) [Reserved]

(v) The resignation or termination of the Borrowers’ chief restructuring officer in place as of the Effective Date, unless a replacement reasonably acceptable to the Lender is appointed within seven (7) days thereof;

(w) Entry of a final non-appealable order vacating the Cynviloq Award; provided that, for the avoidance of doubt, the settlement of any litigation or disputes (whether in connection with the Cynviloq Award or otherwise) shall not constitute an Event of Default;

(x) The entry of an order by the Bankruptcy Court confirming a chapter 11 plan that is not an Acceptable Plan or approving a Sale that is not an Acceptable 363 Sale;

(y) A Variance Report showing a Net Operating Disbursement Variance greater than a Permitted Variance;

(z) The termination of the SPA or other definitive documentation related to the Scilex Asset Sale or the Purchased Securities, solely to the extent such termination results from a material breach of such documentation by any Loan Party or any other seller thereunder; or

(aa) The occurrence of a Change of Control.

For the avoidance of doubt, any actions relating to the Excluded Claims shall not constitute an Event of Default.

8.2 **Rights and Remedies.** (a) Upon the occurrence and during the continuance of an Event of Default, and notwithstanding Section 362 of the Bankruptcy Code and without further order of the Bankruptcy Court or any other court or the initiation of any further proceeding with the Borrowers except as provided in this Section 8.2, in addition to any other rights or remedies provided for hereunder or under any other Loan Document (including the DIP Order) or by the UCC or any other applicable law, the Lender may do any one or more of the following, in each case subject, as set forth in the DIP Order, to the requirement for a Remedies Notice, Stay Relief Hearing and the expiration of the Remedies Notice Period:

(i) declare the Obligations, whether evidenced by this Agreement or by any of the other Loan Documents, due and payable, and the Commitment terminated, in each case upon the expiration of the Remedies Notice Period, whereupon the Obligations shall become and be immediately due and payable, without presentment, demand, protest, or further notice or other requirements of any kind, all of which are hereby expressly waived by the Borrowers;

(ii) terminate, restrict or reduce any Borrower's ability to use Cash Collateral other than to pay expenses set forth in the Approved Budget that are necessary to avoid immediate and irreparable harm to the Borrowers' estates; provided, however, that the Professional Fees and expenses of the Borrowers' and the Bankruptcy Committees' professionals shall be governed by the DIP Order;

(iii) charge interest at the Default Rate;

(iv) upon five (5) days' prior written notice (which period shall be deemed to be reasonable notice) to the Administrative Borrower, in accordance with the terms hereof, and the United States Trustee and lead counsel for any creditors' committee, obtain and liquidate the Collateral. If notice of disposition of Collateral is required by law, ten (10) days prior notice by the Lender to the Administrative Borrower designating the time and place of any public sale or the time after which any private sale or other intended disposition of Collateral is to be made, shall be deemed to be reasonable notice thereof and shall constitute "authenticated notice of disposition" within the meaning of Section 9-611 of the UCC, and the Borrowers waive any other notice. The Lender may bid for and purchase the Collateral at any public sale. The Lender may bid and purchase any Collateral at a private sale if the Collateral in question has a readily ascertainable market value;

(v) require the Borrowers to assemble all of the Collateral constituting personal property without judicial process pursuant to Section 9-609 of the UCC; and

(vi) exercise any of its other rights under the Loan Documents, any rights granted under the DIP Order and applicable law.

(b) Subject to the terms of the DIP Order, to the extent an Event of Default occurs as a result of the Borrowers failure to indefeasibly satisfy the Obligations in full by the Maturity Date, the Borrowers waive any right (i) to any notice period set forth in this Section 8.2 (except to the extent a notice period is required by operation of law) and (i) to challenge (x) whether or not the Maturity Date or an Event of Default has occurred, (y) the Lender's exercise of its rights and remedies against the Collateral, including without limitation, any foreclosure through a state court proceeding, and (z) the applicability of the Default Rate.

8.3 **Application of Proceeds upon Event of Default.** The Lender shall apply the cash proceeds actually received from any foreclosure sale, other disposition of the Collateral upon an Event of Default as follows: (i) *first*, to fund the Carve Out (to the extent not fully funded by the Borrowers at such time), (ii) thereafter, as set forth in Section 2.3(b) hereof.

8.4 **Remedies Cumulative.** The rights and remedies of the Lender under this Agreement, the other Loan Documents, and all other agreements shall be cumulative. The Lender shall have all other rights and remedies not inconsistent herewith or with the DIP Order, as provided under the UCC, by law, or in equity. No exercise by the Lender of one right or remedy shall be deemed an election, and no waiver by the Lender of any Event of Default shall be deemed a continuing waiver. No delay by the Lender shall constitute a waiver, election, or acquiescence by it.

