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

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED September 30, 2021

OR

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

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number 001-36500

CymaBay Therapeutics, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**94-3103561**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
7575 Gateway Blvd, Suite 110 Newark, CA	**94560**
(Address of principal executive offices)	**(Zip Code)**

(510) 293-8800
(Registrant's telephone number, including area code)

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, $0.0001 par value per share	**CBAY**	**Nasdaq Global Select Market**

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

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

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

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

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

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

As of October 31, 2021, there were 69,043,969 shares of the registrant's common stock outstanding.

CYMABAY THERAPEUTICS, INC.
QUARTERLY REPORT ON FORM 10-Q

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CymaBay Therapeutics, Inc.
Condensed Consolidated Balance Sheets
(In thousands, except share and per share amounts)
(unaudited)

	September 30, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 68,963	$ 28,193
Marketable securities	44,825	118,130
Accrued interest receivable	69	277
Prepaid research and development expenses	5,071	2,221
Other prepaid expenses and current assets	648	2,764
Total current assets	119,576	151,585
Property and equipment, net	1,341	1,761
Operating lease right-of-use asset	264	272
Other assets	1,721	207
Total assets	$ 122,902	$ 153,825
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 764	$ 231
Accrued research and development expenses	6,451	4,698
Other accrued liabilities	4,526	4,928
Total current liabilities	11,741	9,857
Development financing liability	23,259	—
Long-term portion of operating lease liability	844	1,262
Total liabilities	35,844	11,119
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.0001 par value: 10,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.0001 par value: 200,000,000 shares authorized; 69,043,969 and 68,946,092 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	7	7
Additional paid-in capital	827,365	819,549
Accumulated other comprehensive (loss) income	(1)	8
Accumulated deficit	(740,313)	(676,858)
Total stockholders' equity	87,058	142,706
Total liabilities and stockholders' equity	$ 122,902	$ 153,825

See accompanying notes to the condensed consolidated financial statements.

CymaBay Therapeutics, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except share and per share information)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Operating expenses:				
Research and development	$ 17,010	$ 7,743	$ 46,137	$ 25,194
General and administrative	5,179	3,907	16,936	11,535
Total operating expenses	22,189	11,650	63,073	36,729
Loss from operations	(22,189)	(11,650)	(63,073)	(36,729)
Other income (expense), net:				
Interest income	29	229	140	1,494
Interest expense	(522)	—	(522)	—
Total other income (expense), net	(493)	229	(382)	1,494
Net loss	$ (22,682)	$ (11,421)	$ (63,455)	$ (35,235)
Other comprehensive (loss) income:				
Unrealized (loss) gain on marketable securities	(2)	(104)	(9)	2
Total other comprehensive (loss) income	(2)	(104)	(9)	2
Comprehensive loss	$ (22,684)	$ (11,525)	$ (63,464)	$ (35,233)
Basic and diluted net loss per common share	$ (0.33)	$ (0.17)	$ (0.92)	$ (0.51)
Weighted average common shares outstanding used to calculate basic and diluted net loss per common share	69,022,937	68,887,092	68,985,112	68,884,894

See accompanying notes to the condensed consolidated financial statements.

CymaBay Therapeutics, Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

	Nine Months Ended September 30,	
	2021	2020
Operating activities		
Net loss	$ (63,455)	$ (35,235)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	515	468
Stock-based compensation expense	7,611	5,513
Accretion of development financing liability	522	—
Write-off of deferred financing costs	312	—
Net accretion and amortization of investments in marketable securities	543	(240)
Changes in assets and liabilities:		
Interest receivable and other current assets	765	42
Prepaid expenses	(1,490)	7,071
Other assets	(1,514)	—
Accounts payable	512	(1,556)
Accrued liabilities	491	(5,972)
Net cash used in operating activities	(55,188)	(29,909)
Investing activities		
Purchases of property and equipment	(87)	(21)
Purchases of marketable securities	(44,607)	(153,951)
Proceeds from maturities of marketable securities	117,360	206,278
Net cash provided by investing activities	72,666	52,306
Financing activities		
Proceeds from issuance of common stock pursuant to equity award plans	205	7
Proceeds from development financing, net of transaction costs	23,087	—
Net cash provided by financing activities	23,292	7
Net increase in cash and cash equivalents	40,770	22,404
Cash and cash equivalents at beginning of period	28,193	24,869
Cash and cash equivalents at end of period	$ 68,963	$ 47,273
Supplemental disclosure		
Cash paid for amounts included in the measurement of lease liabilities	$ 498	$ 484
Supplemental non-cash investing and financing activities		
Accrued financing costs	$ 350	$ —

See accompanying notes to the condensed consolidated financial statements.

CymaBay Therapeutics, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(In thousands, except share information)
(unaudited)

	Three and Nine Months Ended September 30, 2021					
	Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Income (Loss)	Deficit	Equity
Balances as of December 31, 2020	68,946,092	$ 7	$819,549	$ 8	$ (676,858)	$ 142,706
Stock-based compensation expense	—	—	2,505	—	—	2,505
Net loss	—	—	—	—	(17,551)	(17,551)
Net unrealized loss on marketable securities	—	—	—	(14)	—	(14)
Balances as of March 31, 2021	68,946,092	$ 7	$822,054	$ (6)	$ (694,409)	$ 127,646
Issuance of common stock upon exercise of stock options	51,846	—	106	—	—	106
Stock-based compensation expense	—	—	2,557	—	—	2,557
Net loss	—	—	—	—	(23,222)	(23,222)
Net unrealized gain on marketable securities	—	—	—	7	—	7
Balances as of June 30, 2021	68,997,938	$ 7	$824,717	$ 1	$ (717,631)	$ 107,094
Issuance of common stock upon exercise of stock options	46,031	—	99	—	—	99
Stock-based compensation expense	—	—	2,549	—	—	2,549
Net loss	—	—	—	—	(22,682)	(22,682)
Net unrealized loss on marketable securities	—	—	—	(2)	—	(2)
Balances as of September 30, 2021	69,043,969	$ 7	$827,365	$ (1)	$ (740,313)	$ 87,058

	Three and Nine Months Ended September 30, 2020					
	Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Income (Loss)	Deficit	Equity
Balances as of December 31, 2019	68,882,459	$ 7	$ 812,133	$ 80	$ (625,872)	$ 186,348
Stock-based compensation expense	—	—	1,998	—	—	1,998
Net loss	—	—	—	—	(13,088)	(13,088)
Net unrealized loss on marketable securities	—	—	—	(210)	—	(210)
Balances as of March 31, 2020	68,882,459	$ 7	$ 814,131	$ (130)	$ (638,960)	$ 175,048
Issuance of common stock upon exercise of stock options	4,633	—	7	—	—	7
Stock-based compensation expense	—	—	963	—	—	963
Net loss	—	—	—	—	(10,726)	(10,726)
Net unrealized gain on marketable securities	—	—	—	316	—	316
Balances as of June 30, 2020	68,887,092	$ 7	$ 815,101	$ 186	$ (649,686)	$ 165,608
Stock-based compensation expense	—	—	2,552	—	—	2,552
Net loss	—	—	—	—	(11,421)	(11,421)
Net unrealized loss on marketable securities	—	—	—	(104)	—	(104)
Balances as of September 30, 2020	68,887,092	$ 7	$ 817,653	$ 82	$ (661,107)	$ 156,635

See accompanying notes to the condensed consolidated financial statements.

CymaBay Therapeutics, Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Organization and Description of Business

CymaBay Therapeutics, Inc. (the Company or CymaBay) is a clinical-stage biopharmaceutical company focused on developing and providing access to innovative therapies for patients with liver and other chronic diseases with high unmet medical need. The Company's key clinical development candidate is seladelpar. Seladelpar has been under development primarily for the treatment of liver diseases, including primary biliary cholangitis (PBC) and nonalcoholic steatohepatitis (NASH). The Company was incorporated in Delaware in October 1988 as Transtech Corporation. The Company's headquarters and operations are located in Newark, California and it operates in one segment.

Liquidity

The Company has incurred net operating losses and negative cash flows from operations since its inception. During the three and nine months ended September 30, 2021, the Company incurred a net loss of $22.7 million and $63.5 million, respectively. During the nine months ended September 30, 2021, the Company used $55.2 million of cash in operations. At September 30, 2021, the Company had an accumulated deficit of $740.3 million.

Historically, the Company has incurred substantial research and development expenses in the course of studying its product candidates in clinical trials. To date, none of the Company's product candidates have been approved for marketing and sale, and the Company has not recorded any revenue from product sales. Generally, the Company's ability to achieve profitability is dependent on its ability to successfully develop, acquire or in-license additional product candidates, conduct clinical trials for those product candidates, obtain regulatory approvals, and support commercialization activities for those product candidates. Any products developed will require approval of the U.S. Food and Drug Administration (FDA) or a foreign regulatory authority prior to commercial sale. The regulatory approval process is expensive, time-consuming, and uncertain, and any denial or delay of approval could have a material adverse effect on the Company. Even if approved, the Company's products may not achieve market acceptance and will face competition from both generic and branded pharmaceutical products.

As of September 30, 2021, the Company had cash, cash equivalents and marketable securities totaling $113.8 million. On July 30, 2021, the Company entered into a Development Financing Agreement (the "Financing Agreement") with ABW Cyclops SPV LP, an affiliate of Abingworth LLP ("Abingworth"), pursuant to which Abingworth committed to provide $75.0 million in funding in three equal quarterly installments, and an additional amount of $25.0 million at the Company's option, for a total funding commitment of up to $100 million, to support the Company's development of seladelpar for the treatment of primary biliary cholangitis. The Company received the first $25.0 million installment during the three months ended September 30, 2021, and the second $25 million installment in November 2021. Refer to *Note 5—Development Financing Agreement* for further details. As the Company continues to advance its clinical studies of seladelpar, the Company believes existing cash, cash equivalents, and marketable securities on hand as of September 30, 2021 together with additional proceeds expected from the development financing will be sufficient to fund the Company's operating plan into 2023.

The Company has historically obtained, and expects to obtain in the future, additional financing to fund its business strategy through: future equity offerings; debt financing; one or more possible licenses, collaborations or other similar arrangements with respect to development and/or commercialization rights of the Company's product candidates; or a combination of the above. The Company's failure to raise capital as and when needed could have a negative impact on its financial condition and its ability to pursue its business strategies. If adequate funds are not available to the Company, it could have a material adverse effect on the Company's business, results of operations, and financial condition. Market volatility resulting from the global novel coronavirus disease (COVID-19) pandemic or other factors could also adversely impact the Company's ability to access capital when and as needed. Failure to raise sufficient capital when needed could require the Company to significantly delay, scale back or discontinue one or more of its product development programs, commercialization efforts, or other aspects of its business plans, and the Company's operating results and financial condition would be adversely affected.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying interim condensed consolidated financial statements are unaudited and are comprised of the accounts of CymaBay and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The Company has no unconsolidated subsidiaries or investments accounted for under the equity method.

These unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which requires management to make informed estimates and assumptions that impact the amounts and disclosures reported in the condensed consolidated financial statements and accompanying notes, and the requirements of the United States Securities and Exchange Commission (SEC) for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by U.S. GAAP can be condensed or omitted.

In management's opinion, the unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited financial statements and include normal recurring adjustments necessary for the fair presentation of the Company's financial position and its results of operations and comprehensive loss and its cash flows for the periods presented. These statements do not include all disclosures required by U.S. GAAP and should be read in conjunction with the Company's financial statements and accompanying notes for the fiscal year ended December 31, 2020, which is contained in the Company's Annual Report on Form 10-K as filed with the SEC on March 25, 2021. The results for the three and nine months ended September 30, 2021 are not necessarily indicative of results to be expected for the entire year ending December 31, 2021 or future operating periods.

The condensed consolidated financial statements have been prepared in accordance with U.S. GAAP, which requires management to make estimates and assumptions that affect the amounts and disclosures reported in the condensed consolidated financial statements and accompanying notes. Management bases its estimates on historical experience and on assumptions believed to be reasonable under the circumstances. The estimation process often may yield a range of potentially reasonable estimates of the ultimate future outcomes, and management must select an amount that falls within that range of reasonable estimates. Actual results could differ materially from those estimates and assumptions. These estimates form the basis for making judgments about the carrying values of assets and liabilities when these values are not readily apparent from other sources. Estimates are assessed each reporting period and updated to reflect current information and any changes in estimates will generally be reflected in the period first identified.

Fair Value of Financial Instruments

The Company's financial instruments during the periods reported consist of cash and cash equivalents, marketable securities, accrued interest receivable, prepaid research and development expenses, other prepaid expenses and current assets, accounts payable, accrued expenses, a development financing liability, and an embedded derivative liability. Fair value estimates of these instruments are made at a specific point in time based on relevant market information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgment. The carrying amounts of the Company's cash and cash equivalents, accrued interest receivable, prepaid research and development expenses, other prepaid expenses and current assets, accounts payable, and accrued expenses approximate the related fair values.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Assets and liabilities that are measured at fair value are reported using a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs and is as follows:

Level 1—Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

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

Level 3—Inputs that are significant to the fair value measurement and are unobservable (i.e. supported by little market activity), which requires the reporting entity to develop its own valuation techniques and assumptions.

The following tables present the fair value of the Company's financial assets measured at fair value on a recurring basis using the above input categories (in thousands):

	As of September 30, 2021			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$39,716	$ —	$ —	$ 39,716
Total cash equivalents	39,716	—	—	39,716
Marketable securities:				
U.S. and foreign commercial paper	—	29,676	—	29,676
U.S. and foreign corporate debt securities	—	6,566	—	6,566
Asset-backed securities	—	8,583	—	8,583
Total marketable securities	—	44,825	—	44,825
Total assets measured at fair value	$39,716	$ 44,825	$ —	$ 84,541

	As of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market funds	$22,415	$ —	$ —	$ 22,415
Total cash equivalents	22,415	—	—	22,415
Marketable securities:				
U.S. treasury securities	—	15,499	—	15,499
U.S. and foreign commercial paper	—	38,561	—	38,561
U.S. and foreign corporate debt securities	—	29,189	—	29,189
U.S. agency securities	—	23,994	—	23,994
Asset-backed securities	—	7,885	—	7,885
Supranational debt securities	—	3,002	—	3,002
Total marketable securities	—	118,130	—	118,130
Total assets measured at fair value	$22,415	$118,130	$—	$140,545

The Company estimates the fair value of its money market funds, corporate debt,asset-backed securities, commercial paper, U.S. treasury and agency securities, and supranational debt securities by taking into consideration valuations obtained from third-party pricing services. The pricing services utilize industry standard valuation models, including both income and market-based approaches, for which all significant inputs are observable, either directly or indirectly, to estimate fair value. These inputs include reported trades of and broker/dealer quotes on the same or similar securities, issuer credit spreads; benchmark securities; prepayment/default projections based on historical data; and other observable inputs.

The fair value of the Company's development financing liability is consistent with its carrying value which is recorded at amortized cost and is based on the estimated timing of regulatory approval and attainment of certain sales milestones and the contractual success fee payments expected to be due therefrom, as discounted using an imputed interest rate. Certain factors and inputs used to estimate the timing and amount of such expected future success payments are unobservable level 3 inputs.

The fair value of the Company's embedded derivative liability was determined to be immaterial as the likelihood of associated contingent payments becoming due and payable by the Company was remote.

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Cash, Cash Equivalents, and Marketable Securities

The Company considers all highly liquid investments with an original maturity of 90 days or less at the time of purchase to be cash equivalents. Cash and cash equivalents consist of deposits with commercial banks in checking, interest-bearing, and money market funds.

The Company invests excess cash in marketable securities with high credit ratings that are classified in Level 1 and Level 2 of the fair value hierarchy. These securities consist primarily of corporate debt, commercial paper, asset-backed securities, U.S. treasury and agency securities and supranational debt securities and are classified as "available-for-sale." The Company considers marketable securities as short-term investments if the maturity date is less than or equal to one year from the balance sheet date. The Company considers marketable securities as long-term investments if the maturity date is in excess of one year of the balance sheet date.

Realized gains and losses from the sale of marketable securities, if any, are calculated using the specific-identification method. Realized gains and losses and declines in value judged to be other-than-temporary are included in interest income or expense in the condensed consolidated statements of operations and comprehensive loss. Unrealized holding gains and losses are reported in accumulated other comprehensive loss in the condensed consolidated balance sheets. To date, the Company has not recorded any impairment charges on its marketable securities related to other-than-temporary declines in market value. In determining whether a decline in market value is other-than-temporary, various factors are considered, including the cause, duration of time and severity of the impairment, any adverse changes in the investees' financial condition, and the Company's intent and ability to hold the security for a period of time sufficient to allow for an anticipated recovery in market value.

For the Company's investments as of September 30, 2021, and December 31, 2020, there were no material unrealized gains or losses.

Concentrations of Risk

Cash, cash equivalents, and marketable securities consist of financial instruments that potentially subject the Company to a concentration of credit risk to the extent of the fair value recorded on the balance sheet. The Company invests cash that is not required for immediate operating needs primarily in highly liquid instruments that bear minimal risk. The Company has established guidelines relating to the quality, diversification, and maturities of securities to enable the Company to manage its credit risk. The Company is exposed to credit risk in the event of a default by the financial institutions holding its cash, cash equivalents and investments and issuers of investments to the extent recorded on the condensed consolidated balance sheets.

Certain materials and key components that the Company utilizes in its operations are obtained through single suppliers. Since the suppliers of key components and materials must be named in an NDA filed with the FDA for a product, significant delays can occur if the qualification of a new supplier is required. If delivery of material from the Company's suppliers were interrupted for any reason, the Company may be unable to supply any of its product candidates for clinical trials.

Other Risks and Uncertainties

In March 2020, the World Health Organization declared the global novel coronavirus disease (COVID-19) outbreak a pandemic. To date, the Company's operations have not been significantly impacted by the COVID-19 outbreak. However, the Company cannot at this time predict the specific extent, duration, or full impact that the COVID-19 outbreak will have on its condensed consolidated financial condition and operations. The impact of the COVID-19 coronavirus outbreak on the financial performance of the Company will depend on future developments, including the duration and spread of the outbreak and related governmental advisories and restrictions. These developments and the impact of COVID-19 on the financial markets and the overall economy are highly uncertain. If the financial markets and/or the overall economy are impacted for an extended period, the Company's results may be adversely affected.

Research and Development Expenses

Research and development expenses consist of costs incurred in identifying, developing, and testing product candidates. These expenses consist primarily of costs for research and development personnel, including related stock-based compensation; contract research organizations (CRO) and other third parties that assist in managing, monitoring, and analyzing clinical trials; investigator and site fees; laboratory services; consultants; contract manufacturing services; non-clinical studies, including materials; and allocated expenses, such as depreciation of assets, and facilities and information technology that support research and development activities. Research and development costs are expensed as incurred, including expenses that may or may not be reimbursed under research and development funding arrangements. Payments made prior to the receipt of goods or services to be used in research and development are recorded as prepaid assets until the goods are received or services are rendered. Such payments are evaluated for current or long-term classification based on when they are expected to be realized. Additionally, if expectations change such that the Company does not expect goods to be delivered or services to be rendered, such prepayments are charged to expense.

The Company records expenses related to clinical studies and manufacturing development activities based on its estimates of the services received and efforts expended pursuant to contracts with multiple CROs and manufacturing vendors that conduct and manage these activities on its behalf. The financial terms of these agreements are subject to negotiation, vary from contract to contract, and may result in uneven payment flows. There may be instances in which payments made to the Company's vendors will exceed the level of services provided and result in a prepayment. Payments under some of these contracts depend on factors such as the successful enrollment of subjects and the completion of clinical trial milestones. In amortizing or accruing service fees, the Company estimates the time period over which services will be performed, enrollment of subjects, number of sites activated and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from the Company's estimate, the Company will adjust the accrued or prepaid expense balance accordingly. To date, there have been no material differences from the Company's estimates to the amounts actually incurred.

Development Financing Agreement

On July 30, 2021, the Company entered into the Financing Agreement with Abingworth, pursuant to which Abingworth committed to provide up to $100 million of funding to the Company to support its development of seladelpar for the treatment of primary biliary cholangitis (PBC). The Company evaluated the Financing Agreement and determined it to be a research and development funding arrangement with the characteristics of a debt instrument as the transfer of financial risk to Abingworth was not considered substantive and genuine. Accordingly, the Company has recorded payments received under the Financing Agreement as part of a development financing liability in its condensed consolidated balance sheets. The Company accounts for the overall development financing liability at amortized cost based on the estimated timing of regulatory approval and attainment of certain sales milestones and the contractual success fee payments expected to be due therefrom, as discounted using an imputed interest rate. The development financing liability will be accreted as interest expense to its expected future repayment amount over the expected life of the agreement using the effective interest method. Certain legal and financial advisory fees incurred specifically to complete the Financing Agreement were capitalized and recorded as a reduction to the carrying amount of the development financing liability and will also be amortized to interest expense using the effective interest rate method.

There are several factors that could affect the estimated timing of regulatory approval and attainment of sales milestones, some of which are not entirely within the Company's control. Therefore, the Company periodically reassesses the estimated timing of regulatory approval and attainment of sales milestones, and the expected contractual success fee payments due therefrom. If the timing and/or amount of such expected payments is materially different than original estimates, the Company will prospectively adjust the accretion of the development financing liability and the imputed interest rate.