## 8.5 **Acknowledgments.**

Notwithstanding anything herein to the contrary, the Lender acknowledges and agrees that in no event shall an “event of default” or “default” under any Indebtedness of any Borrower (other than the Indebtedness evidenced by this Agreement and the other Loan Documents), cause a Default or Event of Default hereunder, or cause a breach of any covenant described in Article 5 or Article 6 of this Agreement.

## 9. **PRIORITY AND COLLATERAL SECURITY.**

### 9.1 **Super-priority Claims; Subordination in favor of the Lender Liens.**

(a) Subject to the terms and conditions of the DIP Order, Borrowers and each other Loan Party warrants and covenants that, except as otherwise expressly provided in this paragraph, the Obligations of Borrowers under the Loan Documents:

(i) shall, in accordance with section 364(c)(1) of the Bankruptcy Code, constitute allowed senior administrative expense claims against each Borrower and their estates (the “Super-priority Claims”) with priority in payment over any and all administrative expenses at any time existing or arising, of any kind or nature whatsoever, including, without limitation, the kinds specified or ordered pursuant to any provision of the Bankruptcy Code, including, but not limited to, Sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 726, 1113 and 1114 of the Bankruptcy Code or otherwise, including those resulting from the conversion of any of the Chapter 11 Cases pursuant to Section 1112 of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment; provided, however, that the Super-priority Claims shall only be subject to and subordinate to (w) the Advisor Transaction Fees, (x) the Carve Out, (y) the Junior DIP Accounts Liens (as defined in the DIP Order) and (z) Permitted Liens so long as such liens were validly perfected as to the Petition Date (or were properly perfected subsequent to the Petition Date to the extent permitted by section 546(b) of the Bankruptcy Code); and

(ii) shall be, pursuant to Section 364(c)(2) of the Bankruptcy Code, secured by valid, enforceable, non-avoidable and perfected and automatic first priority liens on and security interests in favor of the Lender in all Collateral subject to and subordinate only to (w) the Advisor Transaction Fees, (x) the Carve Out, (y) the Junior DIP Accounts Liens (as defined in the DIP Order) and (z) Permitted Liens so long as such liens were validly perfected as of the Petition Date (or were properly perfected subsequent to the Petition Date to the extent permitted by section 546(b) of the Bankruptcy Code);

(iii) shall be, pursuant to section 364(c)(3) of the Bankruptcy Code, secured by valid, enforceable, non-avoidable and perfected and automatic junior liens on and security interests in favor of the Lender in all Collateral (other than the Collateral described in Section 9.1(a)(ii) hereof, as to which Liens are described in such Section) (the forgoing lien priorities set forth in clauses (ii) - (iii) shall be referred to herein as the “Required Lien Priority”).

(b) In the event any assets or property is transferred to any Borrower, such asset or property shall be subject in all respects to the Lender’s Liens (other than assets or property constituting Excluded Assets).



(c) Notwithstanding anything to the contrary set forth above with respect to the Carve Out, nothing herein shall be construed to impair the ability of the Lender to object to the fees, expenses, reimbursement or compensation described in clauses (iii) or (iv) of the defined term “Carve Out” on any grounds.

(d) The Super-priority Claims referred to in this Section 9.1 shall have the priority afforded to such Super-priority Claims in the DIP Order.

## **9.2 Grant of Security Interest in the Collateral.**

Subject to the terms and conditions of the DIP Order, to secure the payment and performance of the Obligations, each Loan Party hereby grants, pledges and assigns to the Lender the following:

(a) **Liens on Unencumbered Property.** Pursuant to Section 364(c)(2) of the Bankruptcy Code, valid, binding, continuing, enforceable, non-avoidable automatically and fully perfected first priority senior liens and security interests in all Collateral, regardless of where located and subject only to (x) the Carve Out, (y) the Junior DIP Accounts Liens (as defined in the DIP Order) and (z) the Permitted Liens so long as such liens were validly perfected as of the Petition Date (or were properly perfected subsequent to the Petition Date to the extent permitted by section 546(b) of the Bankruptcy Code).

(b) **Liens Junior to Other Liens.** Pursuant to Section 364(c)(3) of the Bankruptcy Code, valid, binding, continuing, enforceable, non-avoidable automatically and fully perfected junior liens on and security interests in all Collateral (other than as set forth in clause (a) above).