The Company identified certain contingent repayment features in the Financing Agreement that are required to be bifurcated from the debt host instrument as an embedded derivative liability; however, the Company determined the fair value of these features was immaterial at inception and as of September 30, 2021. The fair value of the embedded derivative liability will be assessed at subsequent reporting dates if material and the liability will be marked to market. To determine the amount to record for the embedded derivative liability, the Company must assess the probability of occurrence of various potential future events that could affect the timing and/or amount of future cash flows related to the development financing arrangement.

Stock-Based Compensation

Stock-based compensation is measured at fair value on the grant date of the award. Compensation cost is recognized as expense on a straight-line basis over the vesting period for options with service conditions, and forfeitures are accounted for as they occur. The Company uses the Black-Scholes option pricing model to determine the fair value of stock option awards. The determination of fair value for stock-based awards using an option-pricing model requires management to make certain assumptions regarding subjective input variables such as expected term, dividends, volatility and risk-free rate. If actual results are not consistent with the Company's assumptions and judgments used in making these estimates, the Company may be required to increase or decrease compensation expense, which could be material to the Company's results of operations.

Net Loss Per Common Share

Basic net loss per share of common stock is based on the weighted average number of shares of common stock outstanding equivalents during the period. Diluted net loss per share of common stock is calculated as the weighted average number of shares of common stock outstanding adjusted to include the assumed exercises of stock options, if dilutive.

In all periods presented, the Company's outstanding stock options were excluded from the calculation of net loss per share because their effect would be antidilutive. The following table sets forth the computation of basic and diluted net loss per share (in thousands, except share and per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Numerator:				
Net loss	$ (22,682)	$ (11,421)	$ (63,455)	$ (35,235)
Denominator:				
Weighted average number of common stock shares outstanding	69,022,937	68,887,092	68,985,112	68,884,894
Net loss per share	$ (0.33)	$ (0.17)	$ (0.92)	$ (0.51)

The following table shows the total outstanding securities considered anti-dilutive and therefore excluded from the computation of diluted net loss per share (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Common stock options	10,704	8,126	10,704	8,126
Incentive awards	101	101	101	101
Total	10,805	8,227	10,805	8,227

Recently Adopted Accounting Pronouncements

ASU 2019-12

In December 2019, the FASB issued ASU2019-12, Income Taxes (Topic 740): *Simplifying the Accounting for Income Taxes*, which removes certain exceptions to the general principles in Topic 740 related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The new guidance also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. The guidance became effective for the Company on January 1, 2021. The adoption of this standard did not have a material impact on the Company's condensed consolidated financial statements and related disclosures for the three and nine months ended September 30, 2021.

Recently Issued Accounting Pronouncements

ASU 2016-13

In June 2016, the FASB issued ASUNo. 2016-13, Financial Instruments—Credit Losses (Topic 326):*Measurement of Credit Losses on Financial Instruments*, an amendment which modifies the measurement and recognition of credit losses for most financial assets and certain other instruments. The amendment updates the guidance for measuring and recording credit losses on financial assets measured at amortized cost by replacing the "incurred loss" model with an "expected loss" model. Accordingly, these financial assets will be presented at the net amount expected to be collected. The amendment also requires that credit losses related to available-for-sale debt securities be recorded as an allowance through net income rather than reducing the carrying amount under the current, other-than-temporary-impairment model. In November 2019, FASB issued ASU No. 2019-10, Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815) and Leases (Topic 842), which deferred the adoption deadline for smaller reporting companies to fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted, and entities are required to use a modified retrospective approach, with certain exceptions. The Company intends to adopt the standard on January 1, 2023 and is currently assessing potential effects of the guidance prior to the adoption date.

3. Other Accrued Liabilities

Other accrued liabilities consist of (in thousands):

	September 30, 2021	December 31, 2020
Accrued compensation	$ 2,710	$ 3,769
Accrued professional fees and other	1,271	677
Current portion of operating lease liability	545	482
Total other accrued liabilities	$ 4,526	$ 4,928

4. Collaboration and License Agreement

Janssen Pharmaceutical NV and Janssen Pharmaceuticals, Inc.

In June 2006, the Company entered into an exclusive, worldwide, royalty-bearing license to seladelpar and certain other PPARd compounds (the PPARd Products) with Janssen Pharmaceutical NV (Janssen NV), with the right to grant sublicenses to third parties to make, use and sell such PPARd Products. Under the terms of the agreement, the Company has full control and responsibility over the research, development and registration of any PPARd Products and is required to use diligent efforts to conduct all such activities. Janssen NV has the sole responsibility for the preparation, filing, prosecution, maintenance of, and defense of the patents with respect to, the PPARd Products. Janssen NV has a right of first negotiation under the agreement to license the PPARd Products from the Company in the event that the Company elects to seek athird -party corporate partner for the research, development, promotion, and/or commercialization of such PPARd Products. Under the terms of the agreement Janssen NV is entitled to receive up to an 8.0% royalty on net sales of PPARd Products. No amounts were incurred or accrued for this agreement as of and for the three and nine months ended September 30, 2021 and 2020.

5. Development Financing Agreement

On July 30, 2021 (the Effective Date), the Company entered into a Development Financing Agreement with Abingworth to provide funding to the Company to support its development of seladelpar for the treatment of primary biliary cholangitis (PBC). The Financing Agreement provides the Company up to $100.0 million in funding, of which $25.0 million was provided in August 2021, $25.0 million was provided in November 2021, and $25.0 million is to be provided approximately six months after the Effective Date. The Company has an option to receive an additional $25 million (the Optional Funding) within approximately two months of enrollment completion of the Company's Phase 3 RESPONSE clinical trial. The Optional Funding is subject to certain customary funding conditions. The use of proceeds from the funding is limited to PBC "Development Program" costs incurred or paid as defined in the Financing Agreement. In return, the Company will pay to Abingworth:

(1) contingent upon the first to occur of regulatory approval of seladelpar for the treatment of PBC in the U.S., U.K., Germany, Spain, Italy or France ("Regulatory Approval"), fixed success payments equal to 2.0x of the funding provided, consisting of $10 million payable in 90 days after the Regulatory Approval and thereafter, payments due on the first six anniversaries of the Regulatory Approval in the amounts of $15.0 million, $22.5 million, $22.5 million, $25.0 million, $27.5 million and $27.5 million, respectively (or if the Optional Funding is provided,133% of such payments) and

(2) variable success payments equal to 1.1x of the funding provided, consisting of sales milestone payments of (x) $17.5 million and $27.5 million, respectively (or if the Optional Funding is provided,133% of such payments) upon first reaching certain cumulative U.S. product sales thresholds, and (y) $37.5 million (or if the Optional Funding is provided, 133% of such payment) upon first reaching a specified U.S. product sales run rate.

Upon receiving Regulatory Approval, the Company will execute a note agreement with Abingworth within two business days to convert the fixed and variable success payments into a note payable. At the time that Abingworth receives, collectively, an aggregate of 3.1x of the funding provided (approximately $232.5 million (or $310.0 million if the Optional Funding is provided)), the Company's payment obligations under the Financing Agreement will be fully satisfied. The Company has the option to satisfy its payment obligations to Abingworth upon Regulatory Approval, or a change of control of the Company, by paying an amount equal to the remaining payments payable to Abingworth subject to a mid-single-digit discount rate. Upon a change of control of the Company, an acceleration payment of 1.35x of the funding provided is payable, net of payments already made to Abingworth and creditable against future payments to Abingworth.

Pursuant to the Financing Agreement, the Company granted Abingworth a security interest in all its assets (other than intellectual property not related to seladelpar), provided that the Company is permitted to incur certain indebtedness. The security interest will terminate when the Company has paid Abingworth 2.0x of the funding provided or upon certain terminations of the Financing Agreement.

The Financing Agreement provides for negative, affirmative and additional covenants, which the Company must comply with for the duration of the Financing Agreement term. As of September 30, 2021, the Company was in compliance with all covenants stipulated in the Financing Agreement.

In certain instances, upon the termination of the Financing Agreement, the Company will be obligated to pay Abingworth a multiple of the amounts paid to the Company under the Financing Agreement, including specifically:

(i) 310% of such amounts in the event that Abingworth terminates the Financing Agreement due to (x) a Fundamental Breach, as defined in the Financing Agreement, (y) the bankruptcy of the Company, or (z) a safety concern resulting from gross negligence on the part of the Company or due to a safety concern that was material on the Effective Date and the material data showing such safety concern was not publicly known, disclosed to Abingworth, or in the diligence room made available to Abingworth,

(ii) 200% of such amounts in the event the Financing Agreement is terminated due to (x) Material Breach, as defined in the Financing Agreement, by the Company or (y) the security interests of Abingworth being invalidated or terminated other than as set forth in the Financing Agreement, and

(iii) 100% of such amounts in the event of certain irresolvable disagreements within the executive review committee overseeing the Company's development of seladelpar.

In addition, if, following certain terminations, the Company continues to develop seladelpar for the treatment of PBC and obtains regulatory approval, it will make the payments to Abingworth as if the Financing Agreement had not been terminated, less any payments made upon termination.

The Company shall not be obligated to make any payments to Abingworth under certain instances of technical or regulatory failure of the PBC development program as defined in the Financing Agreement.

As part of the arrangement, an executive review committee was established between the Company and Abingworth to discuss the Company's development of seladelpar.

The Company evaluated the Financing Agreement and determined it to be a research and development funding arrangement with the characteristics of a debt instrument as the transfer of financial risk to Abingworth was not considered substantive and genuine. Accordingly, the Company has recorded payments received under the Financing Agreement as part of a development financing liability in its condensed consolidated balance sheets. The Company accounts for the overall development financing liability at amortized cost based on the estimated timing of regulatory approval and attainment of certain sales milestones and the contractual success fee payments expected to be due therefrom, as discounted using an imputed interest rate. The development financing liability will be accreted as interest expense to its expected future repayment amount over the expected life of the agreement using the effective interest rate method. Certain legal and financial advisory fees incurred specifically to complete the Financing Agreement were capitalized and recorded as a reduction to the carrying amount of the development financing liability and will also be amortized to interest expense using the effective interest method.

There are several factors that could affect the estimated timing of regulatory approval and attainment of sales milestones, some of which are not entirely within the Company's control. Therefore, the Company periodically reassesses the estimated timing of regulatory approval and attainment of sales milestones, and the expected contractual success fee payments due therefrom. If the timing and/or amount of such expected payments is materially different than original estimates, the Company will prospectively adjust the accretion of the development financing liability and the imputed interest rate.

The Company identified certain contingent repayment features in the agreement that are required to be bifurcated from the debt host instrument as embedded derivative liabilities; however, the fair value of these features was immaterial at the Effective Date and as of September 30, 2021. The fair value of the embedded derivative liability will be assessed at subsequent reporting dates if material.

As of September 30, 2021, the development financing liability was $23.3 million and is comprised of the initial $25.0 million funding payment received in August 2021 and $0.5 million of liability accretion, less $2.2 million of unamortized transaction costs. The imputed interest rate on the unamortized portion of the development financing liability was approximately 21% as of September 30, 2021.

6. Stock Plans and Stock-Based Compensation

Stock Plans

As permitted under the provisions of the Company's 2013 Equity Incentive Plan (the 2013 Plan), the Board of Directors reduced the automatic increase in the share reserve from 5% to 4% of common shares outstanding as of December 31, 2020, thereby adding an additional 2,757,843 shares to 2013 Plan share reserve on January 1, 2021. As of September 30, 2021, there were 1,684,340 shares available for grant under the 2013 Plan. All 750,000 shares that were available under the 2020 New Hire Plan (the 2020 Plan) had been issued during the nine months ended September 30, 2021. During the three and nine months ended September 30, 2021, the Company granted 133,124 and 2,479,340 stock options, respectively, which were option grants issued both to new and existing employees.

Stock-Based Compensation Expense

Stock-based compensation expense is included in the condensed consolidated statements of operations and comprehensive loss and is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Research and development	$ 1,115	$ 1,055	$3,343	$2,163
General and administrative	1,434	1,497	4,268	3,350
Total stock-based compensation expense	$ 2,549	$ 2,552	$7,611	$5,513

7. Commitments and Contingencies

Genfit Litigation

On January 15, 2021, Genfit S.A. (Genfit) filed a complaint against the Company in the U.S. District Court for the Northern District of California, alleging misappropriation of trade secrets and related causes of action based on the Company's receipt of a Genfit protocol synopsis for Genfit's Phase 3 clinical trial of its drug candidate elafibranor in patients with primary biliary cholangitis. An Amended Complaint was filed on April 16, 2021 with substantially the same allegations. Genfit seeks damages in an unspecified amount as well as injunctive relief. On March 12, 2021, the Court granted a Temporary Restraining Order (later converted to a Preliminary Injunction), prohibiting the Company from accessing or disseminating the protocol synopsis, using any Genfit trade secrets contained therein or destroying any evidence related thereto. The Company filed a Motion to Dismiss the Amended Complaint that was granted on September 9, 2021, with leave to amend. Genfit filed a Second Amended Complaint on October 15, 2021 with substantially the same allegations and claims for relief as in the original complaint. The Company has not yet filed its Reply to the Second Amended Complaint. The Company filed a Motion to Dismiss the Second Amended Complaint on November 8, 2021.The Company intends to defend itself vigorously. While the outcome of any litigation is inherently uncertain, based on currently available information, management does not currently believe a loss associated with this matter is probable, nor is any amount reasonably estimable, and accordingly no amounts have been recorded or disclosed.

8. Subsequent Event

Abingworth Funding

In November 2021, Abingworth paid the second funding tranche of $25 million to the Company pursuant to the Financing Agreement.

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

Operating results for the three and nine months ended September 30, 2021 are not necessarily indicative of results that may occur in future interim periods or for the full fiscal year.

This Quarterly Report on Form 10-Q contains statements indicating expectations about future performance and other forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act, that involve risks and uncertainties. Words such as "may," "will," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "project," "potential," "seek," "target," "goal," "intend," variations of such words, and similar expressions are intended to identify forward-looking statements. These statements appear throughout this Quarterly Report on Form 10-Q and are statements regarding our current expectation, belief, or intent, primarily with respect to our operations and related industry developments. Examples of these statements include, but are not limited to, statements regarding our expectations with respect to the following: our business and scientific strategies; the progress of our product development programs, and the timing of results thereof; regulatory submissions and approvals; the impact of the COVID-19 pandemic, including the emergence of COVID-19 variants such as the Delta and Mu variants, on our company and operations; the anticipated benefits of our development financing agreement with Abingworth; our drug discovery technologies; our research and development expenses; protection of our intellectual property; sufficiency of our cash and capital resources and the need for additional capital; and our operations and legal risks. You should not place undue reliance on these forward-looking statements. Our actual results and the timing of events may differ significantly from the results discussed in the forward-looking statements for many reasons. Factors that might cause such a difference include those discussed under the caption "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q. These and many other factors could affect our future financial and operating results. We undertake no obligation to update any forward-looking statement to reflect events after the date of this Quarterly Report.

Overview

CymaBay Therapeutics, Inc. is a clinical-stage biopharmaceutical company focused on developing and providing access to innovative therapies for patients with liver and other chronic diseases with high unmet medical need.

Our lead product candidate, seladelpar, is a potent and selective agonist of peroxisome proliferator activated receptor delta (PPARd), a nuclear receptor that regulates genes directly or indirectly involved in the synthesis of bile acids/sterols, metabolism of lipids and glucose, inflammation and fibrosis. We have been developing seladelpar for the treatment of:

- primary biliary cholangitis (PBC), an autoimmune disease that causes progressive destruction of the bile ducts in the liver resulting in impaired bile flow (cholestasis) and inflammation; and
- nonalcoholic steatohepatitis (NASH), a prevalent and serious chronic liver disease caused by excessive fat accumulation in the liver that results in inflammation and cellular injury that can progress to fibrosis and cirrhosis, and potentially liver failure and death.

In late 2019, we terminated our NASH Phase 2b study and our ongoing PBC studies. The decision to halt development of seladelpar was based on initial histological observations in the NASH Phase 2b study that were observed in the first blinded tranche of liver biopsies in the trial. These observations were characterized by an interface hepatitis presentation, with or without biliary injury. Although these patients had stable or improving biochemical markers of liver disease, the decision to halt development was based on a need to understand the significance of the observations, and possible impact on patients, before dosing additional patients with seladelpar. The U.S. Food and Drug Administration (FDA) agreed with this decision and subsequently placed a formal clinical hold on seladelpar. Thereafter, in December 2019, we announced a restructuring plan to reduce our workforce by approximately 60% to control our operating costs, and we commenced a process to evaluate strategic alternatives to maximize stockholder value, pending further investigation of the histological observations. In May 2020, an independent expert panel completed a review of the findings and unanimously concluded that the data in aggregate did not support liver injury related to seladelpar. We subsequently discussed the data, the panel's conclusions, and other matters with the FDA and in July 2020, the FDA lifted the clinical hold, thereby permitting us to reinstate clinical development of seladelpar. Specifically, we made the strategic decision to refocus our strategy primarily on clinical development of seladelpar in PBC and to explore the potential to partner seladelpar in NASH in a combination study with other complementary agents. In addition, we are evaluating opportunities to develop other internal programs and possibly acquire or in-license new compounds or programs.

Seladelpar

Primary Biliary Cholangitis (PBC)

Following the decision to reinstate clinical development of seladelpar, in late 2020, we commenced startup and site feasibility activities for RESPONSE, a new global Phase 3 registration study to evaluate seladelpar in patients with PBC. The Phase 3 study is a 52-week, placebo-controlled, randomized, global, registration study evaluating the safety and efficacy of seladelpar in patients with PBC. The study is intended to enroll 180 patients, who have an inadequate response to, or intolerance to, ursodeoxycholic acid, in a 2:1 randomization to oral, once daily seladelpar 10 mg or placebo. The primary outcome measure will be the responder rate at 52 weeks. A responder is defined as a patient who achieves an alkaline phosphatase level less than 1.67 times the upper limit of normal with at least a 15% decrease from baseline and has a normal level of total bilirubin. Additional key outcomes of efficacy will compare the rate of normalization of alkaline phosphatase at 52 weeks and the level of pruritus at six months for patients with moderate to severe pruritus at baseline assessed by a numerical rating scale recorded with an electronic diary. The RESPONSE trial is actively recruiting and enrolling patients.

In addition to RESPONSE we also commenced startup activities in late 2020 for ASSURE, a new long-term safety study, which is open to patients who were eligible for our previous long-term extension study that was terminated early in late 2019, including those patients from our previously completed Phase 2 open label study and our Phase 3 ENHANCE study, as well as patients who complete treatment in RESPONSE in the future. The ASSURE trial is actively enrolling patients.

Previously, in October 2018, we commenced enrollment of ENHANCE, a global Phase 3 registration study to evaluate seladelpar in patients with PBC and in October 2019, the trial was fully enrolled with 265 patients, but we terminated the trial early in December 2019 after the seladelpar program was placed on clinical hold. In August 2020, we shared data accumulated through trial termination for ENHANCE, which we believe show seladelpar to be safe, well-tolerated, and efficacious in patients with PBC.

Nonalcoholic Steatohepatitis (NASH)

In May 2018, we initiated a randomized, placebo-controlled Phase 2b proof-of-concept study to evaluate seladelpar at three doses in biopsy-proven NASH. The primary efficacy outcome is the change from baseline in liver fat content at 12 weeks measured by magnetic resonance imaging using the proton density fat fraction method (MRI-PDFF). The study also included pathology assessments of liver biopsy samples at baseline and at 52 weeks to examine the potential of seladelpar treatment to resolve NASH and/or decrease fibrosis. In preclinical studies, Seladelpar was found to reverse NASH pathology, decrease fibrosis, inflammation, hepatic lipids and reverse insulin resistance in the *foz/foz* mouse which is a diabetic obese model of NASH. In February 2019, we announced full enrollment of 181 patients with liver biopsy proven NASH at specialized U.S. investigational centers. In June 2019, we announced results from the primary efficacy outcome, which were that treatment with seladelpar resulted in significant reductions in liver fat but that these changes were not significant when compared to placebo, which also had significant reductions. Treatment with seladelpar did, however, result in robust and clinically meaningful reductions in markers associated with liver injury. In November 2019, we terminated this trial based on initial histological observations. Although these patients had stable or improving biochemical markers of liver disease, we halted dosing of patients with seladelpar due to the lack of understanding the significance of the observations, and possible impact on patients. Subsequent investigation indicated there was no seladelpar-induced liver injury in the Phase 2b study patients. As we continue to believe seladelpar may have therapeutic benefit in NASH patients, we continue to explore the potential to partner seladelpar in NASH.

MBX-2982

MBX-2982 targets G protein-coupled receptor 119 (GPR119), a receptor that interacts with bioactive lipids known to stimulate glucose-dependent insulin secretion. In November 2020, we announced a study to evaluate the potential for MBX-2982 to stimulate the release of the hormone glucagon in response to hypoglycemia in patients with type 1 diabetes (T1D). The Phase 2a proof-of-pharmacology study will assess whether MBX-2982 can enhance glucagon secretion during insulin-induced hypoglycemia in subjects with T1D. The study is actively enrolling patients. If successful, studies to evaluate MBX-2982 as a potential preventive therapy for hypoglycemia in patients with T1D may be warranted. The study is being led by the AdventHealth Translational Research Institute in Orlando, Florida and is fully funded by The Leona M. and Harry B. Helmsley Charitable Trust. We retain full commercial rights to MBX-2982. We believe MBX-2982 may also have utility in various inflammatory diseases and are currently exploring potential opportunities to advance development.

CB-0406

In 2020 we began to evaluate CB-0406, the active metabolite of arhalofenate, a pro-drug previously studied for chronic metabolic diseases, in a single and multiple ascending dose study in healthy subjects to establish its pharmacokinetics, safety and maximum tolerated dose. While the study showed CB-0406 had improved pharmacokinetics versus arhalofenate, CB-0406's safety profile did not support continued development as a result of the occurrence of a small number of reversible cases of thrombocytopenia at higher doses.

COVID-19 Pandemic

As a result of the COVID-19 pandemic, we have experienced and may continue to experience disruptions that could impact aspects of our business, including our progress towards the initiation and completion of certain clinical studies, and other associated drug development activities. The emergence of COVID-19 variants, such as the Delta and Mu variants, have further disrupted, and may continue to disrupt, aspects of our business, in particular in regard to the initiation and operation of clinical trial sites in portions of the United States, in the U.K and in Europe. Possible future disruptions are currently difficult to foresee. We continue to monitor areas of potential risk which include, but are not limited to, the following:

- *Remote workforce operations*—To date, our workforce has adapted to remotely working to maintain operations. Our increased and continuing reliance on personnel working from home could potentially negatively impact future productivity, or disrupt, delay, or otherwise adversely impact our business. In addition, remote operations could increase our cyber-security risk, create data accessibility concerns, and make us more susceptible to communication disruptions, any of which could adversely impact our business operations, or delay necessary interactions with regulators, contract manufacturers, contract research organizations, clinical trial sites, and other important agencies and contractors, which may result in increased costs to us.
- *Clinical trial and drug manufacturing operations*—In collaboration with our clinical research organization partners, we sponsor clinical trials that take place at investigator sites in the United States and internationally. We also partner with contract manufacturing organizations to develop, manufacture, and distribute our product candidate drug supplies. To date, these collective research and development personnel and vendors have adapted to COVID-19 related travel restrictions and reduced access to work facilities through the use of remote working technologies and other measures as they continue to progress toward completion of our clinical trials. However, as we continue to enroll clinical trials and look to complete the clinical development of seladelpar and initiate other programs, our research and development employees and contractors may not be able to sufficiently access their applicable work facilities as a result of continued facility closure orders and the possibility that governmental authorities might further modify such restrictions. Furthermore, with the emergence of COVID-19 variants, such as the Delta and Mu variants, further disruptions to clinical trial sites have been observed, in particular in portions of the United States, in the U.K. and in Europe. As a result, subjects we expect to enroll in our clinical trials may be reluctant to enroll or may be prevented or delayed in enrolling due to COVID-19, ongoing travel restrictions and/or facility access restrictions. Although we and our contractors continue to plan for and develop pandemic-related risk mitigation strategies, it is uncertain whether these plans will continue to be sufficient to fully offset the potential impact that COVID-19, including the emergence of COVID-19 variants, travel restrictions and/or facility access restrictions (or other unanticipated impediments) may have on our ability to execute our research and development activities in a timely and cost-effective manner.
- *Drug regulator interactions*—The FDA and comparable foreign regulatory agencies may experience operational interruptions or delays, which could impact timelines for regulatory meetings, submissions, trial initiations, and regulatory approvals. For example, COVID-19 related regulatory submission issues have created an impediment to clinical site activation in the U.K.
- *Financial reporting and compliance*—To date, there has been no adverse impact on our ability to maintain our established financial reporting functions and internal controls over financial reporting. However, our ability to prepare our financial results timely and accurately is partially dependent upon the availability of third-party information systems and other cloud-based services. Any degradation in the quality or timeliness of critical third-party information or cloud-based services could adversely impact our financial reporting capabilities.

Overall, we cannot at this time predict the specific extent, duration, or full impact that the COVID-19 pandemic will have on our future consolidated financial condition and operations. The impact of the COVID-19 coronavirus pandemic on our financial performance will depend on future developments, including the emergence of COVID-19 variants, such as the Delta and Mu variants, the duration and spread of the pandemic and related governmental advisories and restrictions, which could result in unexpected costs to us. These developments and the impact of COVID-19 on the financial markets and the overall economy are highly uncertain. If the financial markets and/or the overall economy are impacted for an extended period, our results may be adversely affected.

Critical Accounting Policies and Use of Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States (GAAP). The preparation of these condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, as well as the reported revenues and expenses during the reporting periods. We base our estimates on historical experience and on various other factors that we believe to be materially reasonable under the circumstances, the results of which form our basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources and evaluate our estimates on an ongoing basis. Actual results may materially differ from those estimates under different assumptions or conditions.

There have been no changes to our critical accounting policies since we filed our Annual Report on Form 10-K for the year ended December 31, 2020 with the SEC on March 25, 2021, other than the accounting policies pertaining to our Development Financing Agreement as discussed in *Note 2—Summary of Significant Accounting Policies* in the notes to our unaudited interim condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q. For a description of all other critical accounting policies, please refer to our Annual Report on Form 10-K.

Recent Accounting Pronouncements

Refer to *Note 2—Summary of Significant Accounting Policies* in the notes to our unaudited interim condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q, for a discussion of recent accounting pronouncements.

Results of Operations

General

To date, we have not generated any income from operations. As of September 30, 2021, we had an accumulated deficit of $740.3 million, primarily as a result of expenditures for research and development and general and administrative expenses from inception to that date. All of our product candidates are at various stages of development and will require additional work and regulatory approval before they can be licensed or commercialized. Accordingly, we expect to continue to incur substantial losses from operations for the foreseeable future and there can be no assurance that we will ever generate sufficient revenue to achieve and sustain profitability. Until we can generate a sufficient amount of product revenue, which we may never do, we will need to finance future cash needs through potential collaborative, partnering or other strategic arrangements, as well as through public or private equity offerings, debt financings or a combination of the foregoing.

Operating Results

Our results of operations are presented below (in thousands):

	Three Months Ended September 30,		Change Q3	Nine Months Ended September 30,		Change Q3 YTD
($ in thousands)	2021	2020	2021 vs 2020	2021	2020	2021 vs 2020
Operating expenses:						
Research and development	$ 17,010	$ 7,743	$ 9,267	$ 46,137	$ 25,194	$ 20,943
General and administrative	5,179	3,907	1,272	16,936	11,535	5,401
Total operating expenses	22,189	11,650	10,539	63,073	36,729	26,344
Loss from operations	(22,189)	(11,650)	(10,539)	(63,073)	(36,729)	(26,344)
Other income (expense), net:						
Interest income	29	229	(200)	140	1,494	(1,354)
Interest expense	(522)	—	(522)	(522)	—	(522)
Total other income (expense), net	(493)	229	(722)	(382)	1,494	(1,876)
Net loss	$ (22,682)	$ (11,421)	$ (11,261)	$ (63,455)	$ (35,235)	$ (28,220)

Research & Development Expenses

Conducting research and development is central to our business model. Research and development expenses increased $9.3 million to $17.0 million from $7.7 million for the three months ended September 30, 2021 and 2020, respectively, and increased $20.9 million to $46.1 million from $25.2 million for the nine months ended September 30, 2021 and 2020, respectively. These increases were largely due to activities associated with the development of seladelpar focusing primarily on our late-stage PBC program. In 2020, expenses included costs associated with shutdown of certain clinical trials after the seladelpar program was placed on clinical hold in late 2019 pending further investigation. This investigation was concluded in the second quarter of 2020, the clinical hold was subsequently lifted in July 2020, and we made the decision to restart the seladelpar development program. As we continue to progress late-stage development of seladelpar in PBC as well as development activities associated with other product candidates, we expect both total project and internal costs to continue to increase in the future.

Research and development expenses are detailed in the table below (in thousands):

	Three Months Ended September 30,		Change Q3	Nine Months Ended September 30,		Change Q3 YTD
	2021	2020	2021 vs 2020	2021	2020	2021 vs 2020
Project costs:						
Seladelpar PBC clinical studies	$ 10,180	$ 2,279	$ 7,901	$ 25,050	$ 11,005	$ 14,045
Seladelpar NASH clinical studies	(52)	138	(190)	(71)	1,607	(1,678)
Seladelpar PSC clinical studies	—	(36)	36	—	218	(218)
Seladelpar drug manufacturing & development	1,530	630	900	3,675	1,010	2,665
Seladelpar other studies	144	170	(26)	303	520	(217)
Non-seladelpar studies	279	854	(575)	2,547	1,667	880
Total project costs	12,081	4,035	8,046	31,504	16,027	15,477
Internal research and development costs	4,929	3,708	1,221	14,633	9,167	5,466
Total research and development	$ 17,010	$ 7,743	$ 9,267	$ 46,137	$ 25,194	$ 20,943

Our project costs consist primarily of:

- expenses incurred under agreements with contract research organizations and investigative sites that conduct our clinical trials and a substantial portion of our preclinical activities;
- the cost of acquiring materials and manufacturing drug product for use in clinical trial and other research activities; and
- other costs associated with development activities, including additional studies.

Internal research and development costs consist primarily of salaries and related fringe benefits costs for our employees (such as workers' compensation and health insurance premiums), stock-based compensation charges, travel costs, consulting, other outside services and overhead expenses. Internal costs generally benefit multiple projects and are not separately tracked per project.

Comparison of the three months ended September 30, 2021 and 2020

Total project costs increased by $8.0 million to $12.1 million from $4.0 million for the three months ended September 30, 2021 and 2020, respectively. Project costs for the three months ended September 30, 2021 and 2020 primarily consisted of seladelpar-related clinical trial expenses for PBC. These cost increases were primarily driven by an expansion of our site activation, patient enrollment, and other clinical trial activities following our decision to restart development of the seladelpar program in July 2020 after the FDA lifted the clinical hold on the program. Internal research and development costs increased by $1.2 million to $4.9 million from $3.7 million for the three months ended September 30, 2021 and 2020, respectively, primarily due to higher employee compensation incurred in the three months ended September 30, 2021 as compared to the three months ended September 30, 2020, as we hired additional research and development personnel to support our clinical studies.

Comparison of the nine months ended September 30, 2021 and 2020

Total project costs increased by $15.5 million to $31.5 million from $16.0 million for the nine months ended September 30, 2021 and 2020, respectively. Project costs for the nine months ended September 30, 2021 and 2020 primarily consisted of seladelpar-related clinical trial expenses for PBC. These cost increases were primarily driven by an expansion of our site activation, patient enrollment, and other clinical trial activities following our decision to restart development of the seladelpar program in July 2020 after the FDA lifted the clinical hold on the program. Internal research and development costs increased by $5.5 million to $14.6 million from $9.2 million for the nine months ended September 30, 2021 and 2020, respectively, primarily due to higher employee compensation incurred in the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020, as we hired additional research and development personnel to support the restart of clinical studies.

General and Administrative Expenses

General and administrative expenses consist principally of personnel-related costs, professional fees for legal, consulting, and accounting services, overhead expenses, and other general operating expenses not otherwise included in research and development.

Comparison of the three and nine months ended September 30, 2021 and 2020

General and administrative expenses increased by $1.3 million to $5.2 million from $3.9 million for the three months ended September 30, 2021 and 2020, respectively. General and administrative expenses increased by $5.4 million to $16.9 million from $11.5 million for the nine months ended September 30, 2021 and 2020, respectively. The increases were driven primarily by the hiring of additional general and administrative personnel, consultant and other expenses in the second half of 2020 after we made the decision to restart our development activities. We expect general and administrative expenses to continue to increase in the future as we continue to add administrative personnel and expand our infrastructure in support of our drug development activities.

Other income (expense), net

Interest income decreased by $0.2 million to an immaterial amount from $0.2 million for the three months ended September 30, 2021 and 2020, respectively. Interest income decreased by $1.4 million to $0.1 million from $1.5 million for the nine months ended September 30, 2021 and 2020, respectively. The decreases in interest income were driven primarily by lower prevailing interest rates and a reduced investment portfolio balance compared to prior year periods.

Interest expense is related to the accretion of the development financing liability recorded in connection with the July 2021 Abingworth Development Financing Agreement. Liability accretion was $0.5 million for the three and nine months ended September 30, 2021. No interest expense was incurred for the three or nine months ended September 30, 2020.

Liquidity and Capital Resources

We have financed our operations primarily through the sale of equity securities, licensing fees, issuance of debt, structured financings, and collaborations with third parties. At September 30, 2021, cash, cash equivalents and marketable securities totaled $113.8 million, compared to $146.3 million at December 31, 2020. Our cash, cash equivalents and investments are held in a variety of interest-bearing instruments, including deposits, money market funds, corporate debt, commercial paper, asset-backed securities, U.S. treasury securities, and supranational debt securities investments. We invest cash in excess of immediate requirements with a view toward liquidity and capital preservation, and we seek to minimize the potential effects of concentration and degrees of risk.

On July 30, 2021, we entered into a Development Financing Agreement with Abingworth to obtain funding to support our development of seladelpar for the treatment of PBC. The Financing Agreement provides us up to $100.0 million in funding, of which $25 million was received in August 2021, $25 million was received in November 2021, and $25 million is to be provided approximately six months after the Effective Date. We also have an option to receive an additional $25 million (the Optional Funding) within approximately two months of the completion of enrollment of our Phase 3 RESPONSE clinical trial. The Optional Funding is subject to certain customary funding conditions. In return, we will pay to Abingworth fixed and variable success payments, as further described in *Note 5—Development Financing Agreement* in the notes to our unaudited interim condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q. The Development Financing Agreement also provides that we will raise additional funds in a public or private offering within nine months of the Effective Date of the agreement.

We believe our existing cash, cash equivalents, and marketable securities on hand as of September 30, 2021, together with additional remaining proceeds of at least $50 million that we expect to receive pursuant to the development financing transaction with Abingworth, are sufficient to fund our current operating plan into 2023.

Cash Flows

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

	Nine Months Ended September 30,	
	2021	2020
Net cash used in operating activities	$ (55,188)	$ (29,909)
Net cash provided by investing activities	72,666	52,306
Net cash provided by financing activities	23,292	7
Net increase in cash and cash equivalents	$ 40,770	$ 22,404

Operating Activities: Net cash used in operating activities for the nine months ended September 30, 2021 increased by $25.3 million to $55.2 million as compared to $29.9 million for the same period in the prior year, primarily due to our restart of the seladelpar development program following the lifting of the clinical hold in July 2020. In addition, cash was used to fund changes in our working capital.

Investing Activities: Net cash provided by investing activities was $72.7 million for the nine months ended September 30, 2021 compared to $52.3 million for the same period in the prior year, primarily due to the timing of our investments in marketable securities and portfolio risk management.

Financing Activities: Net cash provided by financing activities was $23.3 million for the nine months ended September 30, 2021 compared to an immaterial amount for the same period in the prior year, primarily due to proceeds received, net of related transaction costs paid, of $23.1 million from the Financing Agreement with Abingworth.

Off-Balance Sheet Arrangements

We do not currently have, nor have we ever had, any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. In addition, we do not engage in trading activities involving non-exchange traded contracts.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable to Smaller Reporting Companies.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation as of September 30, 2021 under the supervision and with the participation of our management, including our President and Chief Executive Officer and Vice President, Finance, of the effectiveness of our "disclosure controls and procedures," which are defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), as controls and other procedures of a company that are designed to ensure that the information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our President and Chief Executive Officer and Vice President, Finance, as appropriate, to allow timely decisions regarding required disclosure. Based upon that evaluation, our President and Chief Executive Officer and Vice President, Finance concluded that our disclosure controls and procedures were effective as of September 30, 2021.

Limitations on the Effectiveness of Controls

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the controls are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met and, as set forth above, our President and Chief Executive Officer and Vice President, Finance have concluded, based on their evaluation as of the end of the period covered by this report, that our disclosure controls and procedures were sufficiently effective to provide reasonable assurance that the objectives of our disclosure control system were met.

Changes in Internal Controls

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal controls over financial reporting despite the fact that most of our employees are working remotely due to the COVID-19 pandemic. We are continually monitoring and assessing the COVID-19 situation on our internal controls to minimize the impact on their design and operating effectiveness.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On January 15, 2021, Genfit S.A. (Genfit) filed a complaint against us in the U.S. District Court for the Northern District of California, alleging misappropriation of trade secrets and related causes of action based on our receipt of a Genfit protocol synopsis for Genfit's Phase 3 clinical trial of its drug candidate elafibranor in patients with primary biliary cholangitis. An Amended Complaint was filed on April 16, 2021 with substantially the same allegations. Genfit seeks damages in an unspecified amount as well as injunctive relief. We have stated in pleadings that we did not request or take any steps to obtain Genfit's protocol synopsis, have taken diligent steps to remove and quarantine it, and are not using any Genfit trade secrets in our clinical trials. On March 12, 2021, the court granted a Temporary Restraining Order (later converted to a Preliminary Injunction), prohibiting us from accessing or disseminating the protocol synopsis, using any Genfit trade secrets contained therein or destroying any evidence related thereto. We filed a Motion to Dismiss the Amended Complaint that was granted on September 9, 2021, with leave to amend. Genfit filed a Second Amended Complaint on October 15, 2021 with substantially the same allegations and claims for relief as in the original complaint. We have not yet filed our Reply to the Second Amended Complaint. We filed a Motion to Dismiss the Second Amended Complaint on November 8, 2021. We intend to defend ourselves vigorously.

Item 1A.

Risk Factors

In addition to the factors discussed elsewhere in this report, the following are important factors that could cause actual results or events to differ materially from those contained in any forward-looking statements made by us or on our behalf. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not currently known to us or that we deem immaterial also may impair our business operations. If any of the following risks or such other risks actually occur, our business could be harmed.

RISK FACTOR SUMMARY

We are subject to a number of risks that, if realized, could materially harm our business, prospects, operating results, and financial condition. Some of the more significant risks and uncertainties we face include those summarized below. The summary below is not exhaustive and is qualified by reference to the full set of risk factors set forth in Item 1A of this Form 10-Q "Risk Factors." Please carefully consider all of the information in this Form 10-Q, including the full set of risks set forth in the "Risk Factors" section, and in our other filings with the SEC before making an investment decision regarding CymaBay.

Risks Related to the COVID-19 Pandemic

- Our business may be adversely affected by the effects of the COVID-19 pandemic, particularly the emergence of COVID-19 variants such as the Delta and Mu variants, including those impacting our ability to enroll and conduct critical clinical trials such as RESPONSE, as well as impacts to our other development efforts, administrative personnel and third-party service providers.

Risks Related to Our Financial Condition and Capital Requirements

- We have incurred significant net losses since our inception and anticipate that we will continue to incur significant losses for the foreseeable future. We may need to raise additional equity and/or debt capital to fund our continued operations, including clinical trials and other product development. In the event we do not successfully raise sufficient funds to finance our product development activities, we will curtail our product development activities commensurate with the magnitude of the shortfall or our product development activities may cease altogether.
- Failure to remain in compliance with our obligations under the development financing agreement with Abingworth could lead to reduced funding under the agreement and/or the acceleration of potentially significant payments to Abingworth.
- Our ability to generate future revenues from product sales is uncertain and depends upon our ability to successfully develop, obtain regulatory approval for, and commercialize product candidates, including most importantly, seladelpar.
- Raising additional capital may cause dilution to our existing stockholders, restrict our operations or require us to relinquish rights to our technologies or product candidates.

Risks Related to Clinical Development and Regulatory Approval

- Drug development and obtaining and maintaining regulatory approval for drug products is costly, time-consuming, and highly uncertain.
- Serious complications or side effects in connection with the use or development of our product candidates could lead to delay or discontinuation of development of our product candidates.

Risks Related to Our Reliance on Third Parties

- Our manufacturing partners and other service providers, including CROs managing our clinical trials, may fail to perform adequately in their efforts to support the development, manufacture, and commercialization of our drug candidates and future products.

Risks Related to Commercialization of Our Product Candidates

- We have never successfully commercialized a product. If any of our product candidates receive marketing approval, they may nonetheless be unable to gain sufficient market acceptance by physicians, patients, health care payors and others in the medical community.
- If we are unable to establish sales and marketing capabilities or enter into agreements with third parties to market and sell our product candidates, we may be unable to generate any revenue.
- The commercial success of our products is subject to significant competition from products or product candidates that may be superior to, or more cost effective than, our products or product candidates.

Risks Related to Our Intellectual Property

- We may not be able to protect the confidentiality of our trade secrets, and our patents or other means of defending our intellectual property may be insufficient to protect our proprietary rights.
- Patents or proprietary rights of others may restrict our development, manufacturing, and/or commercialization efforts and subject us to litigation and other proceedings that could find us liable for damages.