## **9.3 Representations and Warranties in Connection with Security Interest.** Each Borrower represents and warrants to the Lender as follows:

(a) Subject to the approval of the Bankruptcy Court, each Borrower has full right and power to grant to the Lender a perfected, security interest and Lien, in accordance with the Required Lien Priority, on such Borrower’s respective interests in the Collateral pursuant to this Agreement and the other Loan Documents.

(b) Subject to the approval of the Bankruptcy Court, upon (i) the execution and delivery of this Agreement, and (ii) the filing of the necessary financing statements and other appropriate filings or recordations and/or delivery of any necessary certificates, as applicable, the Lender will have a good, valid and perfected Lien and security interest in the Collateral granted by the applicable Borrower, in accordance with the Required Lien Priority, subject to no transfer or other restrictions or Liens of any kind in favor of any other Person, except the Permitted Liens and other restrictions previously disclosed to the Lender by the Borrowers prior to the Effective Date.

(c) As of the Effective Date, no financing statement, mortgage or any other evidence of lien relating to any of the Collateral granted by any Borrower is on file in any public office except those on behalf of the Lender, those on behalf of the Junior Lender and those listed on Schedule 6.2.

## **9.4 Lender’s Ability to Perform Obligations on Behalf of Borrowers with Respect to the Collateral.**

The Lender shall have the right, but not the obligation, upon five (5) days’ written notice to the Borrowers, to perform on the Borrowers’ behalf any or all of the Borrowers’ obligations under this Agreement with respect to the Collateral, when such obligations are due, at the expense, for the account and at the sole risk of the applicable Borrower.

9.5 **Filing of Financing Statements.** The Borrowers irrevocably authorizes the Lender to prepare and file financing statements provided for by the UCC, including, without limitation, describing such property as “all assets, whether now owned or hereafter acquired, developed or created” or words of similar effect, to perfect the Lender’s security interest in the Collateral, in all jurisdictions in which the Lender believes in its sole opinion that such filing is appropriate. The Borrowers also irrevocably authorizes the Lender to file such continuation statements and amendments and to take such other action as may be required or appropriate, in either case in the Lender’s sole judgment, in order to perfect and to continue the perfection of the Lender’s security interests in the Collateral, unless prohibited by law.

9.6 **No Discharge; Survival of Claims.** Pursuant to Section 1141(d)(4) of the Bankruptcy Code, the Borrowers hereby waive any discharge of the Obligations with respect to any plan of reorganization that shall not provide for the indefeasible payment in full in cash of the Obligations under this Agreement, unless the Lender, in its sole discretion, has otherwise agreed in writing to such treatment.

## **10. WAIVERS; INDEMNIFICATION.**

10.1 **Demand; Protest; etc.** To the extent permitted by applicable law or as expressly required pursuant to the terms of this Agreement, the Borrowers and the other Loan Parties waive demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment, nonpayment at maturity, release, compromise, settlement, extension, or renewal of documents, instruments, chattel paper, and guarantees at any time held by the Lender on which the Borrowers may in any way be liable.

10.2 **Lender’s Liability for Collateral.** As long as the Lender complies with its obligations, if any, under the UCC and applicable law, the Lender shall not in any way or manner be liable or responsible for: (i) the safekeeping of the Collateral, (ii) any loss or damage thereto occurring or arising in any manner or fashion from any cause, (iii) any diminution in the value thereof, or (iv) any act or default of any carrier, warehouseman, bailee, forwarding agency, or other Person. All risk of loss, damage, or destruction of the Collateral shall be borne by the Borrowers, except any thereof resulting from the gross negligence, bad faith or willful misconduct of the Lender as finally determined by a court of competent jurisdiction.