Other Risks Factors—Risks Related to Employees, Information Technology, and Owning Our Common Stock

- Our business is dependent on our key personnel and will be harmed if we cannot recruit and retain leaders in our development, administrative, and commercial organizations.
- Significant disruptions of information technology systems or breaches of data security could adversely affect our business.
- Changes in and failures to comply with United States and foreign privacy and data protection laws, regulations and standards may adversely affect our business, operations and consolidated financial performance.
- Our stock price is extremely volatile.

Risks Related to the COVID-19 Pandemic

Our business may be adversely affected by the ongoing COVID-19 pandemic.

While the COVID-19 pandemic did not materially adversely affect our business operations in the three and nine month periods ended September 30, 2021 and 2020, economic and health conditions in the United States and across most of the globe have continued to change during the third quarter of 2021 and thereafter. The emergence of COVID-19 variants, such as the Delta and Mu variants, have further disrupted the global economy. As a result of the COVID-19 pandemic, including the emergence of new variants, we have experienced and may continue to experience disruptions that could impact aspects of our business, including our progress towards the completion of our clinical studies and other associated drug development activities. Possible future disruptions are currently difficult to foresee and include, but are not limited to, potential risk areas as noted below:

- We are currently managing clinical trials in geographies that are affected by theCOVID-19 pandemic, in particular in areas that have been impacted by the emergence of COVID-19 variants such as the Delta and Mu variants. While we have not experienced material impacts to our clinical activities through September 30, 2021, we are observing impacts due to COVID-19, including reluctance of subjects to enroll in clinical studies due to the ongoing pandemic, travel restrictions impacting trial enrollment and facility restrictions impacting trial enrollment. We believe that the COVID-19 pandemic, including the emergence of COVID-19 variants, will have a continuing impact on various aspects of our clinical activities in the future. For example, pandemic-related reluctance or restrictions, including stay-at-home orders and curtailment of activities, could reduce the rate of patient enrollment in our RESPONSE clinical trial and other clinical studies, and impair the ability to efficiently treat patients at investigator sites. Additionally, our employees, representatives from our clinical research organization partners, and study investigators may be unable to efficiently collaborate or unwilling to conduct investigator site activities in-person at the sites (as per standard practice) and may be required to delay, or alter, their approach to complete this work due to shortages of personnel or diversion of resources at clinical sites or continued government-imposed limitations on activities. Further, our employees and representatives from our contract manufacturing organizations may experience unanticipated challenges sourcing raw materials or producing and distributing sufficient quantities of clinical drug supplies for use in our clinical trials.
- We have limited access to our corporate office and requested that most of our personnel, including all of our administrative employees, work remotely, and restricted on-site staff to only those personnel and contractors who must perform essential activities that must be completed on-site. The COVID-19 pandemic could disrupt our ability to secure supplies for our operations. The safety, health and well-being of our workforce is of primary concern and we may need to enact further precautionary measures to help minimize the risk of our employees being exposed to the coronavirus.
- Our increased and continuing reliance on personnel working from home may negatively impact productivity, or disrupt, delay, or otherwise adversely impact our business. In addition, this could increase our cyber-security and data privacy risks, create data accessibility concerns, and make us more susceptible to communication disruptions, any of which could adversely impact our business operations, or delay necessary interactions with regulators, contract manufacturers, contract research organizations, clinical trial sites, and other important agencies and contractors, which could result in increased costs to us.
- Our employees and contractors involved in conducting our research and development activities may not be able to access their applicable work facilities for an extended period of time as a result of facility closure orders and the possibility that governmental authorities further modify such access restrictions.
- The United States Food and Drug Administration (FDA), comparable foreign regulatory agencies, and ethics boards may experience operational interruptions or delays, which could impact timelines for regulatory meetings, submissions, trial initiations, and regulatory approvals.

The COVID-19 pandemic continues to evolve. The emergence of COVID-19 variants, such as the Delta and Mu variants, will also continue to affect the impact of the pandemic. The extent to which the pandemic may impact our business, including our preclinical, clinical and associated drug development activities, will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of COVID-19, variants to COVID-19 that continue to arise, the duration of the pandemic, travel restrictions and actions to contain the pandemic or treat its impact, such as social distancing and quarantines or lock-downs in the United States, particularly in the San Francisco Bay Area where our executive offices are located, and other countries, business closures or business disruptions and the effectiveness of actions taken in the United States and other countries to contain and treat the disease.

Risks Related to Our Financial Condition and Capital Requirements

We will need additional capital in the future to sufficiently fund our operations and research.

We have incurred significant net losses since our inception. We anticipate that we will continue to incur significant losses for the foreseeable future, and we may never achieve or maintain profitability. As of September 30, 2021, we had cash, cash equivalents and marketable securities of approximately $113.8 million. On July 30, 2021, we entered into a Development Financing Agreement with an affiliate of Abingworth LLP pursuant to which Abingworth has committed to provide us up to $100.0 million in funding, of which $25 million was received in August 2021, $25 million was received in November 2021, and the remaining $25 million is to be provided within approximately six months after the Effective Date, as further discussed in *Note 5—Development Financing Agreement* in the notes to our unaudited interim condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q. The Development Financing Agreement also provides that we will raise additional funds in a public or private offering within nine months of the Effective Date of the agreement. We may need to raise additional equity and/or debt capital to fund our continued operations, including clinical trials and other product development. We may also choose to raise additional equity and/or debt capital if appropriate opportunities become available. Our monthly spending levels vary based on new and ongoing development and corporate activities. Developing pharmaceutical products, including conducting preclinical studies and clinical trials, is a time-consuming, expensive and uncertain process that takes years to complete.

In the event we do not successfully raise sufficient funds in financing our product development activities or do not have appropriate developmental assets, we will curtail our product development activities commensurate with the magnitude of the shortfall or our product development activities may cease altogether. To the extent that any costs of the ongoing development exceed our current estimates and we are unable to raise sufficient additional capital to cover such additional costs, we will need to reduce operating expenses, sell assets, enter into strategic transactions, or effect a combination of the above. No assurance can be given that we will be able to affect any of such transactions on acceptable terms, if at all.

Our future funding requirements and sources will depend on many factors, including but not limited to the following:

- the rate of progress and cost of our clinical studies;
- the need for additional or expanded clinical studies;
- the rate of progress and cost of our Chemistry, Manufacturing and Control development, registration, validation and commercial programs;
- the timing, economic and other terms of any licensing, collaboration or other similar arrangement into which we may enter;
- the costs and timing of seeking and obtaining FDA and other regulatory approvals;
- the extent of our other development activities;
- the costs of filing, prosecuting, defending and enforcing our patent claims and other intellectual property rights; and
- the effect of competing products and market developments.

If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we will be prevented from pursuing development and commercialization efforts, which will have a material adverse effect on our business, operating results, prospects, and on our ability to develop our product candidates.

Failure to remain in compliance with our obligations under the development financing agreement with Abingworth could lead to reduced funding under the agreement and/or the acceleration of potentially significant payments to Abingworth

On July 30, 2021, we entered into a Development Financing Agreement with Abingworth, pursuant to which Abingworth will provide funding to us to support our development of seladelpar for the treatment of PBC. Pursuant to the Financing Agreement, Abingworth has committed to provide us up to $100.0 million in funding, of which we have received $50 million through November 2021. Pursuant to the Financing Agreement, we will be required to use commercially reasonable efforts to develop seladelpar and complete our development program in accordance with the Financing Agreement and an agreed timeline. The Financing Agreement also provides that we will raise additional funds in a public or private offering within nine months of the Effective Date. In return, we will pay to Abingworth (1) upon the first to occur of regulatory approval of seladelpar for the treatment of PBC in the U.S., U.K., Germany, Spain, Italy or France (Regulatory Approval), fixed success payments equal to 2.0x of the funding provided and (2) variable success payments equal to 1.1x of the funding provided upon first reaching certain U.S. product sales milestones. At the time that Abingworth receives, collectively, an aggregate of 3.1x of the funding provided, our payment obligations under the Financing Agreement will be fully satisfied. Upon our change of control, an acceleration payment of 1.35x of the funding provided is payable, net of payments already made to Abingworth and creditable against future payments to Abingworth.

The Financing Agreement terminates upon the payment of all payments owing to Abingworth, unless earlier terminated. The Agreement may be earlier terminated in a number of circumstances including (i) by Abingworth if we fail to use commercially reasonable efforts to develop seladelpar as set forth in the Financing Agreement or if we fail to make required payments (Fundamental Breach) or (ii) by either party if the other party materially breaches the Agreement (Material Breach). In certain instances, upon the termination of the Financing Agreement, we will be obligated to pay Abingworth a multiple of the amounts paid to us under the Agreement, including specifically,

(i) 310% of such amounts in the event that Abingworth terminates the agreement due to (x) a Fundamental Breach, (y) our bankruptcy, or (z) a safety concern resulting from gross negligence on our part or due to a safety concern that was material on the Effective Date and the material data showing such safety concern was not publicly known, disclosed to Abingworth, or in the diligence room made available to Abingworth,

(ii) 200% of such amounts in the event the Agreement is terminated due to (x) our Material Breach or (y) the security interests of Abingworth being invalidated or terminated other than as set forth in the Financing Agreement, and

(iii) 100% of such amounts in the event of certain irresolvable disagreements within the executive review committee overseeing our development of seladelpar.

In addition, if, following certain terminations, we continue to develop seladelpar for the treatment of PBC and obtain Regulatory Approval, we will make the payments to Abingworth as if the Financing Agreement had not been terminated, less any payments made upon termination.

The payments required under the Financing Agreement are significant. Failure to generate sufficient revenue to make such payments if and as they become due, or failure to otherwise finance such payments would have a material adverse effect on our business. In addition, if we are unable to comply with our obligations under the Financing Agreement and/or one of the termination events described above occurs, Abingworth may be relieved of their obligation to provide further funding under the Financing Agreement and our payments obligations thereunder may be accelerated. The acceleration of payments under the Financing Agreement would have a material impact on our business and we may not be able to make such payments at such time.

Our ability to generate future revenues from product sales is uncertain and depends upon our ability to successfully develop, obtain regulatory approval for, and commercialize product candidates.

Our ability to generate revenue and achieve profitability depends on our ability, alone or with collaborators, to successfully complete the development of, obtain the necessary regulatory approvals for, and commercialize, product candidates. We do not anticipate generating revenues from sales of our product candidates in the near future, if ever. Our ability to generate revenues from product sales depends heavily on our success in generating a pipeline of product candidates.

Conducting preclinical testing and clinical trials is a time-consuming, expensive, and uncertain process that takes years to complete, and we may never generate the necessary data required to obtain regulatory approval and achieve product sales. Our anticipated development costs would likely increase if we do not obtain favorable results or if development of our product candidates is delayed. In particular, we would likely incur higher costs than we currently anticipate if development of our product candidates is delayed because we are required by a regulatory authority such as the FDA to perform studies or trials in addition to those that we currently anticipate. Because of the numerous risks and uncertainties associated with pharmaceutical product development, we are unable to predict the timing or amount of any increase in our anticipated development costs.

In addition, our product candidates, if approved, may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of products that we do not expect to be commercially available for several years, if at all. Even if one or more of our product candidates is approved for commercial sale, we anticipate incurring significant costs in connection with commercialization. As a result, we cannot assure you that we will be able to generate revenues from sales of any approved product candidates, or that we will achieve or maintain profitability even if we do generate sales.

Raising additional capital may cause dilution to our existing stockholders, restrict our operations or require us to relinquish rights to our technologies or product candidates.

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances, licensing arrangements and other marketing and distribution arrangements. We do not have any committed external source of funds other than the Financing Agreement. If appropriate opportunities become available, we may seek to raise additional equity and/or debt capital to fund our continued operations, including clinical trials and other product development.

To raise additional funds to support our operations, we may sell additional equity or debt securities, enter into collaborations, strategic alliances, or licensing arrangements or other marketing or distribution arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, ownership interests of our stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of stockholders. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, and declaring dividends, and may impose limitations on our ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business.

If we raise additional funds through collaborations, strategic alliances, or licensing arrangements or other marketing or distribution arrangements with third parties, we may have to relinquish valuable rights to our intellectual property, technologies, future revenue streams, research programs or product candidates, or grant licenses on terms that may not be favorable to us.

If we are unable to expand our operations or otherwise capitalize on our business opportunities, our business, financial condition and results of operations could be materially adversely affected. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or commercialization efforts, or grant others rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Risks Related to Clinical Development and Regulatory Approval

We depend on the success of our product candidates and we may not obtain regulatory approval or successfully commercialize our product candidates.

We have not marketed, distributed or sold any products. The success of our business depends upon our ability to develop and commercialize our product candidates. The success of any product candidate will depend on many factors, including the following:

- successful enrollment and completion of clinical trials, including, in the case of RESPONSE, enrollment of sufficient subjects willing to obtain a liver biopsy;
- receipt of marketing approvals from the FDA and regulatory authorities outside the United States for the product candidate;
- establishing commercial manufacturing capabilities by making arrangements with third-party manufacturers;
- launching commercial sales of the product, whether alone or in collaboration with others;
- acceptance of the product by patients, the medical community and third-party payors;
- effectively competing with other therapies;
- a continued acceptable safety profile of the product following marketing approval; and
- obtaining, maintaining, enforcing and defending intellectual property rights and claims.

If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize our product candidate, which would materially harm our business.

We depend on the successful completion of clinical trials for our product candidates.

Before obtaining regulatory approval for the sale of our product candidates, we must complete our current clinical trials as well as potentially additional clinical trials to demonstrate the safety and efficacy of our product candidates in humans. Clinical testing is expensive, difficult to design and implement, can take many years to complete and is uncertain as to outcome. A failure of one or more of our clinical trials can occur at any stage of testing. The outcome of preclinical testing and early clinical trials may not be predictive of the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval for their products.

We may experience a number of unforeseen events during clinical trials for our product candidates, including seladelpar, that could delay or prevent the commencement and/or completion of our clinical trials, including the following:

- regulators or institutional review boards may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- the clinical study protocol may require one or more amendments delaying study completion;
- clinical trials of our product candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon product development programs;
- the number of subjects required for clinical trials of our product candidates may be larger than we anticipate, enrollment in these clinical trials may be insufficient or slower than we anticipate, we may have to compete with other clinical trials to enroll eligible subjects, or subjects may drop out of these clinical trials at a higher rate than we anticipate;
- the number of patients in our RESPONSE clinical trial that choose to have biopsies may be insufficient to satisfy regulatory requirements;
- clinical investigators or study subjects may fail to comply with clinical study protocols;
- trial conduct and data analysis errors may occur, including, but not limited to, data entry and/or labeling errors;
- our third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- we might have to suspend or terminate clinical trials of our product candidates for various reasons, including a finding that the subjects are being exposed to unacceptable health risks;
- regulators or institutional review boards may require that we or our investigators suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements;

- the cost of clinical trials of our product candidates may be greater than we anticipate;
- the supply or quality of our clinical trial materials or other materials necessary to conduct clinical trials of our product candidates may be insufficient or inadequate; and
- our product candidates may have undesirable side effects or other unexpected characteristics, causing us or our investigators to suspend or terminate the trials.

Because successful development of product candidates is uncertain, we are unable to estimate the actual funds required to complete research and development and commercialize our products under development.

Negative or inconclusive results of our future clinical trials of product candidates could cause the FDA or other regulatory authorities to require that we repeat or conduct additional clinical studies. If later stage clinical trials do not produce favorable results, our ability to obtain regulatory approval for our product candidates may be adversely impacted.

Delays in clinical trials are common and have many causes, and any delay could result in increased costs to us and jeopardize or delay our ability to obtain regulatory approval and commence product sales.

Clinical testing is expensive, difficult to design and implement, can take many years to complete, and is uncertain as to outcome. We may experience delays in clinical trials at any stage of development and testing of our product candidates and any delay could result in increased costs to us. Any clinical trials we undertake may not begin on time, have an effective design, enroll a sufficient number of subjects, or be completed on schedule, if at all. The impact of the ongoing COVID-19 pandemic, including the emergence of COVID-19 variants such as the Delta and Mu variants, is also uncertain, and may create additional delays in completing our clinical trials.

Events that may result in delays or unsuccessful completion of clinical trials include the following:

- reluctance of patients to enroll in our clinical trials due to the COVID-19 pandemic;
- competition for eligible patients from competing clinical trials;
- delays in obtaining regulatory approval to commence a trial;
- delays in reaching agreement with the FDA or other regulatory authorities on final trial design;
- imposition of a clinical hold following a reported safety event;
- an inspection of our clinical trial operations or trial sites by the FDA or other regulatory authorities;
- delays in reaching agreement on acceptable terms with prospective contract research organizations (CROs) and clinical trial sites;
- delays in obtaining required institutional review board (IRB) approval at each site;
- delays in recruiting suitable patients to participate in a trial;
- delays in having subjects complete participation in a trial or return for post-treatment follow-up;
- delays caused by the need to enroll additional subjects willing to have biopsies in the RESPONSE trial;
- delays caused by subjects dropping out of a trial due to side effects or otherwise;
- changes to treatment guidelines or the introduction of a new standard of care;
- delays caused by clinical sites dropping out of a trial;
- time required to add new clinical sites;
- delays by our contract manufacturers to produce and deliver sufficient supply of clinical trial materials; and
- delays in importing clinical trial materials into foreign countries where our clinical trials are being conducted.

If initiation or completion of any clinical trials we may undertake for our product candidates is delayed for any of the above reasons, our development costs may increase, the approval process could be delayed, any periods during which we may have the exclusive right to commercialize our product candidates may be reduced and our competitors may bring products to market before us. Any of these events could impair our ability to generate revenues from product sales and impair our ability to generate regulatory and commercialization milestones and royalties, all of which could have a material adverse effect on our business.

Our product candidates may cause adverse effects or have other properties that could delay or prevent their regulatory approval or limit the scope of any approved label or market acceptance.

In May 2016, we announced results of a High Dose Phase 2 clinical study of seladelpar in patients with PBC. During the course of this trial three cases of asymptomatic, reversible transaminase elevations occurred, and we made the decision to discontinue the study early after review of safety and efficacy data demonstrated a need for further dose reduction to optimize clinical safety and efficacy. In November and December 2019, due to histologic observations in our NASH clinical trial, all seladelpar clinical trials were terminated, pending further analysis of data from the NASH trial and further discussions with the FDA. Although in July 2020 the FDA lifted the clinical hold on our seladelpar program, this process substantially delayed the development of seladelpar. The emergence of adverse events (AEs) and histological observations in subsequent seladelpar clinical trials could prevent us from further developing seladelpar or could result in the denial of regulatory approval.

Furthermore, if any of our approved products cause serious or unexpected side effects after receiving market approval, a number of potentially significant negative consequences could result, including the following:

- regulatory authorities may withdraw their approval of the product or impose restrictions on its distribution in a form of a risk evaluation and mitigation strategy (REMS) plan;
- regulatory authorities may require the addition of labeling statements, such as black box or other warnings or contraindications that could diminish the usage of the product or otherwise limit the commercial success of the affected product;
- we may be required to change the way the product is administered or to conduct additional clinical studies;
- we may choose to discontinue sale of the product;
- we could be sued and held liable for harm caused to patients; or
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of the affected product and could substantially increase the costs of commercializing our product candidates.

Potential conflicts of interest arising from relationships with principal investigators for our clinical studies and any related compensation with respect to clinical studies could adversely affect the drug approval process.

Principal investigators for our clinical studies may serve as scientific advisors or consultants to us or may be affiliated with our other service providers, including clinical research organizations or site management organizations, and from time to time receive cash compensation in connection with such services. If these relationships and any related compensation result in perceived or actual conflicts of interest, the integrity of the data generated at the applicable clinical study site or in the applicable study may be questioned or jeopardized.

We may be subject to costly claims related to our clinical studies and may not be able to obtain adequate insurance.

Because we conduct clinical studies in humans, we face the risk that the use of seladelpar or other product candidates will result in adverse side effects. We cannot predict the possible harms or side effects that may result from our clinical studies. Although we have clinical study liability insurance, our insurance may be insufficient to cover any such events. There is also a risk that we may not be able to continue to obtain clinical study coverage on acceptable terms. In addition, we may not have sufficient resources to pay for any liabilities resulting from a claim excluded from, or beyond the limit of, our insurance coverage. There is also a risk that third parties that we have agreed to indemnify could incur liability. Any litigation arising from our clinical studies, even if we are ultimately successful, would consume substantial amounts of our financial and managerial resources and may create adverse publicity.

After the completion of our clinical trials, we cannot predict whether or when we will obtain regulatory approval to commercialize our product candidates and we cannot, therefore, predict the timing of any future revenue from our product candidates. Regulatory approval of a product candidate is not guaranteed, and the approval process is expensive, uncertain and lengthy.

We cannot commercialize our product candidates until the appropriate regulatory authorities, such as the FDA, have reviewed and approved the product candidate. The regulatory agencies may not complete their review processes in a timely manner, or we may not be able to obtain regulatory approval for our product candidates. Additional delays may result if a product candidate is brought before an FDA advisory committee, which could recommend restrictions on approval or recommend non-approval of the product candidate. In addition, we may experience delays or rejections based upon additional government regulation from future legislation or administrative action, or changes in regulatory agency policy during the period of product development, clinical studies and the review process. As a result, we cannot predict when, if at all, we will receive any future revenue from commercialization of any of our product candidates. The FDA and foreign regulatory authorities have substantial discretion in the drug approval process, including the ability to delay, limit or deny approval of a product candidate for many reasons, including the following:

- we may be unable to demonstrate to the satisfaction of regulatory authorities that a product candidate is safe and effective for any indication;
- regulatory authorities may not find the data from nonclinical studies and clinical studies sufficient or may differ in the interpretation of the data;
- regulatory authorities may require additional nonclinical or clinical studies;
- the FDA or foreign regulatory authority might not approve our third party manufacturers' processes or facilities for clinical or commercial product;
- the FDA or foreign regulatory authority may change its approval policies or adopt new regulations;
- the FDA or foreign regulatory authority may disagree with the design or implementation of our clinical studies;
- the FDA or foreign regulatory authority may not accept clinical data from studies that are conducted in countries where the standard of care is potentially different from that in the United States;
- the results of clinical studies may not meet the level of statistical significance required by the FDA or foreign regulatory authorities for approval;
- we may be unable to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks; and
- the data collection from clinical studies of our product candidates may not be sufficient to support the submission of a new drug application (NDA), marketing authorization or other equivalent submission, or to obtain regulatory approval in the United States or elsewhere.

In addition, events raising questions about the safety of certain marketed pharmaceuticals may result in increased caution by the FDA and other regulatory authorities in reviewing new pharmaceuticals based on safety, efficacy or other regulatory considerations and may result in significant delays in obtaining regulatory approvals.

Even if we obtain regulatory approval for our product candidates, we will still face extensive regulatory requirements and our products may face future development and regulatory difficulties.

Even if we obtain regulatory approval in the United States, the FDA may still impose significant restrictions on the indicated uses or marketing of our product candidates or impose ongoing requirements for potentially costly post-approval studies or post-market surveillance. Our product candidates would be subject to additional ongoing FDA requirements governing the labeling, packaging, storage, distribution, safety surveillance, advertising, promotion, record-keeping and reporting of safety and other post-market information. The holder of an approved NDA is obligated to monitor and report AEs and any failure of a product to meet the specifications in the NDA. The holder of an approved NDA must also submit new or supplemental applications and obtain FDA approval for certain changes to the approved product, product labeling or manufacturing process. Advertising and promotional materials must comply with FDA rules and are subject to FDA review, in addition to other potentially applicable federal and state laws. Furthermore, promotional materials must be approved by the FDA prior to use for any drug receiving accelerated approval.

In addition, manufacturers of drug products and their facilities are subject to payment of user fees and continual review and periodic inspections by the FDA and other regulatory authorities for compliance with current Good Manufacturing Practices (cGMP), and adherence to commitments made in the NDA. If we, or a regulatory agency, discover previously unknown problems with a

product, such as quality issues or AEs of unanticipated severity or frequency, or problems with the facility where the product is manufactured, a regulatory agency may impose restrictions relative to that product or the manufacturing facility, including requesting recall or withdrawal of the product from the market or suspension of manufacturing.

If we, or our third-party contractors, fail to comply with applicable regulatory requirements following approval of our product candidate, a regulatory agency may:

- issue an untitled or warning letter asserting violation of the law;
- seek an injunction or impose civil or criminal penalties up to and including imprisonment or monetary fines;
- suspend or withdraw regulatory approval;
- suspend any ongoing clinical trials;
- refuse to approve a pending NDA or supplements to an NDA; or
- request recall and/or seize product.

Any government investigation of alleged violations of law could require us to expend significant time and resources in response and could generate negative publicity. The occurrence of any event or penalty described above may inhibit our ability to commercialize our product candidates and inhibit our ability to generate revenues.

The FDA and other regulatory agencies strictly regulate the promotional claims that may be made about prescription products. If we are found to have improperly promoted our products for off-label uses, we may become subject to significant fines and other liability.

The FDA and other regulatory agencies strictly regulate the promotional claims that may be made about prescription products. In particular, a product may not be promoted for uses that are not approved by the FDA or such other regulatory agencies as reflected in the product's approved labeling. If we receive marketing approval for our product candidates, physicians may nevertheless prescribe such products to their patients in a manner that is inconsistent with the approved label. If we are found to have promoted such off-label uses, we may become subject to significant government fines and other related liability. For example, the federal government has levied large civil and criminal fines against companies for alleged improper promotion and has enjoined several companies from engaging in off-label promotion. The FDA also has requested that companies enter into consent decrees or permanent injunctions under which specified promotional conduct is changed or curtailed.

Even if we obtain FDA approval for our product candidates in the United States, we may never obtain approval for or commercialize our product candidates outside of the United States, which would limit our ability to realize their full market potential.

In order to market any products outside of the United States, we must establish and comply with numerous and varying regulatory requirements on a country-by-country basis regarding safety and efficacy. Approval by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions. In addition, clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and regulatory approval in one country does not guarantee regulatory approval in any other country. Approval processes vary among countries and can involve additional product testing and validation and additional administrative review periods. Seeking foreign regulatory approval could result in difficulties and costs for us and require additional preclinical studies or clinical trials that could be costly and time consuming. Regulatory requirements can vary widely from country to country and could delay or prevent the introduction of our products in those countries. We do not have any product candidates approved for sale in any jurisdiction, including international markets, and we do not have experience in obtaining regulatory approval in international markets. If we fail to comply with regulatory requirements in international markets or to obtain and maintain required approvals, or if regulatory approvals in international markets are delayed, our target market will be reduced and our ability to realize the full market potential of our products will be unrealized.

Coverage and adequate reimbursement may not be available for our current or any future product candidates, which could make it difficult for us to sell profitably, if approved.

Market acceptance and sales of any product candidates that we commercialize, if approved, will depend in part on the extent to which coverage and adequate reimbursement will be available from third-party payers, including government health administration authorities, managed care organizations and private health insurers. Third-party payers decide which therapies they will pay for and establish reimbursement levels. Third-party payers in the United States often rely upon Medicare coverage policy and payment limitations in setting their own coverage and reimbursement policies. However, decisions regarding the extent of coverage and amount of reimbursement to be provided for any product candidates that we develop will be made on a payer-by-payer basis. One payer's

determination to provide coverage for a drug does not assure that other payers will also provide coverage and adequate reimbursement for the drug. Additionally, a third-party payer's decision to provide coverage for a therapy does not imply that an adequate reimbursement rate will be approved. Third-party payers are increasingly challenging the price, examining the medical necessity and reviewing the cost-effectiveness of medical products, therapies and services, in addition to questioning their safety and efficacy. We cannot be sure that coverage and reimbursement in the United States or elsewhere will be available for any product that we may develop, and any reimbursement that may become available may be decreased or eliminated in the future.

Our relationships with health care professionals, customers and payors may be subject to applicable anti-kickback, fraud and abuse and other health care laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

Health care professionals and third-party payors play a primary role in the recommendation and prescription of any products for which we obtain marketing approval. Our current and future arrangements with healthcare professionals, third-party payors and customers may expose us to broadly applicable fraud and abuse and other health care laws and regulations that may constrain the business or financial arrangements and relationships through which we research, as well as market, sell and distribute our products for which we obtain marketing approval. Restrictions under applicable federal and state health care laws and regulations, include the federal Anti-Kickback Statute, the federal False Claims Act, the Health Insurance Portability and Accountability Act of 1996, or HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, the federal false statements statute, the federal transparency requirements under the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or PPACA, commonly referred to as the Physician Payments Sunshine Act, and analogous state laws and regulations, such as state anti-kickback and false claims laws.

Efforts to ensure that our business arrangements with third parties will comply with applicable health care laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other health care laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, disgorgement, exclusion from government funded health care programs, such as Medicare and Medicaid, integrity oversight and reporting obligations, and the curtailment or restructuring of our operations. If any of the physicians or other providers or entities with whom we expect to do business are found to be not in compliance with applicable laws, they may be subject to significant criminal, civil or administrative sanctions, including exclusions from government funded health care programs.

Current laws and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates and affect the prices we may obtain.

In the United States and some foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the health care system that could prevent or delay marketing approval of our product candidates, restrict or regulate post-approval activities and affect our ability to profitably sell any products for which we obtain marketing approval.

For example, the PPACA was enacted to broaden access to health insurance, reduce or constrain the growth of health care spending, enhance remedies against fraud and abuse, add new transparency requirements for health care and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms. Since its enactment there have been judicial and Congressional challenges to certain aspects of the PPACA as well as recent efforts by the Trump administration to repeal or replace certain aspects of the PPACA. For example, President Trump signed several Executive Orders and other directives designed to delay the implementation of certain provisions of the PPACA or otherwise circumvent some of the requirements for health insurance mandated by the PPACA. Congress considered legislation that would repeal or repeal and replace all or part of the PPACA. While Congress has not passed comprehensive repeal legislation, it has enacted laws that modify certain provisions of the PPACA. The United States Supreme Court is currently reviewing the constitutionality of the PPACA, but it is unclear when a decision will be made. It is unclear how the Supreme Court ruling, other such litigation, and the healthcare reform measures of the Biden administration will impact the PPACA and our business. Further, other legislative changes have been adopted since the PPACA was enacted, such as the Budget Control Act of 2011 and the American Taxpayer Relief Act of 2012, which have resulted in reduced reimbursement under the Medicare program.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. In addition, there have been several recent congressional inquiries, proposed bills and other proposals designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products including instituting reference pricing. At the federal level, the Trump administration used several means to propose or implement drug pricing reform, including through federal budget proposals, executive orders and policy initiatives. However, it is unclear whether the Biden

administration will work to reverse these measures or pursue similar policy initiatives. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

We are not sure whether additional legislative changes will be enacted, or whether the FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our product candidates, if any, may be. Further, it is possible that additional governmental action is taken in response to the COVID-19 pandemic.

Risks Related to Our Reliance on Third Parties

We rely on third-party manufacturers to produce our preclinical and clinical drug supplies, and we intend to rely on third parties to produce commercial supplies of any approved product candidates.

We do not own or operate, and we do not expect to own or operate, facilities for product manufacturing, storage and distribution, or testing. We currently rely on third-party manufacturers for supply of our preclinical and clinical drug supplies. We expect that in the future we will continue to rely on such manufacturers for drug supplies that will be used in clinical trials of our product candidates, and for commercialization of any of our product candidates that receive regulatory approval.

The facilities used by our contract manufacturers to manufacture the approved product must be approved by the FDA pursuant to inspections that will be conducted only after we submit an NDA to the FDA, if at all. A representative from the EMA or another regulatory authority may also require inspection and approval of such contract manufacturing facilities. We are completely dependent on our contract manufacturing partners for compliance with the FDA's requirements for manufacture of finished pharmaceutical products. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the FDA's strict regulatory requirements of safety, purity and potency, we will not be able to secure and/or maintain FDA approval for our product candidates. In addition, we have no direct control over the ability of the contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If our contract manufacturers cannot meet FDA standards, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market our product. No assurance can be given that our manufacturers can continue to make clinical and commercial supplies of product candidates, at an appropriate scale and cost to make it commercially feasible.

In addition, we do not have the capability to package and distribute finished products to pharmacies and other customers. If we receive marketing approval from the FDA, we intend to sell pharmaceutical product packaged and distributed by one or more pharmaceutical product packagers/distributors. Although we have entered into agreements with our current contract manufacturers and packager/distributor for clinical trial material, we may enter into commercial agreements with contract manufacturers and with one or more pharmaceutical product packagers/distributors to ensure proper supply chain management once we are authorized to make commercial sales of our product candidates. However, we may be unable to maintain agreements or negotiate commercial supply agreements on commercially reasonable terms with contract manufacturers and pharmaceutical product packagers/distributors, which could delay our ability to launch commercial sales and/or have a material adverse impact upon our business.

We rely on limited sources of supply for our product candidates, and any disruption in the chain of supply may cause delay in developing and commercializing for each product candidate.

If supply from an approved vendor is interrupted, there could be a significant disruption in commercial supply of our products. An alternative vendor would need to be qualified through a supplemental registration, which would be expensive, time consuming and could result in further delay. The FDA or other regulatory agencies outside of the United States may also require additional studies if a new drug substance or drug product supplier is relied upon for commercial production. These factors could cause the delay of clinical trials, regulatory submissions, required approvals or commercialization of our products, and cause us to incur additional costs. Furthermore, if our suppliers fail to deliver the required commercial quantities of active pharmaceutical ingredient on a timely basis and at commercially reasonable prices, and we are unable to secure one or more replacement suppliers capable of production at a substantially equivalent cost, the supply chain for our products may be delayed, which could inhibit our ability to generate revenues.

Manufacturing issues may arise that could increase product and regulatory approval costs or delay commercialization of our products.

As the manufacturing processes are scaled up they may reveal manufacturing challenges or previously unknown impurities that could require resolution in order to proceed with our planned clinical trials and obtain regulatory approval for the commercial marketing of our products. In the future, we may identify manufacturing issues or impurities that could result in delays in the clinical program and regulatory approval for our products, increases in our operating expenses, or failure to obtain or maintain approval for our products.

Our reliance on third-party manufacturers entails risks, including the following:

- the inability to meet our product specifications, including product formulation, and quality requirements consistently;
- a delay or inability to procure or expand sufficient manufacturing capacity;
- manufacturing and product quality issues, including those related toscale-up of manufacturing;
- costs and validation of new equipment and facilities required for scale-up;
- a failure to comply with cGMP and similar quality standards;
- the inability to negotiate manufacturing agreements with third parties under commercially reasonable terms;
- termination or nonrenewal of manufacturing agreements with third parties in a manner or at a time that is costly or damaging to us;
- the reliance on a limited number of sources, and in some cases, single sources for key materials, such that if we are unable to secure a sufficient supply of these key materials, we will be unable to manufacture and sell our product candidates in a timely fashion, in sufficient quantities or under acceptable terms;
- the lack of qualified backup suppliers for those materials that are currently purchased from a sole or single source supplier;
- operations of our third-party manufacturers or suppliers could be disrupted by conditions unrelated to our business or operations, including the bankruptcy of the manufacturer or supplier;
- disruption of the distribution of chemical supplies between the U.K. and E.U. due to Brexit;
- carrier disruptions or increased costs that are beyond our control; and
- the failure to deliver our products under specified storage conditions and in a timely manner.

Any of these events could lead to delays in any clinical study we may undertake, failure to obtain regulatory approval or impact our ability to successfully commercialize any product candidates. Some of these events could be the basis for FDA or other regulatory authorities' action, including injunction, recall, seizure, or total or partial suspension of production.

We rely on third parties to conduct, supervise and monitor our clinical studies, and if those third parties perform in an unsatisfactory manner, it may harm our business.

We rely on contract service providers (CSPs), including clinical research organizations, clinical trial sites, central laboratories and other service providers to ensure the proper and timely conduct of our clinical trials. While we have agreements governing their activities, we have limited influence over their actual performance. We have relied and plan to continue to rely upon CSPs to monitor and manage data for clinical programs for our product candidates, as well as the execution of nonclinical studies. We control only certain aspects of our CSPs' activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards and our reliance on the CSPs does not relieve us of our regulatory responsibilities.

We and our CSPs are required to comply with the FDA's guidance, which follows the International Counsel for Harmonization Good Clinical Practice (ICH GCP), which are regulations and guidelines enforced by the FDA for all of our product candidates in clinical development. The FDA enforces the ICH GCP through periodic inspections of trial sponsors, principal investigators and clinical trial sites. If we or our CSPs fail to comply with the ICH GCP, the clinical data generated in our clinical trials may be deemed unreliable and the FDA may require us to perform additional clinical trials before approving our marketing applications. Our CSPs are not our employees, and we cannot control whether or not they devote sufficient time and resources to our ongoing clinical and nonclinical programs. These CSPs may also have relationships with other entities, including our competitors, for whom they may also be conducting clinical studies, or other drug development activities that could harm our competitive position. We face the risk of potential unauthorized disclosure or misappropriation of our confidential information, including our intellectual property, by CSPs, which may reduce our trade secret protection and allow our potential competitors to access and exploit our proprietary technology, among other things. If our CSPs do not successfully carry out their contractual duties or obligations, fail to meet expected deadlines, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements or for any other reasons, our clinical trials may be extended, delayed or terminated, and we may not be able to obtain regulatory approval for, or successfully commercialize our product candidates. As a result, our financial results and the commercial prospects for our product candidates that we develop would be harmed, our costs could increase, and our ability to generate revenues could be delayed.

Risks Related to Commercialization of Our Product Candidates

The commercial success of any product candidate will depend upon the acceptance of these products by the medical community, including physicians, patients and health care payors.

If any of our product candidates receive marketing approval, they may nonetheless be unable to gain sufficient market acceptance by physicians, patients, health care payors and others in the medical community. If these products do not achieve an adequate level of acceptance, we may not generate significant product revenues and we may not become profitable. The degree of market acceptance of any of our product candidates will depend on a number of factors, including the following:

- demonstration of clinical safety and efficacy in our clinical trials;
- the risk/benefit profile of our product candidates;
- the relative convenience, ease of administration and acceptance by physicians, patients and health care payors;
- the prevalence and severity of any side effects;
- the safety of product candidates seen in a broader patient group, including its use outside the approved indications;
- limitations or warnings contained in the FDA and other regulatory authorities approved label for the relevant product candidate;
- acceptance of the product by physicians, other health care providers and patients as a safe and effective treatment;
- the potential and perceived advantages of product candidates over alternative treatments;
- the timing of market introduction of competitive products;
- pricing and cost-effectiveness;
- the effectiveness of our or any future collaborators' sales and marketing strategies;
- our ability to obtain formulary approval;
- our ability to obtain and maintain sufficient third-party coverage or reimbursement, which may vary from country to country; and
- the effectiveness of our or any future collaborators' sales, marketing and distribution efforts.

If any of our product candidates is approved but does not achieve an adequate level of acceptance by physicians, patients and health care payors, we may not generate sufficient revenue and we may not become or remain profitable.

If any product candidate that we successfully develop does not achieve broad market acceptance among physicians, patients, health care payors and the medical community, the revenues that it generates from its sales will be limited.

Even if our product candidates receive regulatory approval, the products may not gain market acceptance among physicians, patients, health care payors and the medical community. Coverage and reimbursement of our product candidates by third-party payors, including government payors, generally is also necessary for commercial success. The degree of market acceptance of any of our approved products will depend upon a number of factors, including:

- the efficacy and safety, as demonstrated in clinical studies;
- the risk/benefit profile of our product candidates;
- the prevalence and severity of any side effects;
- the clinical indications for which the product is approved;
- acceptance of the product by physicians, other health care providers and patients as a safe and effective treatment;
- the potential and perceived advantages of product candidates over alternative treatments;
- the safety of product candidates seen in a broader patient group, including if physicians prescribe our products for uses outside the approved indications;
- the cost of treatment in relation to alternative treatments;
- the timing of market introduction of competitive products;
- the availability of coverage and adequate reimbursement by third party payors and government authorities;
- relative convenience and ease of administration; and

- the effectiveness of our or our partners' sales, marketing and distribution efforts.

If any product candidate is approved but does not achieve an adequate level of acceptance by physicians, hospitals, health care payors and patients, we may not generate sufficient revenue from these products and we may not become or remain profitable.

If we are unable to establish sales and marketing capabilities or enter into agreements with third parties to market and sell our product candidates, we may be unable to generate any revenue.

We currently do not have an organization for the sales, marketing and distribution of pharmaceutical products and the cost of establishing and maintaining such an organization may exceed the cost-effectiveness of doing so. In order to market any products that may be approved we must build our sales, marketing, managerial and other non-technical capabilities or make arrangements with third parties to perform these services. We may enter into strategic partnerships with third parties to commercialize our product candidates.

If we are unable to build our own sales force or negotiate a strategic partnership for the commercialization of our product candidates, we may be forced to delay the potential commercialization of the product, or reduce the scope of our sales or marketing activities. If we elect to increase our expenditures to fund commercialization activities ourselves, we will need to obtain additional capital, which may not be available to us on acceptable terms, or at all. If we do not have sufficient funds, we will not be able to bring the product to market or generate product revenue.

If we are unable to establish adequate sales, marketing and distribution capabilities, whether independently or with third parties, we may not be able to generate sufficient product revenue and may not become profitable.
We will be competing with companies that currently have extensive and well-funded marketing and sales operations. Without an internal team or the support of a third party to perform sales and marketing functions, we may be unable to compete successfully against these more established companies.

In addition, there are risks involved with both establishing our own sales and marketing capabilities and entering into arrangements with third parties to perform these services. For example, recruiting and training a sales force is expensive and time-consuming and could delay any product launch. If the commercial launch of a product candidate for which we recruit a sales force and establish marketing capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. This may be costly, and our investment would be lost if we cannot retain or reposition our sales and marketing personnel.

If we obtain approval to commercialize any products outside of the United States, a variety of risks associated with international operations could materially adversely affect our business.

If our product candidates are approved for commercialization outside the United States, we expect that we will be subject to additional risks related to international operations, including the following:

- different regulatory requirements for drug approvals in foreign countries;
- reduced protection for intellectual property rights;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- differing payor reimbursement regimes, governmental payors or patientself-pay systems and price controls;
- economic weakness, including inflation, or political instability in particular foreign economies and markets;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- foreign taxes, including withholding of payroll taxes;
- foreign currency fluctuations, which could result in increased operating expenses and reduced revenues, and other obligations incident to doing business in another country;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geopolitical actions, including war and terrorism, pandemics, or natural disasters including earthquakes, typhoons, volcanic eruptions, floods and fires.