10.3 **Indemnification.** The Loan Parties shall pay, indemnify, defend, and hold the Lender Related Persons (each, an “Indemnified Person”) harmless (to the fullest extent permitted by law) for any losses, claims, damages, liabilities, expenses, penalties, fines, actions, judgment, and disbursements of any kind or nature whatsoever (including reasonable and documented out of pocket fees and disbursements of experts, consultants and counsel) incurred by any of them (a) in connection with or as a result of or related to the execution and delivery, enforcement, performance, or administration (including any restructuring or workout with respect hereto) of this Agreement, any of the other Loan Documents, or the transactions contemplated hereby or thereby or the monitoring of the Borrowers’ compliance with the terms of the Loan Documents, (b) with respect to any investigation, litigation, or proceeding related to this Agreement, any other Loan Document, or the use of the proceeds of the credit provided hereunder (irrespective of whether any Indemnified Person is a party thereto), or any act, omission, event, or circumstance in any manner related thereto, and (c) in connection with or arising out of any presence or release of Hazardous Materials at, on, under, to or from any Collateral or any Environmental Actions, Environmental Liabilities or Remedial Actions related in any way to any Collateral (each and all of the foregoing, the “Indemnified Liabilities”). The foregoing to the contrary notwithstanding, the Loan Parties shall have no obligation to any Indemnified Person under this Section 10.3 (i) with respect to any Indemnified Liability that a court of competent jurisdiction finally determines to have resulted from the gross negligence, bad faith, fraud or willful misconduct of such Indemnified Person, or (ii) to the extent arising out of any loss, claim, damage, liability or expense that does not involve an act or omission of the Loan Parties and that is brought by an Indemnified Person against another Indemnified Person (other than claims against an Indemnified Person in its capacity or in fulfilling its role as the Lender under the Loan Documents). This provision shall survive the termination of this Agreement and the repayment of the Obligations.

**11. NOTICES.**

All notices or demands relating to this Agreement or any other Loan Document shall be in writing and shall be personally delivered or sent by registered or certified mail (postage prepaid, return receipt requested), overnight courier, or electronic mail (at such email addresses as a party may designate in accordance herewith). In the case of notices or demands to any party hereunder or any service of process to any party hereunder, they shall be sent to the respective addresses set forth below:

If to the Borrowers:

Sorrento Therapeutics, Inc.  
c/o Scintilla Pharmaceuticals, Inc.  
4955 Directors Place  
San Diego, CA 92121  
Attn: Mohsin Y. Meghji, Chief Restructuring Officer  
Telephone: 212-202-2300  
Email: mmeghji@m3-partners.com

with a copy to (which shall not constitute notice):

Latham & Watkins LLP  
330 North Wabash Avenue, Suite 2800  
Chicago, IL 60611  
Attn: Caroline Reckler  
Melissa Alwang  
Telephone: +1.312.876.7663  
Email: Caroline.Reckler@lw.com  
Melissa.Alwang@lw.com

If to the Lender:

Oramed Pharmaceuticals Inc.  
1185 Avenue of the Americas, Third Floor  
New York, NY 10036  
Attn: Nadav Kidron  
Joshua Hexter  
Telephone: +972-2-566-0001  
Email: nadav@oramed.com  
josh@oramed.com

with a copy to (which shall not constitute notice):

Proskauer Rose LLP  
Eleven Times Square  
New York, NY 10036-8299  
Attn: David M. Hillman  
Ehud Barak  
Matthew R. Koch  
Email: dhillman@proskauer.com  
ebarak@proskauer.com  
mkoch@proskauer.com

Any party hereto may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other party. All notices or demands sent in accordance with this Article 11, shall be deemed received on the earlier of the date of actual receipt or five (5) Business Days after the deposit thereof certified, return receipt requested in the mail; provided that (a) notices sent by overnight courier service shall be deemed to have been given when received, and (b) notices by electronic mail shall be deemed received when sent upon confirmation of transmission as evidenced by a delivery receipt or similar electronic mail function. If any notice, disclosure, or report is required to be delivered pursuant to the terms of this Agreement on a day that is not a Business Day, such notice, disclosure, or report shall be deemed to have been required to be delivered on the immediately following Business Day.

**12. CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER.**

(a) THE VALIDITY OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (UNLESS EXPRESSLY PROVIDED TO THE CONTRARY IN ANOTHER LOAN DOCUMENT IN RESPECT OF SUCH OTHER LOAN DOCUMENT), THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF AND THEREOF, AND THE RIGHTS OF THE PARTIES HERETO AND THERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR THEREUNDER OR RELATED HERETO OR THERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(b) THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE TRIED AND LITIGATED ONLY IN THE BANKRUPTCY COURT AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE LENDER'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE THE LENDER OR SUCH LENDER ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE BORROWERS AND THE LENDER WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 12(b); PROVIDED, FURTHER, HOWEVER, THAT ALL PARTIES HEREBY AGREE THAT THEY HAVE CONSENTED TO THE JURISDICTION OF THE BANKRUPTCY COURT AND THAT THE BANKRUPTCY COURT WILL RETAIN EXCLUSIVE JURISDICTION WITH RESPECT TO ALL DISPUTES SO LONG AS THE CHAPTER 11 CASES REMAIN PENDING.

(c) **THE LOAN PARTIES AND THE LENDER HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. THE BORROWERS AND THE LENDER ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH OF THE LOAN PARTIES AND THE LENDER EACH WARRANTS AND REPRESENTS THAT IT HAS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.**

(d) **JUDICIAL REFERENCE IN THE EVENT OF JURY TRIAL WAIVER UNENFORCEABILITY.** IN THE EVENT THAT THE JURY TRIAL WAIVER CONTAINED HEREIN SHALL BE HELD OR DEEMED TO BE UNENFORCEABLE, EACH LOAN PARTY HEREBY EXPRESSLY AGREES TO SUBMIT TO JUDICIAL REFERENCE PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE §§ 638, ET SEQ., ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION ARISING HEREUNDER FOR WHICH A JURY TRIAL WOULD OTHERWISE BE APPLICABLE OR AVAILABLE. PURSUANT TO SUCH JUDICIAL REFERENCE, EACH LOAN PARTY AGREES TO THE APPOINTMENT OF A SINGLE REFEREE AND SHALL USE ITS BEST EFFORTS TO AGREE ON THE SELECTION OF A REFEREE. IF THE PARTIES TO THE DISPUTE ARE UNABLE TO AGREE ON A SINGLE REFEREE, A REFEREE SHALL BE APPOINTED BY THE COURT TO HEAR ANY DISPUTES HEREUNDER IN LIEU OF ANY SUCH JURY TRIAL. EACH LOAN PARTY ACKNOWLEDGES AND AGREES THAT THE APPOINTED REFEREE SHALL HAVE THE POWER TO DECIDE ALL ISSUES IN THE APPLICABLE ACTION OR PROCEEDING, WHETHER OF FACT OR LAW, AND SHALL REPORT A STATEMENT OF DECISION THEREON. EACH BORROWER AGREES THAT THE PROVISIONS CONTAINED HEREIN HAVE BEEN FAIRLY NEGOTIATED ON AN ARM'S-LENGTH BASIS, WITH EACH LOAN PARTY AGREEING TO THE SAME KNOWINGLY, AND BEING AFFORDED THE OPPORTUNITY TO HAVE LOAN PARTIES' LEGAL COUNSEL CONSENT TO THE MATTERS CONTAINED HEREIN. ANY PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THE RIGHT TO TRIAL BY JURY AND THE AGREEMENTS CONTAINED HEREIN REGARDING THE APPLICATION OF JUDICIAL REFERENCE IN THE EVENT OF THE INVALIDITY OF SUCH JURY TRIAL WAIVER.

### 13. AMENDMENTS; WAIVERS; SUCCESSORS.

13.1 **Amendments and Waivers.** No amendment, waiver or other modification of any provision of this Agreement or any other Loan Document, and no consent with respect to any departure by the Borrowers or any other Loan Parties therefrom, shall be effective unless the same shall be in writing and signed by the Lender and Borrowers that are party thereto and then any such waiver or consent shall be effective, but only in the specific instance and for the specific purpose for which given.

13.2 **No Waivers; Cumulative Remedies.** No failure by the Lender to exercise any right, remedy, or option under this Agreement or any other Loan Document, or delay by the Lender or such Lender in exercising the same, will operate as a waiver thereof. No waiver by Lender will be effective unless it is in writing, and then only to the extent specifically stated. No waiver by the Lender on any occasion shall affect or diminish the Lender's rights thereafter to require strict performance by the Loan Parties of any provision of this Agreement. The Lender's rights under this Agreement and the other Loan Documents will be cumulative and not exclusive of any other right or remedy that the Lender may have.

13.3 **Successors.** This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties; provided that no Borrower or other Loan Party may assign this Agreement or any rights or duties hereunder without the Lender's prior written consent and such consent shall not, unless otherwise provided in such consent, release the Borrowers or any Loan Party from its Obligations. Any assignment by a Borrower or other Loan Party which is not explicitly permitted hereunder shall be absolutely void *ab initio*. The Lender (with the consent of Borrowers which shall not be unreasonably withheld or delayed (and shall not be required if an Event of Default has occurred and is continuing), and which consent shall be deemed given if the Borrowers do not respond to such request within five (5) Business Days), may freely assign all or part of its rights and duties hereunder to any Person.

## **14. GENERAL PROVISIONS.**

14.1 **Effectiveness.** This Agreement shall be binding and deemed effective when executed by the Borrowers, the other Loan Parties (if any) and the Lender.

### **14.2 Section Headings.**

Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each Section applies equally to this entire Agreement.

### **14.3 Interpretation.**

Neither this Agreement nor any uncertainty or ambiguity herein shall be construed against Lender or the Loan Parties, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of all parties hereto.