We have no prior experience in these areas. In addition, there are complex regulatory, tax, labor and other legal requirements imposed by both the European Union and many of the individual countries in Europe with which we will need to comply. Many U.S.-based biopharmaceutical companies have found the process of marketing their own products in Europe to be very challenging.

If our competitors develop and market products that are more effective, safer or less expensive than our own, our commercial opportunities will be negatively impacted.

The life sciences industry is highly competitive, and we face significant competition from other pharmaceutical, biopharmaceutical and biotechnology companies and possibly from academic institutions, government agencies and private and public research institutions that are researching, developing and marketing products designed to address diseases that we are seeking to treat. Our competitors generally have significantly greater financial, manufacturing, marketing and drug development resources. Large pharmaceutical companies, in particular, have extensive experience in the clinical testing of, obtaining regulatory approvals for, and marketing of, drugs. New developments, including the development of other pharmaceutical technologies and methods of treating disease, occur in the pharmaceutical and life sciences industries at a rapid pace.

These developments may render our product candidates obsolete or noncompetitive. Compared to us, potential competitors may have substantially greater:

- research and development resources, including personnel and technology;
- regulatory experience;
- experience in pharmaceutical development and commercialization;
- ability to negotiate competitive pricing and reimbursement with third-party payors;
- experience and expertise in the exploitation of intellectual property rights; and
- capital resources.

As a result of these factors, our competitors may obtain regulatory approval of their products more rapidly than we do or may obtain patent protection or other intellectual property rights that limit our ability to develop or commercialize our product candidates. The competitors may also develop products that are more effective, better tolerated, more useful and less costly than our products and they may also be more successful in manufacturing and marketing their products.

If product liability lawsuits are brought against us, we may incur substantial liabilities and may be required to limit commercialization of our product candidates.

We face an inherent risk of product liability exposure related to the testing of seladelpar, and our other product candidates, in human clinical studies, and will face an even greater risk if we sell our products commercially. An individual or a group of individuals may bring a liability claim against us if one of our product candidates causes, or merely appears to have caused, an injury. If we cannot successfully defend ourselves against product liability claims, we will incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in the following:

- decreased demand for our product candidates;
- impairment to our business reputation;
- withdrawal of clinical study participants;
- distraction of management’s attention from our primary business;
- substantial monetary awards to patients or other claimants;
- the inability to commercialize our product candidates; and
- loss of revenues.

We carry product liability insurance for our clinical studies. Further, we intend to expand our insurance coverage to include the sale of commercial products if marketing approval is obtained for any of our product candidates. However, we may be unable to obtain this product liability insurance on commercially reasonable terms and with insurance coverage that will be adequate to satisfy any liability that may arise. On occasion, large judgments have been awarded in class action or individual lawsuits relating to marketed pharmaceuticals. A successful product liability claim or series of claims brought against us could cause our stock price to decline and, if judgments exceed our insurance coverage, could decrease our cash and adversely affect our business.

We may expend our limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.

The success of our business depends primarily upon our ability to identify, develop and commercialize product candidates. Because we have limited financial and managerial resources, we focus on product candidates for specific indications. As a result, we may forego or delay pursuit of opportunities with other product candidates or other indications that later prove to have greater commercial potential. We may focus our efforts and resources on product candidates that ultimately prove to be unsuccessful.

If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been advantageous for us to retain sole development and commercialization rights.

Risks Related to Our Intellectual Property

If we are unable to obtain or protect intellectual property rights related to our products and product candidates, we may not be able to compete effectively in our market.

We rely upon a combination of patents, trade secret protection and confidentiality agreements to protect the intellectual property related to our products and product candidates. The strength of patents in the biotechnology and pharmaceutical field involves complex legal and scientific questions and can be uncertain. The patent applications that we own, co-own or in-license may fail to result in issued patents with claims that cover the products in the United States or in other countries. If this were to occur, early generic competition could be expected against our product candidates in development. There is no assurance that all of the potentially relevant prior art relating to our patents and patent applications has been found, which can invalidate a patent or prevent a patent from issuing based on a pending patent application. Even if patents do successfully issue, third parties may challenge their validity, enforceability, scope or ownership, which may result in such patents, or our rights to such patents, being narrowed or invalidated. Furthermore, even if they are unchallenged, our patents and patent applications may not adequately protect our intellectual property or prevent others from designing around our claims. If the patent applications we hold or license with respect to our product candidates fail to issue or if their breadth or strength of protection is threatened, it could dissuade companies from collaborating with us and threaten our ability to commercialize our products. We cannot offer any assurances about which, if any, patents will issue or whether any issued patents will be found invalid or unenforceable, will be challenged by third parties or will adequately protect our products and product candidates. Further, if we encounter delays in development or regulatory approvals, the period of time during which we could market our products under patent protection could be reduced. Since patent applications in the United States and most other countries are confidential for a period of time after filing, and some remain so until issued, we cannot be certain that we or our licensors were the first to file any patent application related to our product candidates. Furthermore, if third parties have filed such patent applications, an interference proceeding in the United States can be provoked by a third party or instituted by us to determine who was the first to invent any of the subject matter covered by the patent claims of our applications. An unfavorable outcome could require us to cease using the related technology or to attempt to license it from the prevailing party, which may not be available on commercially reasonable terms or at all.

In addition to the protection afforded by patents, we rely on trade secret protection and confidentiality agreements to protect proprietaryknow-how that is not patentable, processes for which patents are difficult to enforce and other elements of our drug discovery and development processes that involve proprietary know-how, information or technology that is not covered by patents. Although we expect all of our employees to assign their inventions to us, and all of our employees, consultants, advisors and any third parties who have access to our proprietary know-how, information or technology to enter into confidentiality agreements, we cannot provide any assurances that all such agreements have been duly executed, that such agreements provide adequate protection and will not be breached, that our trade secrets and other confidential proprietary information will not otherwise be disclosed or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. If we are unable to prevent material disclosure of the non-patented intellectual property related to our technologies to third parties, and there is no guarantee that we will have any such enforceable trade secret protection, we may not be able to establish or maintain a competitive advantage in our market, which could materially adversely affect our business, results of operations and financial condition.

Further, the laws of some foreign countries do not protect patents and other proprietary rights to the same extent or in the same manner as the laws of the United States. As a result, we may encounter significant problems in protecting and defending our intellectual property abroad. We may also fail to pursue or obtain patents and other intellectual property protection relating to our products and product candidates in all foreign countries.

Third-party claims of intellectual property infringement may prevent or delay our development and commercialization efforts or otherwise affect our business.

Our commercial success depends in part on our avoiding infringement and other violations of the patents and proprietary rights of third parties. There is a substantial amount of litigation, both within and outside the United States, involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries, including patent infringement lawsuits, interferences, oppositions and inter party re-examination proceedings before the United States Patent and Trademark Office (U.S. PTO) and its foreign counterparts. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we and our collaborators are developing product candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, and as we gain greater visibility and market exposure as a public company, the risk increases that our product candidates or other business activities may be subject to claims of infringement of the patent and other proprietary rights of third parties.

Third parties may assert that we are employing their proprietary technology without authorization. There may be third-party patents or patent applications with claims to materials, formulations, methods of manufacture or methods for treatment related to the use or manufacture of our product candidates. Because patent applications can take many years to issue, there may be currently pending patent applications that may later result in issued patents that our product candidates may infringe. In addition, third parties may obtain patents in the future and claim that use of our technologies infringes upon these patents. If any third-party patents were held by a court of competent jurisdiction to cover the manufacturing process of any of our product candidates, any molecules formed during the manufacturing process or any final product itself, the holders of any such patents may be able to block our ability to commercialize such product candidate unless we obtained a license under the applicable patents, or until such patents expire. Similarly, if any third-party patent were held by a court of competent jurisdiction to cover aspects of our formulations, processes for manufacture or methods of use, including combination therapy, the holders of any such patent may be able to block our ability to develop and commercialize the applicable product candidate unless we obtained a license or until such patent expires. In either case, such a license may not be available on commercially reasonable terms or at all. In addition, we may be subject to claims that we are infringing other intellectual property rights, such as trademarks or copyrights, or misappropriating the trade secrets of others, and to the extent that our employees, consultants or contractors use intellectual property or proprietary information owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. We are currently engaged in legal proceedings with Genfit S.A. (Genfit), which alleges that we misappropriated some of their trade secrets.

Parties making claims against us may obtain injunctive or other equitable relief, which could effectively block our ability to further develop and commercialize one or more of our product candidates. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business. In the event of a successful infringement or other intellectual property claim against us, we may have to pay substantial damages, including treble damages and attorneys' fees for willful infringement, obtain one or more licenses from third parties, pay royalties or redesign our affected products, which may be impossible or require substantial time and monetary expenditure. We cannot predict whether any such license would be available at all or whether it would be available on commercially reasonable terms. Furthermore, even in the absence of litigation, we may need to obtain licenses from third parties to advance our research or allow commercialization of our product candidates, and we have done so from time to time. We may fail to obtain any of these licenses at a reasonable cost or on reasonable terms, if at all. In that event, we would be unable to further develop and commercialize one or more of our product candidates, which could harm our business significantly. We cannot provide any assurances that third-party patents do not exist that might be enforced against our products or product candidates, resulting in either an injunction prohibiting our sales, or, with respect to our sales, an obligation on our part to pay royalties and/or other forms of compensation to third parties.

We license certain key intellectual property from third parties, and the loss of our license rights could have a materially adverse effect on our business.

We are a party to a number of technology licenses that are important to our business and expect to enter into additional licenses in the future. For example, we rely on an exclusive license to certain patents and know-how from Janssen Pharmaceutical NV (Janssen NV), which include seladelpar and certain other PPARd compounds (the PPARd Products). Under the exclusive license with Janssen NV we have full control and responsibility over the research, development and registration of any PPARd Products and are required to use diligent efforts to conduct all such activities. If we fail to comply with our obligations under our agreement with Janssen NV, including our obligations to expend more than a de minimis amount of effort and resources on the research and/or development of at least one PPARd product, to make any payment called for under the agreement, not to disclose anynon-exempt confidential information related to the agreement, or to use diligent efforts to promote, market and sell any PPARd Product under the agreement, such action would constitute a default under the agreement and Janssen NV may have the right to terminate the license, in which event we would not be able to develop or market products covered by the license, including in the case of the Janssen NV license, seladelpar, which would have a materially adverse effect on our business.

We may be involved in lawsuits to protect or enforce our patents, the patents of our licensors or our other intellectual property rights, which could be expensive, time consuming and unsuccessful.

Competitors may infringe or otherwise violate our patents, the patents of our licensors or our other intellectual property rights. To counter infringement or unauthorized use, we may be required to file legal claims, which can be expensive and time-consuming. In addition, in an infringement proceeding, a court may decide that a patent of ours or our licensors is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation or defense proceedings could put one or more of our patents at risk of being invalidated or interpreted narrowly and could put our patent applications at risk of not issuing. The initiation of a claim against a third party may also cause the third party to bring counter-claims against us.

We may not be able to prevent, alone or with our licensors, misappropriation of our intellectual property rights, particularly in countries where the laws may not protect those rights as fully as in the United States. Our business could be harmed if in a litigation if the prevailing party does not offer us a license on commercially reasonable terms. Any litigation or other proceedings to enforce our intellectual property rights may fail, and even if successful, may result in substantial costs and distract our management and other employees.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our common stock.

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

Periodic maintenance fees on any issued patent are due to be paid to the U.S. PTO and foreign patent agencies in several stages over the lifetime of the patent. The U.S. PTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include, but are not limited to, failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. If we or our licensors that control the prosecution and maintenance of our licensed patents fail to maintain the patents and patent applications covering our product candidates, we may lose our rights and our competitors might be able to enter the market, which would have a material adverse effect on our business.

Risks Related to Our Business Operations and Industry

Our business could be negatively affected as a result of the actions of activist or hostile stockholders.

Our business could be negatively affected as a result of stockholder activism, which could cause us to incur significant expense, hinder execution of our business strategy, and impact the trading value of our securities. For example, on April 27, 2020, a stockholder filed a preliminary proxy statement containing proposed opposition to our preliminarily filed proxy statement on April 27, 2020, including a proposal to elect three new directors to our Board of Directors and a proposal not to increase to the number of shares of common stock authorized for issuance. While this proxy contest was subsequently suspended, stockholder activism could recur and requires significant time and attention by management and the Board of Directors, potentially interfering with our ability to execute our strategic plan. Stockholder activism could give rise to perceived uncertainties as to our future direction, adversely affect our relationships with key executives and business partners, and make it more difficult to attract and retain qualified personnel. Also, we may be required to incur significant legal fees and other expenses related to activist stockholder matters. Any of these impacts could materially and adversely affect our business and operating results. Further, the market price of our common stock could be subject to significant fluctuation or otherwise be adversely affected by stockholder activism.

Our future success depends on our ability to retain key executives and to attract, retain and motivate qualified personnel.

We are highly dependent on principal members of our executive team. While we have entered into employment offer letters with each of our executive officers, any of them could leave our employment at any time, as all of our employees are “at will” employees. We do not maintain “key person” insurance for any of our executives or other employees. Recruiting and retaining other qualified employees for our business, including clinical, scientific and technical personnel, will also be critical to our success. There is currently a shortage of skilled executives in our industry, which is likely to continue. We also experience competition from

universities, competitors and research institutions for the hiring of scientific and clinical personnel. As a result, competition for skilled personnel is intense and the turnover rate can be high. We may not be able to attract and retain personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. In addition, failure of any of our clinical studies may make it more challenging to recruit and retain qualified personnel. If we are unable to successfully recruit key employees or replace the loss of services of any executive or key employee, it may adversely affect the progress of our research, development and commercialization objectives.

In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research and development and commercialization strategies. Our consultants and advisors may be engaged by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us, which could also adversely affect the progress of our research, development and commercialization objectives.

As we continue to build our clinical and drug development operations, we will need to expand our organization, and we may experience difficulties in managing this growth, which could disrupt our operations.

As we continue to build our clinical development programs as a result of the FDA's lift of the clinical hold on the seladelpar development programs, we are expanding our employee base to increase our managerial, clinical, scientific, and other operational teams. Such growth imposes additional responsibilities on our management, including the need to identify, recruit, maintain, motivate and integrate additional employees, consultants and contractors. Also, our management may need to divert a greater amount of attention away from our day-to-day activities and devote a substantial amount of time to managing these growth activities. We may not be able to effectively manage the expansion of our operations, which may result in weaknesses in our infrastructure, give rise to operational mistakes, loss of business opportunities, loss of employees and reduced productivity among current employees. Our expected growth could require greater capital expenditures and may divert financial resources from other projects, such as the development of product candidates. If our management is unable to effectively manage our growth, our expenses may increase more than expected, our ability to create value and/or generate revenues could be reduced, and we may not be able to implement our business strategy. Our future consolidated financial performance and our ability to develop and commercialize seladelpar and other potential product candidates and compete effectively will depend, in part, on our ability to effectively manage any future growth.

Significant disruptions of information technology systems or breaches of data security could materially adversely affect our business, results of operations and financial condition.

We collect and maintain information in digital form that is necessary to conduct our business, and we are increasingly dependent on information technology systems and infrastructure to operate our business, particularly in view of the ongoing COVID-19 pandemic and remote work requirements. In the ordinary course of our business, we collect, store and transmit confidential information, including intellectual property, proprietary business information and personal information. It is critical that we do so in a secure manner to maintain the confidentiality and integrity of such confidential information. We have established physical, electronic and organizational measures to safeguard and secure our systems to prevent a data compromise, and rely on commercially available systems, software, tools, and monitoring to provide security for our information technology systems and the processing, transmission and storage of digital information. We have also outsourced elements of our information technology infrastructure, and as a result a number of third-party vendors may or could have access to our confidential information. Our internal information technology systems and infrastructure, and those of our current and any future collaborators, contractors and consultants and other third parties on which we rely, are vulnerable to damage from computer viruses, malware, natural disasters, terrorism, war, telecommunication and electrical failures, cyber-attacks or cyber-intrusions over the Internet, attachments to emails, persons inside our organization, or persons with access to systems inside our organization.

The risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. In addition, the prevalent use of mobile devices that access confidential information increases the risk of data security breaches, which could lead to the loss of confidential information or other intellectual property. The costs to us to mitigate network security problems and security vulnerabilities could be significant, and our efforts to address these problems may not be successful, and these problems could result in unexpected interruptions, delays, cessation of service and other harm to our business and our competitive position. If such an event is to occur and cause interruptions in our operations or our vendors, it may result in a material disruption of our product development programs and our reputation could be materially damaged. We could also be exposed to a risk of loss or litigation and potential liability, which could materially adversely affect our business, results of operations and financial condition.

Changes in and failures to comply with United States and foreign privacy and data protection laws, regulations and standards may adversely affect our business, operations and consolidated financial performance.

We are subject to or affected by numerous federal, state and foreign laws and regulations, as well as regulatory guidance, governing the collection, use, disclosure, retention, and security of personal data, such as information that we collect about patients and healthcare providers in connection with clinical trials in the United States and abroad. The global data protection landscape is rapidly evolving, and implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future. This evolution may create uncertainty in our business, affect our or our vendors' ability to operate in certain jurisdictions or to collect, store, transfer use and share personal information, necessitate the acceptance of more onerous obligations in our contracts, result in liability or impose additional costs on us. The cost of compliance with these laws, regulations and standards is high and is likely to increase in the future. Any failure or perceived failure by us to comply with federal, state or foreign laws or regulation, our internal policies and procedures or our contracts governing our processing of personal information could result in negative publicity, diversion of management time and effort and proceedings against us by governmental entities or others. In many jurisdictions, enforcement actions and consequences for noncompliance are rising.

In the United States, HIPAA imposes, among other things, certain standards relating to the privacy, security, transmission and breach reporting of individually identifiable health information. Certain states have also adopted comparable privacy and security laws and regulations, some of which may be more stringent than HIPAA. Such laws and regulations will be subject to interpretation by various courts and other governmental authorities, thus creating potentially complex compliance issues for us and our future customers and strategic partners. In the event that we are subject to HIPAA or other United States privacy and data protection laws, any liability from failure to comply with the requirements of these laws could adversely affect our financial condition. Our operations abroad may also be subject to increased scrutiny or attention from data protection authorities. Many countries in these regions have established or are in the process of establishing privacy and data security legal frameworks with which we, our customers, or our vendors must comply. For example, the EU has adopted the General Data Protection Regulation (EU) 2016/679, or GDPR, which went into effect in May 2018 and introduces strict requirements for processing the personal information of EU subjects, including clinical trial data. The GDPR has increased compliance burdens on us, including by mandating potentially burdensome documentation requirements and granting certain rights to individuals to control how we collect, use, disclose, retain and process information about them. The processing of sensitive personal data, such as physical health condition, has imposed heightened compliance burdens under the GDPR and is a topic of active interest among foreign regulators. In addition, the GDPR provides for robust regulatory enforcement and fines for a noncompliant company. As we continue to expand into other foreign countries and jurisdictions, we may be subject to additional laws and regulations that may affect how we conduct business.

Risks Relating to Owning Our Common Stock

An active trading market for our common stock may not continue and the market price for our common stock may decline in value.

Our common stock has historically been listed on the Nasdaq Capital Market under the symbol "CBAY" and in the second quarter of 2018 it began trading on the Nasdaq Global Select Market. Historically, trading volume for our common stock has been limited. The historical trading prices of our common stock on the Nasdaq Capital Market and the Nasdaq Global Select Market may not be indicative of the price levels at which our common stock will trade in the future, and we cannot predict the extent to which investor interest in us generally will continue to support an active public trading market for our common stock or how liquid will be that public market.

Our stock price is volatile, and our stockholders' investment in our stock could decline in value.

The historical trading price of our common stock has been volatile. Our stock price may continue to be subject to wide fluctuations in response to a variety of factors, including:

- delays in enrolling and/or completing the RESPONSE clinical trial or our other clinical trials;
- adverse or inconclusive results in our clinical trials;
- adverse or inconclusive results or delays in preclinical testing;
- inability to obtain additional funding;
- any delay in filing an Investigational New Drug (IND) application or NDA for any of our future product candidates and any adverse development or perceived adverse development with respect to the FDA's review of an IND or NDA;
- failure to maintain our existing collaborations or enter into new collaborations;
- failure by us or our licensors and collaboration partners to prosecute, maintain or enforce our intellectual property rights;

- failure to successfully develop and commercialize our future product candidates;
- changes in laws or regulations applicable to future products;
- changes in the structure of health care payment systems;
- inability to obtain adequate product supply for our future product candidates or the inability to do so at acceptable prices;
- adverse regulatory decisions;
- introduction of new products, services or technologies by our competitors;
- failure to meet or exceed financial projections we may provide to the public;
- failure to meet or exceed the estimates and projections of the investment community;
- the perception of the pharmaceutical industry by the public, legislatures, regulators and the investment community;
- announcements of significant acquisitions, strategic partnerships, joint ventures or capital commitments by us, our collaboration partners or our competitors;
- announcements of significant or potential equity or debt sales by us;
- announcements of clinical trial plans or results by us or our competitors;
- disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
- additions or departures of key scientific or management personnel;
- significant lawsuits, including patent or stockholder litigation;
- changes in the market valuations of similar companies;
- sales of our common stock by us or our stockholders in the future; and
- trading volume of our common stock.

In addition, companies trading in the stock market in general have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our common stock, regardless of our actual operating performance.

Future sales and issuances of our common stock or rights to purchase common stock, including pursuant to our equity incentive plans, could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to fall.

Significant additional capital may be needed in the future to continue our product development efforts in current and future clinical trials and operations. To the extent we raise additional capital by issuing equity securities, our stockholders may experience substantial dilution. We may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If in the future we sell common stock, convertible securities or other equity securities, investors may be materially diluted by subsequent sales. These sales may also result in new investors gaining rights superior to our existing stockholders. Pursuant to our equity incentive plans, our management is authorized to grant stock options and other equity-based awards to our employees, directors and consultants. The number of shares available for future grant under our equity incentive plans as of September 30, 2021 was 1,684,380 shares.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our amended and restated certificate of incorporation and our bylaws may delay or prevent an acquisition of us. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, who are responsible for appointing the members of our management team. In addition, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibits, with some exceptions, stockholders owning in excess of 15% of our outstanding voting stock from merging or combining with us. Finally, our charter documents establish advance notice requirements for nominations for election to our board of directors and for proposing matters that can be acted upon at stockholder meetings. Although we believe these provisions together provide for an opportunity to receive higher bids by requiring potential acquirers to negotiate with our board of directors, they would apply even if the offer may be considered beneficial by some stockholders.

General Risks

We do not anticipate paying cash dividends, and accordingly, stockholders must rely on stock appreciation for any return on their investment.

We do not anticipate paying cash dividends in the future. As a result, only appreciation of the price of our common stock, which may never occur, will provide a return to stockholders. Investors seeking cash dividends should not invest in our common stock.

We may be subject to securities litigation, which is expensive and could divert management attention.

Our share price is volatile, and in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

Item 6. Exhibits

Exhibit Number	Description of Document
3.1	Amended and Restated Certificate of Incorporation (Filed with the SEC as Exhibit 3.1 to our Amendment No. 2 to Registration Statement on Form 10, filed with the SEC on October 17, 2013, SEC File No. 000-55021).
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation (Filed with the SEC as Exhibit 3.1 to our Current Report on Form 8-K, filed with the SEC on June 26, 2020, SEC File No.001-36500).
3.3	Amended and Restated By-Laws. (Filed with the SEC as Exhibit 3.2 to our Amendment No. 2 to Registration Statement on Form 10, filed with the SEC on October 17, 2013, SEC File No. 000-55021).
4.1	Reference is made to Exhibits 3.1, 3.2 and 3.3.
10.1#	Development Financing Agreement, dated July 30, 2021, by and between CymaBay Therapeutics, Inc. and ABW Cyclops SPV LP.
31.1	Certification of President and Chief Executive Officer (Principal Executive Officer) pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
31.2	Certification of Vice President, Finance (Principal Financial and Accounting Officer) pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
32.1	Certification of President and Chief Executive Officer (Principal Executive Officer) and Vice President, Finance (Principal Financial and Accounting Officer) pursuant to 13a-14(b) or 15d-14(b) of the Exchange Act.
101.INS	Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL, tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Schema Linkbase Document
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in exhibit 101)
#	Certain portions of this agreement have been omitted because the omitted portions are both not material and is the type of information that CymaBay treats as private or confidential.

SIGNATURES

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

CYMABAY THERAPEUTICS, INC.

By: /s/ Sujal Shah
Sujal Shah
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 10, 2021

By: /s/ Daniel Menold
Daniel Menold
Vice President, Finance
(Principal Financial and Accounting Officer)

Date: November 10, 2021

Exhibit 10.1

CERTAIN INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) IS THE TYPE OF INFORMATION THAT CYMABAY TREATS AS PRIVATE OR CONFIDENTIAL.

DEVELOPMENT FINANCING AGREEMENT

by and between

CYMABAY THERAPEUTICS, INC.
and
ABW CYCLOPS SPV LP

Dated July 30, 2021

DEVELOPMENT FINANCING AGREEMENT

This Development Financing Agreement ("Agreement"), made effective as of July 30, 2021 (the "Effective Date"), is by and between CymaBay Therapeutics, Inc., a Delaware corporation ("CymaBay"), and ABW Cyclops SPV LP ("Abingworth"), a Delaware limited partnership (each, a "Party" and collectively, the "Parties").

WHEREAS, Abingworth is in the business of facilitating, among other things, the development and approval of pharmaceutical products and desires to provide financing with respect to the design and conduct of certain clinical trials for the development of the Product (as defined below); and

WHEREAS, CymaBay has rights to the Product, is designing and conducting clinical trials of the Product, and would like to enter into an agreement with Abingworth to provide funding for the continued development of the Product.

NOW THEREFORE, in consideration of the mutual agreements contained herein and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1

ARTICLE 1 DEFINITIONS

1.1 Defined Terms. Initially capitalized terms will have the meaning ascribed to such terms in this Agreement, including the following terms which will have the following respective meanings:

1.1.1 "1934 Act" means the Securities Exchange Act of 1934, as amended.

1.1.2 "AAA" means the American Arbitration Association.

1.1.3 "Abingworth" has the meaning ascribed to such term in the Preamble.

1.1.4 "Abingworth Indemnified Parties" has the meaning ascribed to such term in Section 11.1.2.

1.1.5 "Abingworth Investors" means any direct or indirect beneficial owners of Abingworth.

1.1.6 "Abingworth Remedy Expenses" means all of Abingworth's reasonable costs and expenses (including reasonable attorneys' fees and expenses, as well as appraisal fees, fees incurred on account of lien searches, inspection fees, and filing fees) in connection with exercising its rights and remedies under Section 7.2 of this Agreement.

1.1.7 "Abingworth Security Interests" has the meaning ascribed to such term in Section 7.1.2.

1.1.8 "Act" means the Securities Act of 1933, as amended.

1.1.9 "Adverse Patent Impact" has the meaning ascribed to such term in Section 13.3.7.

1.1.10 "Affiliate" means, with respect to a Party, a business entity under common control with, or controlling or controlled by, such Party, with "control" meaning direct or indirect ownership of fifty percent (50%) or more of the voting interest in such other entity, and in the case of a partnership, control of the general partner.

1.1.11 "Anti-Corruption Laws" means the U.S. Foreign Corrupt Practices Act, as amended, the UK Bribery Act 2010, as amended, and any other applicable anti-corruption laws and laws for the prevention of fraud, racketeering, money laundering or terrorism.

1.1.12 "Appellate Rules" has the meaning ascribed to such term in Section 14.10.2.5.

1.1.13 "Applicable Law" means the applicable laws, statutes, rules, regulations, guidelines, or other requirements of any Governmental Authorities (including any Regulatory Authorities) that may be in effect from time to time in any country or regulatory jurisdiction. For clarity, Applicable Laws will include the FFDCA, the Anti-Corruption Laws, and all laws, regulations, and guidelines applicable to the Product Clinical Trials, including GCP, GLP, GMP and ICH guidelines.

1.1.14 "Approved CRO" has the meaning ascribed to such term in Section 2.5.1.

1.1.15 "Approved Vendor" has the meaning ascribed to such term in Section 2.5.2.

1.1.16 "Business Day" means a day that is not a Saturday, Sunday or a U.S. federal holiday. For the avoidance of doubt, with respect to any notice or other communication required to be given or delivered hereunder, limitations on the operations of commercial banks due to the outbreak of a contagious disease, epidemic or pandemic (including COVID-19), or any quarantine, shelter-in-place or similar or related directive, will not prevent a day that would otherwise be a Business Day hereunder from so being a Business Day.

1.1.17 "Calendar Quarter" means each successive period of three (3) consecutive calendar months ending on March 31, June 30, September 30 and December 31; provided, that, the (a) the first Calendar Quarter will begin on the Effective Date and end on the last day of the Calendar Quarter in which the Effective Date falls, and (b) the final Calendar Quarter will end on the last day of the Term.

1.1.18 "Calendar Year" means each successive period of twelve (12) months commencing on January 1 and ending on December 31; provided, that, (a) the first Calendar Year will begin on the Effective Date and end on December 31 of the Calendar Year in which the Effective Date falls, and (b) the final Calendar Year will end on the last day of the Term.

1.1.19 "Cash Management Services" means treasury, depository, overdraft, cash pooling, netting, credit or debit card (includingnon-card electronic payables), credit card processing services, electronic funds transfer (including automated clearing house funds transfers), and other cash management arrangements.

1.1.20 "Cash Management Obligations" means obligations in respect of Cash Management Services.

1.1.21 "Change of Control" means, with respect to CymaBay, at any time prior to the date of the payment by CymaBay of the final Success Payment hereunder, (a) a merger, reorganization or consolidation with a Third Party which results in the voting securities of CymaBay outstanding immediately prior thereto ceasing to represent, or being converted into or exchanged for voting securities that do not represent, at least fifty percent (50%) of the combined voting power of the voting securities of the surviving entity or the parent corporation of the surviving entity immediately after such merger, reorganization or consolidation, (b) a transaction in which a Third Party becomes the beneficial owner of fifty percent (50%) or more of the combined voting power of the outstanding securities of CymaBay, other than any such transaction in which the holders of the outstanding voting securities of CymaBay prior to such transaction own, directly or indirectly, more than 50% of the combined voting power of the outstanding securities of such Third Party or the direct or indirect parent thereof immediately after such transaction; or (c) the sale or other transfer of all or substantially all of CymaBay's business or assets relating to the Product.

1.1.22 "Claim" means any Third Party claim, demand, suit or cause of action.

1.1.23 "Clinical Hold" means, in the U.S., an order issued by FDA to the sponsor of a Clinical Trial to delay or suspend, in full or in part, an ongoing Clinical Trial, as set forth in 21 U.S.C. §312.42, or outside of the U.S., the foreign equivalent thereof issued by the applicable Regulatory Authority.

1.1.24 "Clinical Investigator" means the principal investigator and/or anysub-investigator at each Site.

1.1.25 "Clinical Trial" means a Phase 1 Clinical Trial, a Phase 2 Clinical Trial, a Phase 3 Clinical Trial, as may be conducted in combination, or any supplemental clinical trial (including a bridging study or a post-approval clinical study) required for the purpose of obtaining Regulatory Approval.

1.1.26 "Clinical Trial Activity" has the meaning ascribed to such term inSection 2.4.1.

1.1.27 "Clinical Trial Agreement" has the meaning ascribed to such term inSection 3.1.2.

1.1.28 "Clinical Trials Database" has the meaning ascribed to such term inSection 3.1.3.2.

1.1.29 "CMC" means chemistry, manufacturing and controls.

1.1.30 "CMC Information" means the CMC information intended or required for the submission of an IND or NDA.

1.1.31 "CMO" means contract manufacturing organization or contract development and manufacturing organization.

1.1.32 "Collateral" has the meaning ascribed to such term in Section 7.1.

1.1.33 "Commercialization," "Commercializing" or "Commercialize" means the commercial manufacture, marketing, promotion, sale or distribution of a Product. For clarity, Commercialization excludes all activities associated with development and seeking Regulatory Approval for a Product.

1.1.34 "Commercially Reasonable Efforts" means [***].

1.1.35 "Communications Manager" has the meaning ascribed to such term in Section 5.1.5.

1.1.36 "Confidential Information" of a Party means all information and materials provided or disclosed (including in written form, electronic form or otherwise) by, or on behalf of, such Party or its Representatives to the other Party or its Representatives in connection with this Agreement, including, technical, scientific, regulatory and other information, results, knowledge, techniques, data, analyses, inventions, invention disclosures, plans, processes, methods, know-how, ideas, concepts, test data (including pharmacological, toxicological and clinical test data), analytical and quality control data, formulae, specifications, marketing, pricing, distribution, cost, sales, and manufacturing data and descriptions. In addition, the terms and conditions of this Agreement will be deemed to be Confidential Information of both Abingworth and CymaBay.

1.1.37 "Confidentiality Agreement" means that certain Mutual Non-Disclosure Agreement dated August 5, 2020 between Abingworth LLP and CymaBay Therapeutics, Inc. amended on November 4, 2020.

1.1.38 "Contingent Obligation" means, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, letter of credit or other debt obligation of another Person, in each case, directly or indirectly guaranteed, endorsed or co-made by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but "Contingent Obligation" does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

1.1.39 "Control" or "Controlled" means (a) with respect to Intellectual Property, a Party's ability to grant applicable licenses, sublicenses or other rights thereunder and (b) with respect to materials and documents, a Party's ability to provide, or provide access to, such materials or documents, each without violating any contractual obligations to a Third Party. For clarity, if a Party only can grant a license or sublicense or provide rights or access of limited scope, for a specific purpose or under certain conditions due to an encumbrance, "Control" or "Controlled" will be construed to so limit such license, sublicense, provision of rights or access.

1.1.40 "Copyrights" means, collectively, all works of authorship, mask works and any and all other registered and unregistered copyrights and copyrightable works, and all applications, registrations, extensions, and renewals thereof.

1.1.41 "CRO" means contract research organization.

1.1.42 "CSR" means, with respect to a Product Clinical Trial, a clinical study report, or other equivalent document or series of materials, constituting a summary report of the clinical and medical data resulting from such Clinical Trial and prepared for incorporation into submissions seeking Regulatory Approval for the Product, and includes all statistical analyses of such data per the statistical analysis plan.

1.1.43 "CymaBay" has the meaning ascribed to such term in the Preamble.

1.1.44 "CymaBay Indemnified Parties" has the meaning ascribed to such term in Section 11.1.1.

1.1.45 "CymaBay Intellectual Property" means all Intellectual Property owned or Controlled by CymaBay or its Affiliates that is necessary or useful for the Development, manufacture, use, Commercialization, import, or export of the Product, including Trial Inventions.

1.1.46 "CymaBay Obligations" means all indebtedness, liabilities and other obligations of CymaBay to Abingworth under or in connection with this Agreement and other documents executed in connection herewith, including all amounts payable to Abingworth pursuant to Article 6 hereof and any and all damages resulting from breach of this Agreement by CymaBay, all interest accrued thereon, all fees and all other amounts payable by CymaBay to Abingworth thereunder or in connection therewith, whether now existing or hereafter arising, and whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined, and including interest that accrues after the commencement by or against CymaBay of any bankruptcy or insolvency proceeding.

1.1.47 "CymaBay's Development Program" means a CMC, clinical and regulatory development program to be undertaken by CymaBay to develop the Product for the Indication, carry out Clinical Trials therefor, and seek Regulatory Approval for the Product for the Indication.

1.1.48 "Data Room" means that certain electronic data room established by CymaBay via Box and to which Abingworth and its advisors were granted access prior to the Effective Date.

1.1.49 "Deposit Account Control Agreement" has the meaning ascribed to such term in Section 7.4.1(a).

1.1.50 "Develop," "Developing," "Developed" or "Development" means all clinical research and development activities conducted after filing an IND, including toxicology, pharmacology test method development and stability testing, process development, formulation development, quality assurance and quality control development, statistical analysis, conducting Clinical Trials, regulatory affairs, and obtaining and maintaining Regulatory Approval.

1.1.51 "Development Costs" means (i) all internal and external costs incurred or paid by CymaBay in connection with CymaBay's Development Program, (ii) costs relating to and in connection with the Other Trials, and (iii) costs relating to Commercializing the Product.

1.1.52 "Development Costs Account" means a segregated deposit account with Silicon Valley Bank, subject to a deposit account control agreement between Silicon Valley Bank, CymaBay and Abingworth in the form attached hereto as Exhibit G (the "Deposit Account Control Agreement"), and any successor segregated deposit account established in accordance with Section 7.3.

1.1.53 "Development Plan" means a written plan for CymaBay's Development Program, the initial version of which is attached hereto as Exhibit D, and which will be subject to amendment from time to time during the Development Term.

1.1.54 "Development Term" means the period commencing on the Effective Date and ending on the earlier of (a) the receipt of Regulatory Approval in the United States, and (b) the date on which all efforts in pursuit of Regulatory Approval of the Product have been concluded or terminated.

1.1.55 "Disclosing Party" has the meaning ascribed to such term in Section 9.1.

1.1.56 "Dispose" has the meaning ascribed to such term in Section 7.3.4. "Disposition" shall have a corollary meaning.

1.1.57 "Dispute" has the meaning ascribed to such term in Section 14.10.

1.1.58 "Effective Date" has the meaning ascribed to such term in the Preamble.

1.1.59 "Eligible Foreign Subsidiary" means any foreign Subsidiary whose pledge of shares could not result in a material adverse tax consequence to CymaBay.

1.1.60 "EMA" means the European Medicines Agency and any successor agency thereto in the EU having substantially the same function.

1.1.61 "ERC" has the meaning ascribed to such term in Section 5.1.1.

1.1.62 "ERC Chairperson" has the meaning ascribed to such term in Section 5.1.2.

1.1.63 "ERC Representative(s)" has the meaning ascribed to such term in Section 5.1.1.

1.1.64 "EU" means the European Union or any successor union of European states thereto having a substantially similar function. For purposes of this Agreement, EU shall include the United Kingdom, unless the context otherwise requires.

1.1.65 "Event of Default" means, the failure by CymaBay to make any payment to Abingworth under this Agreement when due, which failure shall continue for more than thirty (30) days following written notice from Abingworth, or commencement by or against CymaBay of any bankruptcy or insolvency proceeding.

1.1.66 "Excluded Account" means (a) escrow accounts and trust accounts; (b) payroll accounts; (c) accounts used for payroll taxes and/or withheld income taxes; (d) accounts used for employee wage and benefit payments; (e) accounts pledged to secure performance (including to secure letters of credit and bank guarantees) to the extent constituting Permitted Liens; (f) custodial accounts; (g) zero balance accounts, and (h) accounts established and used solely for Cash Management Services to the extent a Lien thereon is prohibited by the applicable agreement governing such accounts.

1.1.67 "Excluded Licensing Transaction" means any Out-License, excluding any Disposition that grants any exclusive rights to a Third Party to Commercialize the Product in the U.S. or other Disposition of the CymaBay Intellectual Property that conveys the exclusive right to Commercialize the Product in the U.S. (other than, (i) in the case of a Third Party contract testing, development, research and/or manufacturing organization, a license or sublicense to commercially manufacture the Product on behalf of CymaBay or its Affiliates, without any license or sublicense to engage in any other Commercialization activities with respect to the Product, or (ii) in the case of a Third Party wholesaler, distributor or distribution logistics services provider, a license or sublicense to distribute the Product (and/or conduct other typical distribution activities) on behalf of CymaBay or its Affiliates, without any license or sublicense to engage in any other Commercialization activities with respect to the Product).

1.1.68 "Executive Officers" means the executive officers of each of CymaBay and Abingworth identified on Exhibit E.

1.1.69 "Existing License" means that certain PPAR-d License Agreement, effective as of June 6, 2006, by and between Metabolex, Inc. and Janssen Pharmaceutica NV.

1.1.70 "Existing Licensor" means Janssen Pharmaceutica NV.

1.1.71 "FDA" means the U.S. Food and Drug Administration and any successor agency thereto in the U.S. having substantially the same function.

1.1.72 "FFDCA" means the U.S. Federal Food, Drug, and Cosmetic Act, as amended from time to time, together with any rules, regulations, requirements and guidance promulgated or issued thereunder (including all additions, supplements, extensions and modifications thereto).

1.1.73 "Force Majeure Event" has the meaning ascribed to such term in Section 14.4.

1.1.74 "GAAP" means generally accepted accounting principles in the U.S., as consistently applied by the applicable Party.

1.1.75 "Going Concern Notice" has the meaning ascribed to such term in Section 3.7.3.

1.1.76 "Good Clinical Practices" or "GCP" means all applicable requirements, standards, practices, and procedures for the design, conduct, performance, monitoring, auditing, recording, analysis and reporting of Clinical Trials including (i) FDA's good clinical practice requirements under the FFDCA and 21 CFR Part Parts 11, 50, 54, 56, and 312, (ii) all requirements referred to in EudraLex Volume 10 (Guidelines for Clinical Trials) as well as all corresponding Applicable Laws implemented by relevant EU member states, (iii) ICH guidance for Good Clinical Practice, and (iv) the equivalent Applicable Laws in any relevant country, each as may be amended and applicable from time to time.

1.1.77 "Good Laboratory Practices" or "GLP" means all applicable requirements, standards, practices, and procedures for conducting non-clinical laboratory studies, including (i) FDA's good laboratory practice requirements under the FFDCA and 21 CFR Part 58, (ii) the United States Animal Welfare Act, (iii) ICH Guidance on Nonclinical Safety Studies for the Conduct of Human Clinical Trials for Pharmaceuticals or the ICH Guidance on Safety Pharmacology Studies for Human Pharmaceuticals, (iv) EU Applicable Laws related to research and related uses of animals within any EU member state, including Directive 2010/63, and (v) the equivalent Applicable Laws in any relevant country, each as may be amended and applicable from time to time.