### **14.4 Severability of Provisions.**

Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

### **14.5 Debtor-Creditor Relationship.**

The relationship between the Lender, on the one hand, and Borrowers and other Loan Parties (if any), on the other hand, is solely that of creditor and debtor, as applicable. Lender has not (and shall not be deemed to have) any fiduciary relationship or duty to the Borrowers or the Loan Parties arising out of or in connection with the Loan Documents or the transactions contemplated thereby, and there is no agency or joint venture relationship between the Lender, on the one hand, and Borrowers and the other Loan Parties, on the other hand, by virtue of any Loan Document or any transaction contemplated therein.

### **14.6 Counterparts; Electronic Execution.**

This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by facsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by facsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. The foregoing shall apply to each other Loan Document *mutatis mutandis*.

### **14.7 Revival and Reinstatement of Obligations.**

If the incurrence or payment of the Obligations by Borrowers or the transfer to the Lender of any property should for any reason subsequently be asserted, or declared, to be void or voidable under any state or federal law relating to creditors' rights, including provisions of the Bankruptcy Code relating to fraudulent conveyances, preferences, or other voidable or recoverable payments of money or transfers of property (each, a "Voidable Transfer"), and if the Lender is required to repay or restore, in whole or in part, any such Voidable Transfer, or elects to do so upon the reasonable advice of its counsel, then, as to any such Voidable Transfer, or the amount thereof that the Lender is required or elects to repay or restore, and as to all reasonable and actual out-of-pocket costs, expenses, and attorneys' fees of the Lender related thereto, the liability of Borrowers automatically shall be revived, reinstated, and restored and shall exist as though such Voidable Transfer had never been made.

**14.8 Lender Expenses.**

The Loan Parties agree to pay any and all Lender Expenses promptly after written demand therefor by the Lender (subject to the procedures set forth in the DIP Order) and that such Obligations shall survive payment or satisfaction in full of all other Obligations.

**14.9 Integration.**

This Agreement, together with the other Loan Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof.

**15. JOINT AND SEVERAL OBLIGATIONS. IN ADDITION TO, AND WITHOUT LIMITING ANY TERM OR PROVISION OF, THIS AGREEMENT, ALL OBLIGATIONS HEREUNDER AND UNDER THE LOAN DOCUMENTS OF EACH BORROWER ARE JOINT AND SEVERAL. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE OBLIGATIONS OF EACH BORROWER SHALL NOT BE AFFECTED BY (I) THE FAILURE OF THE LENDER TO ASSERT ANY CLAIM OR DEMAND OR TO ENFORCE OR EXERCISE ANY RIGHT OR REMEDY AGAINST ANY OTHER BORROWER UNDER THE PROVISIONS OF THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR OTHERWISE, (II) ANY RESCISSION, WAIVER, AMENDMENT OR MODIFICATION OF, OR ANY RELEASE FROM ANY OF THE TERMS OR PROVISIONS OF, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR (III) THE FAILURE TO PERFECT ANY SECURITY INTEREST IN, OR THE RELEASE OF, ANY OF THE COLLATERAL OR OTHER SECURITY HELD BY THE LENDER.**

**16. ADDITIONAL LOAN PARTIES.**

In the event a Loan Party is added to this Agreement as required hereunder, all references herein to Borrowers (other than Loans made to Borrowers) shall also apply to any such additional Loan Party, including, without limitation, the granting of a security interest in the Collateral and all representations, warranties, covenants and other obligations of Borrowers hereunder.

**17. TREATMENT OF CERTAIN INFORMATION.**

The Lender agrees to treat as confidential all non-public information supplied by the Borrowers or any of other Loan Parties pursuant to the Loan Documents or otherwise in connection herewith ("Information") and to use reasonable precautions to maintain such confidentiality, in accordance with its customary procedures for handling confidential information of the same nature; provided, however that nothing herein shall limit the disclosure of any such Information (i) to any Lender Related Person as need to know such Information, (ii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, or requested by any bank regulatory authority provided, the Lender agrees, to the extent practicable, to notify the Borrowers prior to such disclosure and cooperate with the Borrowers in obtaining an appropriate protective order, (iii) to auditors or accountants, and any analogous counterpart thereof, (iv) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to the Loan Document or the enforcement of rights thereunder, (v) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Agreement, (B) becomes available to the Lender or such Lender on a confidential basis from a source other than the Borrowers or the other Loan Parties, or (C) was available to the Lender on a non-confidential basis prior its disclosure to it by the Borrowers, any other Loan Party, or any of their advisors, and (vi) to the extent the Borrowers shall have consented to such disclosure in writing.

*[Signature pages follow.]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

**BORROWERS:**

**SORRENTO THERAPEUTICS, INC.  
SCINTILLA PHARMACEUTICALS, INC**

By: /s/ Mohsin Y. Meghji  
Name: Mohsin Y. Meghji  
Title: Chief Restructuring Officer

**LENDER**

**ORAMED PHARMACEUTICALS INC.**

By: /s/ Nadav Kidron  
Name: Nadav Kidron  
Title: President and Chief Executive Officer

[Signature Page to Senior Secured, Super-Priority DIP Loan and Security Agreement]

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**EXHIBIT A**

**Form of Compliance Certificate**

Date: \_\_\_\_\_, 202[ ]

This Compliance Certificate (this “Certificate”) is given to Oramed Pharmaceuticals Inc., a Delaware corporation (together with its successors and assigns, the “Lender”), by Sorrento Therapeutics, Inc. and Scintilla Pharmaceuticals, Inc. as Borrowers, pursuant to Section 5.1 of that certain Senior Secured, Super-Priority Debtor-In-Possession Loan and Security Agreement dated as of August 9, 2023 (as the same has been amended, restated, amended and restated, supplemented or otherwise modified from time to time through the date hereof, the “Loan Agreement”) among Borrowers, the Guarantors party thereto, and the Lender. Capitalized terms used and not defined herein have the meanings set forth in the Loan Agreement.

The Borrowers hereby certify that:

(a) Borrowers are in compliance with the conditions precedent set forth in Section 3.1 of the Loan Agreement;

(b) the representations and warranties of the Borrowers contained in the Loan Agreement and in the other Loan Documents are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date of this Certificate, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date).

(c) no Default or Event of Default shall have occurred and be continuing on the date of this Certificate, nor shall either result from the funding of the Loan requested in connection with this Certificate;

(d) the applicable DIP Order(s) remains in full force and effect on the date hereof and has not been, from the time of the entry of such order, modified or amended (unless otherwise approved by the Lender), reversed, stayed or subject to a motion for re-argument or reconsideration, or appealed; and

(e) no injunction, writ, restraining order, or other order of any nature restricting or prohibiting, directly or indirectly, the Loan has been issued and remains in force by any Governmental Authority against the Borrowers or, to the knowledge of the Borrowers, and the Lender.

IN WITNESS WHEREOF, the Borrowers have caused this Certificate to be executed as of the date first written above.

**SORRENTO THERAPEUTICS, INC.**  
**SCINTILLA PHARMACEUTICALS, INC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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**EXHIBIT B**

**Approved Budget**

See attached.

Exhibit B-1

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## **EXHIBIT C**

### **Reporting Requirements**

(a) **Financial Reports.** Borrowers shall furnish to the Lender, which, subject to the following sentence, shall be in a form reasonably satisfactory to the Lender, as soon as available and in any event within thirty (30) days after the end of each calendar month (or within such longer period as the Lender may agree to in its reasonable discretion), unaudited cash receipts and disbursements, asset and liability status and income statement for such calendar month and/or quarter, as applicable, for each of the Borrowers, all of which shall be certified on behalf of the Borrowers by an Authorized Person.

The information required under this clause (a) above may be satisfied by delivery of the monthly operating reports as filed in the Chapter 11 Cases.

(b) **Other Materials.** The Borrowers shall furnish to the Lender, in form and substance satisfactory to Lender, as soon as available and in any event within three (3) Business Days after (A) the receipt by the Borrowers of copies of any reports and management control letters provided by the Borrowers' independent accountants and (B) the request therefor by the Lender of such additional information, documents, statements, and other materials as the Lender may reasonably request from time to time in its sole discretion and which is reasonably capable of being obtained, produced or generated by the Borrowers within such three (3) Business Days period; provided that in no event shall the Borrowers be required to provide any information, documents, statements, and other materials that is subject to attorney-client or other privilege or that consists of attorney work product.

(c) **Updates.** The Borrowers shall furnish to the Lender revisions to the schedules to any Loan Document to the extent necessary or appropriate (as determined by the Borrowers in the good faith exercise of their business judgment); provided, that delivery or receipt thereof by the Lender shall not constitute a waiver by the Lender or a cure of any Default or Event of Default resulting therefrom.

**EXHIBIT D**

**Notice of Borrowing**

Oramed Pharmaceuticals Inc.  
1185 Avenue of the Americas, Third Floor  
New York, NY 10036  
Attn: Nadav Kidron, Joshua Hexter

Ladies and Gentlemen:

The undersigned, as Administrative Borrower, executes and delivers this Notice of Borrowing ("**Borrowing Notice**") in connection with the Senior Secured, Super-Priority Debtor-In-Possession Loan and Security Agreement, dated as of August 9, 2023 (as amended, restated, supplemented, replaced, renewed or otherwise modified from time to time, the "**Loan Agreement**") by and among Sorrento Therapeutics, Inc. and Scintilla Pharmaceuticals, Inc. (each, a "**Borrower**" collectively, the "**Borrowers**"), the guarantors party thereto, and Oramed Pharmaceuticals Inc., as lender (in such capacity, together with its successors and assigns in such capacity, "**Lender**"). Capitalized terms used in this Borrowing Notice without definition shall have the same meanings herein as they have in the Loan Agreement. This Borrowing Notice constitutes a Loan Document.

Pursuant to **Section 2.2** of the Loan Agreement, Administrative Borrower hereby requests the funding of the Loans in the amount of \_\_\_\_\_ Million Dollars (\$ \_\_\_\_\_) to be made on \_\_\_\_\_, 2023.

Administrative Borrower hereby represents and warrants to Lender that: (i) as of the date of this Borrowing Notice, the sum of the outstanding principal of the Loans under the Agreement (after giving effect to the Loan requested to be made on such date pursuant to this Request) plus the amount requested in any outstanding but unfunded Borrowing Notice does not violate **Section 2.1** of the Loan Agreement; and (ii) Borrowers are in compliance with the conditions precedent set forth in **Section 3.1** of the Loan Agreement.

[Signature Page Follows]

Exhibit D-1

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**ADMINISTRATIVE BORROWER:**

**SORRENTO THERAPEUTICS, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Signature Page to Notice of Borrowing]

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## **EXHIBIT E**

### **GUARANTOR JOINDER AGREEMENT**

THIS GUARANTOR JOINDER AGREEMENT (this “Agreement”), dated as of [ ], 2023, is entered into between [ ], a [ ] (the “New Subsidiary”) and Oramed Pharmaceuticals Inc., as Lender (in such capacity, together with its successors and assigns in such capacity, “Lender”) under that certain Senior Secured, Super-Priority Debtor-In-Possession Loan and Security Agreement, dated as of August 9, 2023 (as amended, restated, supplemented, replaced, renewed or otherwise modified from time to time, the “Loan Agreement”) by and among Sorrento Therapeutics, Inc. and Scintilla Pharmaceuticals, Inc. (each, a “Borrower” and collectively, the “Borrowers”), the guarantors party thereto and Oramed Pharmaceuticals Inc. (the “Lender”). Capitalized terms used in this Agreement without definition shall have the same meanings herein as they have in the Loan Agreement. This Agreement constitutes a Loan Document.

The New Subsidiary and the Lender, hereby agree as follows:

1. The New Subsidiary hereby acknowledges, agrees and confirms that, by its execution of this Agreement, the New Subsidiary will be deemed to be a Loan Party under the Loan Agreement and a “Guarantor” for all purposes of the Loan Agreement and shall have all of the obligations of a Loan Party and a Guarantor thereunder as if it had executed the Loan Agreement. The New Subsidiary hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Loan Agreement, including without limitation (a) all of the representations and warranties of the Borrowers set forth in Article 4 of the Loan Agreement, (b) all of the covenants set forth in Articles 5 and 6 of the Loan Agreement and (c) all of the guaranty obligations set forth in Article 7 of the Loan Agreement. Without limiting the generality of the foregoing terms of this paragraph 1, the New Subsidiary, subject to the limitations set forth in Article 7 of the Loan Agreement, hereby guarantees, jointly and severally with the other Guarantors, to the Lender, as provided in Article 7 of the Loan Agreement, the prompt payment and performance of the Obligations in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise) strictly in accordance with the terms thereof and agrees that if any of the Obligations are not paid or performed in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise), the New Subsidiary will, jointly and severally together with the other Loan Guarantors, promptly pay and perform the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Obligations, the same will be promptly paid in full when due (whether at extended maturity, as a mandatory prepayment, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

2. The New Subsidiary hereby waives acceptance by the Lender of the guaranty by the New Subsidiary upon the execution of this Agreement by the New Subsidiary.

3. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same Agreement. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

4. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the New Subsidiary has caused this Agreement to be duly executed by its authorized officer, and the Lender, has caused the same to be accepted by its authorized officer, as of the day and year first above written.

[NEW SUBSIDIARY]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Acknowledged and accepted:

ORAMED PHARMACEUTICALS INC., as Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_