1.1.78 "Good Manufacturing Practices" or "GMP" means all applicable requirements, standards, practices, and procedures for the manufacture and testing of pharmaceutical materials including, (a) FDA's current good manufacturing practices requirements under the FFDCA and 21 CFR Parts 210 and 211; (b) all requirements referred to in EudraLex Volume 4 (Guidelines for Good Manufacturing Practice), as well as all corresponding Applicable Laws implemented by relevant EU member states; (c) ICH Guidance on Good Manufacturing Practice for Active Pharmaceutical Ingredients; and (d) the equivalent Applicable Laws in any relevant country, each as may be amended and applicable from time to time.

1.1.79 "Governmental Authority" means any supranational, federal, national, state or local court, agency, authority, department, regulatory body or other governmental instrumentality.

1.1.80 "ICH" means the International Council for Harmonization.

1.1.81 "IDMC" means the independent data monitoring committee for a Product Clinical Trial.

1.1.82 "IND" means an investigational new drug application, Clinical Trial application, Clinical Trial exemption, or similar application or submission filed with or submitted to a Regulatory Authority in a jurisdiction that is necessary to initiate human clinical testing of a pharmaceutical product in such jurisdiction, including any such application filed with the FDA pursuant to 21 C.F.R. Part 312, as well as all supplements, amendments, variations, extensions and renewals thereof that may be filed with respect to the foregoing.

1.1.83 "Indebtedness" means (a) indebtedness for borrowed money or the deferred price of property or services (excluding any trade accounts incurred in the ordinary course of business), such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations (as such term is understood under GAAP as in effect on the date of this Agreement; it being agreed that all obligations of any Person that are or would have been treated as operating leases for purposes of GAAP prior to adoption of changes described by ASC Topic 842 shall continue to be accounted for as operating leases (and not be treated as or to be recharacterized as capital lease obligations)) and (d) Contingent Obligations; provided that obligations to make revenue interest payments or in respect of royalties with respect to products other than the Product, in each case that are not secured (other than customary back-up securities interests in the case of a sale of revenues or royalties) and that are not guaranteed in amount are not Indebtedness.

1.1.84 "Indemnification Claim Notice" has the meaning ascribed to such term in Section 11.2.1.

1.1.85 "Indemnified Party" has the meaning ascribed to such term in Section 11.2.1.

1.1.86 "Indemnifying Party" has the meaning ascribed to such term in Section 11.2.1.

1.1.87 "Indication" means the treatment of primary biliary cholangitis, or, in the case of a change to the Indication approved by the ERC in accordance with the terms of this Agreement, such other indication.

1.1.88 "Information" means technical or scientific know-how, trade secrets, methods, processes, formulae, designs, specifications and data, including biological, chemical, pharmacological, toxicological, pre-clinical, clinical, safety, manufacturing and quality control data and assays; in each case, whether or not confidential, proprietary, patented or patentable.

1.1.89 "Intellectual Property" means all intellectual property and intellectual property rights of any kind or nature throughout the world, including all U.S. and foreign, (a) Patents; (b) Trademarks; (c) Copyrights; (d) rights in computer programs (whether in source code, object code, or other form), algorithms, databases, compilations and data, technology supporting the foregoing, and all documentation, including user manuals and training materials, related to any of the foregoing; (e) trade secrets and all other confidential information, know-how, inventions, proprietary processes, formulae, models, and methodologies; (f) rights of publicity, privacy, and rights to personal information; (g) all rights in the foregoing and in other similar intangible assets; and (h) all applications and registrations for the foregoing.

1.1.90 "Intellectual Property Security Agreement" means the Intellectual Property Security Agreement between CymaBay and Abingworth dated as of the Effective Date.

1.1.91 "Investment" means any beneficial ownership interest in any Person (including stock, partnership interest or other securities), and any loan, advance or capital contribution to any Person.

1.1.92 "IRB" means institutional review board, or its equivalent.

1.1.93 "IRC" means the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted thereunder.

1.1.94 "Lien" means a mortgage, deed of trust, levy, charge, pledge, hypothecation, collateral, assignment, deposit arrangement, lien (statutory or otherwise), or preference, priority or other security interest, preferential arrangement in the nature of a security interest or other encumbrance of any kind or nature whatsoever (including any restriction on use, transfer or exercise of any other attribute of ownership of any kind) in the nature of a security interest, whether voluntarily incurred or arising by operation of law or otherwise against any property (including any conditional sale and any financing lease having substantially the same economic effect as any of the foregoing); provided that, for the avoidance of doubt, neither non-exclusive licenses nor customary anti-assignment provisions shall be deemed to be a "Lien".

1.1.95 "Losses" means reasonable liabilities, losses, costs, damages, fees or expenses (including reasonable legal expenses and attorneys' fees) payable to a Third Party.

1.1.96 "Major Market Country" means [***].

1.1.97 "Material Adverse Event" means an event occurring after the Effective Date that has a material adverse effect on (a) the business, operations, prospects or financial condition of CymaBay, (b) prospect of payment of the Success Payments by CymaBay, or (c) the Development of the Product or prospects for Regulatory Approval of the Product for the Indication; *provided however*, that none of the following will constitute, or will be considered in determining whether there has occurred, a Material Adverse Event: (x) changes in laws or regulations or in the interpretations or methods of enforcement thereof; (y) changes in the pharmaceutical or biotechnology industries in general; or (z) any earthquakes, hurricanes, tsunamis, tornadoes, floods, mudslides, wildfires or other natural disasters, weather conditions, sabotage, terrorism, military action or war (whether or not declared) or other Force Majeure Events.

1.1.98 "Material Anti-Corruption Law Violation" means a violation by a Party or its Affiliate of an Anti-Corruption Law relating to the subject matter of this Agreement that would, if it were publicly known, have a material adverse effect on the other Party or its Affiliate because of its relationship with such Party.

1.1.99 [***].

1.1.100 "Maximum Development Costs" has the meaning ascribed to such term in Section 4.1.

1.1.101 "MHRA" means the Medicines and Healthcare products Regulatory Agency.

1.1.102 "Multiplier on Invested Capital" or "MoIC" means 3.1x.

1.1.103 "NDA" means a new drug application, including a supplement to a new drug application, submitted to FDA or similar application or supplemental application submitted to a Regulatory Authority outside of the U.S. for the purpose of obtaining Regulatory Approval to market and sell the Product.

1.1.104 "Optional Payment Election" has the meaning ascribed to such term in Section 4.2

1.1.105 "Other Trials" means the Phase 3 Clinical Trial entitled "ASSURE: An Open Label Long-Term Study to Evaluate the Safety and Tolerability of Seladelpar in Subjects With Primary Biliary Cholangitis (PBC)", with the identifier: NCT03301506, and the Phase 3 Clinical Trial for REASSURE with a study number of CB8025-41837.

1.1.106 "Out-License" means any license or other agreement between CymaBay or any of its Affiliates and any Third Party pursuant to which CymaBay or any of its Affiliates grants to such Third Party a license or sublicense of, covenant not to sue under, or other similar rights under any Intellectual Property.

1.1.107 "Party" or "Parties" has the meaning ascribed to such term in the Preamble.

1.1.108 "Patent" will mean patents, patent applications, patent disclosures, and all related continuations,continuations-in-part, divisionals, reissues, re-examinations, substitutions, and extensions thereof.

1.1.109 "Permitted Disposition" means (a) any Permitted Lien, (b) any Excluded Licensing Transaction, (c) a Disposition of inventory or goods held for sale in the ordinary course of business; (d) a Disposition of surplus, obsolete, damaged or worn-out assets, property or equipment in the ordinary course of business (including the abandonment or other Disposition of Intellectual Property consistent with past practice), whether in whole and on a country-by-country basis, that is, in the reasonable judgment of CymaBay, no longer economically practicable or commercially reasonable to maintain or useful in any material respect in the conduct of the business of CymaBay; (e) Dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements; and (f) Disposition of Regulatory Approvals for any jurisdiction outside the United States to any wholly-owned Subsidiary or licensees for the purposes of Commercialization of the Product in such jurisdiction.

1.1.110 "Permitted Equity Derivative" means any forward purchase, accelerated share purchase, call option, warrant transaction or other equity derivative transactions relating to the Equity Interests of CymaBay (or any direct or indirect public parent thereof) provides that the entry into such Permitted Equity Derivative is permitted pursuant to Section 7.3.3 and such Permitted Equity Derivative qualifies for equity accounting treatment under GAAP.

1.1.111 "Permitted Indebtedness" means (a) CymaBay Obligations; (b) unsecured Indebtedness; (c) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business; (d) letters of credit issued for the payment of purchase obligations for equipment, materials and inventory and for the payment of equipment and real estate lease obligations (including security deposits in connection therewith); (e) Indebtedness existing on the Effective Date and set forth on Schedule 1.1.111; (f) Indebtedness consisting of capital leases and purchase money financing obligations in an aggregate amount not to exceed $10,000,000, in each case incurred by CymaBay or any of its Subsidiaries to finance the acquisition, repair, improvement or construction of fixed or capital assets of such person within 180 days of such acquisition, repair, improvement or construction; (g) Indebtedness relating to insurance premium financing arrangements in the ordinary course; (h) reimbursement obligations in respect of letters of credit and banker's acceptances (other than letters of credit securing Indebtedness for borrower money or obligations in respect of any royalty or revenue interest sale or financing) in an aggregate amount not to exceed $10,000,000 at any time; (i) Cash Management Obligations not to exceed $10,000,000 at any time, (j) other Indebtedness not to exceed $10,000,000 outstanding at any time; and (k) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness, provided that the principal amount thereof does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so extended, refinanced, modified, amended or restated (plus unpaid accrued interest and premium (including tender premium) thereon, any original issue discount on, and underwriting discounts, fees, commissions and expenses incurred in connection with, such extension, refinancing, modification, amendment or restatement).

1.1.112 "Permitted Liens" means (a) the Existing License; (b) any Excluded Licensing Transactions and anyOut-License entered into by CymaBay or any of its Affiliates after the Effective Date that is approved by Abingworth pursuant to Section 7.3.4; (c) Liens existing on the Effective Date and set forth on Schedule 1.1.112; (d) Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable or (ii) being contested in good faith and, in each case, for which CymaBay or the applicable Subsidiary maintains adequate reserves on its books and records, provided that no notice of any such Lien has been filed or recorded under the IRC; (e) Liens securing capital leases and purchase money financings constituting Permitted Indebtedness, provided that such Liens do not extend to any property of CymaBay other than the property (and proceeds thereof) acquired, leased or built, or the improvements or repairs, financed by such Indebtedness; (f) leases and subleases granted in the ordinary course of business that do not materially interfere with the business of CymaBay and its Subsidiaries; (g) Interests of lessors and licensors under leases and licenses to CymaBay or any Subsidiary of real property and personal property; (h) Liens of carriers, warehousemen, suppliers, or other persons that are possessory in nature arising in the ordinary course of business so long as such Liens attach only to inventory, securing liabilities, and which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto; (i) Liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA); (j) Liens arising from attachments or judgments, orders, or decrees occurring after the Effective Date in an amount not to exceed, individually or in the aggregate, Five Hundred Thousand Dollars ($500,000), under circumstances not constituting a termination event under Section 13; (k) Liens on, and deposits of, cash and cash equivalents securing bids, contracts, letters of credit constituting Permitted Indebtedness, banker's acceptances and other similar obligations; (l) Liens in favor of custom and revenue authorities arising in the ordinary course of business as a matter of law to

secure the payment of custom duties in connection with the importation of goods provided such Liens are restricted to the goods being imported and documents relating thereto; (m) licenses and sublicenses granted in favor of CymaBay or any Subsidiary; (n) Liens on property or equity interests of another Person existing at the time such other Person becomes a Subsidiary or is merged with or into or consolidated with CymaBay or any Subsidiary, provided that such Liens (i) were in existence prior to such merger or consolidation and are not incurred in contemplation thereof and (ii) do not extend to any other property owned by CymaBay (other than proceeds thereof and accessions thereto); (o) Liens on property (including equity interests) existing at the time of acquisition of such property by CymaBay or any Subsidiary, provided that such Liens (i) were in existence prior to such acquisition and not incurred in contemplation of such acquisition and (ii) do not extend to any other property owned by CymaBay; (p) Liens granted in replacement of or substitute for, or to secure any refinancing (or successive refinancings), as a whole or in part, of any Indebtedness or other obligation secured by, a Lien referred to in the foregoing clauses (n) or (o), provided that the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); (q) Liens on insurance policies, premiums and proceeds thereof, or other deposits, to secure insurance premium financings and other liabilities to insurance carriers; (r) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business; (s) Liens in the nature of the right of setoff in favor of counterparties to contractual agreements with CymaBay or its Subsidiaries in the ordinary course of business; (t) (i) customary Liens incurred to secure Cash Management Obligations, and (ii) Liens in favor of financial institutions arising in connection with CymaBay's or its Subsidiaries' deposit accounts and/or securities accounts held at such institutions; (u) any encumbrance or restriction (including put and call arrangements) with respect to equity interests of any joint venture, minority investment or similar arrangement pursuant to any joint venture, shareholders, investor rights or similar agreement; (v) Liens to secure contractual payments (contingent or otherwise) payable by CymaBay or its Subsidiaries to a seller after the consummation of an acquisition of a product, business, license or other assets, in an amount not to exceed, individually or in the aggregate, Five Hundred Thousand Dollars ($500,000); (w) Liens in the nature of a "back-up security interest" on accounts receivables, payment intangibles, royalties and related assets sold in connection with any royalty or revenue interest sale, financing transaction or other sale not prohibited by this Agreement; (x) escrows and deposits (and Liens thereon) in connection with an acquisition, Disposition or Investment, (y) liens constituting an option or agreement to Dispose any property; provided that such Disposition is not prohibited hereby; and (z) other Liens securing liabilities in an aggregate amount not to exceed One Million Five Hundred Thousand Dollars ($1,500,000).

1.1.113 "Permitted Third Party" means any CRO, Site, Clinical Investigator or Vendor (including Approved CROs and Approved Vendors) to whom CymaBay has delegated responsibility or whom CymaBay has engaged in connection with the Clinical Trial Activities or any CMO whom CymaBay has engaged to perform CMC related activities (including supply of Product for use in the Product Clinical Trials). For clarity, Third Parties that have been delegated responsibility by or engaged by a Permitted Third Party will be considered Permitted Third Parties.

1.1.114 "Person" means any individual, corporation, general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity or Governmental Authority.

1.1.115 "Personally Identifiable Information" means any information relating to an identified or, in combination with other information, identifiable person or persons captured in an electronic or hardcopy format, including such information as it relates to Clinical Trial subjects (including key-coded patient data), physicians, clinicians, healthcare professionals, consultants, or other persons participating in a Clinical Trial, and any equivalent definition in the Applicable Laws to the extent that such definition is broader than that provided here.

1.1.116 "Phase 1 Clinical Trial" means any clinical trial as described in 21 C.F.R. §312.21(a), or, with respect to a jurisdiction other than the U.S., a similar clinical trial.

1.1.117 "Phase 2 Clinical Trial" means any clinical trial as described in 21 C.F.R. §312.21(b), or, with respect to a jurisdiction other than the U.S., a similar clinical trial.

1.1.118 "Phase 3 Clinical Trial" means any clinical trial as described in 21 C.F.R. §312.21(c) (as amended from time to time), or, with respect to a jurisdiction other than the U.S., a similar clinical trial, which clinical trial is intended to generate sufficient data and results (together with data from any prior clinical trials conducted for the applicable product) to support the filing of an NDA for such product.

1.1.119 "Phase 3 Success Criteria" means, following the topline data read-out from the RESPONSE Trial, that the results of the RESPONSE Trial meet the primary endpoint set forth in the RESPONSE Protocol and constitute clinically meaningful results.

1.1.120 "Regulatory Reason" means any delay by CymaBay to submit for filing an NDA for the Product for the Indication in the U.S. within [***] of the date of achievement of the Phase 3 Success Criteria for the Product, to the extent such delay results from a new or changed requirement imposed by the FDA with respect to the prerequisites for the submission of a filing of such NDA.

1.1.121 "Product" means seladelpar, a PPARd receptor agonist, which, as of the Effective Date, is being Developed by CymaBay for the Indication, as further described on Exhibit A hereto, in any form, formulation, dose or dosage form, including any salt thereof, under any brand name or as a generic product.

1.1.122 "Product Clinical Trial" means a Clinical Trial for the Product that is included in CymaBay's Development Program. For clarity, "Product Clinical Trial" includes the RESPONSE Trial.

1.1.123 "Product Patents" has the meaning ascribed to such term in Section 12.2.9.

1.1.124 "Prohibited Investments" means (a) Investments in securities of privately held companies (other than Persons that are, or after giving effect to such Investment will be wholly owned Subsidiaries of CymaBay and, where Applicable Law prevents whole ownership, Persons that are, or will be, after giving effect to such Investment, wholly owned by CymaBay except for any nominal Third Party ownership that is required under Applicable Law); (b) Investments in or purchases of any real property (excluding real property to be occupied or used by CymaBay or its Subsidiaries), commercial or residential mortgages, or mortgage-backed securities; and (c) Investments in auction rate securities, corporate high yield bonds (i.e. less than BBB quality), precious metals, derivatives including margin trades, options, futures, options on futures, short sales, forward contracts, swaps, repurchase agreements and reverse repurchase agreements (other than swaps entered into to hedge or mitigate commercial risk and other than Permitted Equity Derivatives); provided that the following shall not be a Prohibited Investment: (i) Investments existing on the Closing Date and set forth on Schedule 1.1.124; (ii) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of CymaBay's business; (iii) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; (iv) Investments consisting of loans not involving the net transfer on a substantially contemporaneous basis of cash proceeds to employees, officers or directors relating to the purchase of capital stock of CymaBay's pursuant to employee stock purchase plans or other similar agreements approved by CymaBay's Board of Directors; (v) Investments consisting of travel advances, employee relocation loans, and other employee loans and advances in the ordinary course of business in an aggregate amount not to exceed $250,000 in any fiscal year or $500,000 outstanding at any point in time during the term hereof; (vi) joint ventures or strategic alliances in the ordinary course of CymaBay's business consisting of the licensing of technology, the development of technology or the providing of technical support, provided that any Investments by CymaBay do not exceed $5,000,000 in the aggregate in any fiscal year; and (vii) additional Investments so long as, as of the date of such Investment or at the option of CymaBay as of the date of the definitive documentation relating to such Investment, CymaBay has cash and cash equivalents of [***] after giving effect to the making of such Investment.

1.1.125 "Private Placement" has the meaning ascribed to such term in Section 4.5.

1.1.126 "Protocol" means, with respect to a Product Clinical Trial, the documentation describing the objective, design, methodology, statistical considerations and organization of such Product Clinical Trial. For clarity, "Protocol" includes the RESPONSE Protocol, including any amendments thereto that are made in accordance with this Agreement.

1.1.127 "Public Offering" has the meaning ascribed to such term in Section 4.5.

1.1.128 "Public Offering Participation Right" has the meaning ascribed to such term in Section 4.5.

1.1.129 "Qualified Financing" has the meaning ascribed to such term in Section 4.5.

1.1.130 "Receiving Party" has the meaning ascribed to such term in Section 9.1.

1.1.131 "Regulatory Approval" means receipt by CymaBay, its Subsidiaries or its licensees of the conditional, full, or accelerated approval of an NDA for the Product in the Indication: (a) by the FDA in the U.S.; (b) by the EMA in the EU; or (c) by the MHRA in the United Kingdom. For clarity, "Regulatory Approval" excludes any pricing or reimbursement approval that may be necessary or useful for marketing or sale of the Product in any country or regulatory jurisdiction.

1.1.132 "Regulatory Authority" means, in a particular country or regulatory jurisdiction, any applicable Governmental Authority involved in authorizing an IND to initiate or conduct clinical testing in humans or involved in granting Regulatory Approval, including FDA, EMA, and MHRA.

1.1.133 "Release Date" has the meaning ascribed to such term in Section 7.2.4.

1.1.134 "Representatives" means, with respect to a Party, such Party's Affiliates, and its and their respective officers, directors, employees, agents, representatives, consultants, and, as applicable, its Permitted Third Parties engaged in connection with the subject matter of this Agreement.

1.1.135 "Research Results" means all Information arising out of or resulting from the Product Clinical Trials and the CMC activities contemplated by CymaBay's Development Program, including the Clinical Trials Database.

1.1.136 "RESPONSE Protocol" has the meaning ascribed to such term in Section 2.2.1.

1.1.137 "RESPONSE Trial" means the Phase 3 Clinical Trial entitled "RESPONSE: Response to Seladelpar in Subjects With Primary Biliary Cholangitis (PBC) and an Inadequate Control to or an Intolerance to Ursodeoxycholic Acid (UDCA)" with identifier NCT04620733.

1.1.138 "Securities Laws and Regulations" means (i) all applicable federal, state or other securities laws (including but not limited to the Act, as amended from time to time, and the rules and regulation from time to time promulgated thereunder, the 1934 Act, as amended from time to time, and the rules and regulation from time to time promulgated thereunder or the rules and regulations of any securities exchange) and (ii) all rules and regulations of FINRA or any other self-regulatory organization that are applicable to CymaBay or any underwriter participating in a Public Offering, as applicable.

1.1.139 "Serious Safety Issue" means any SUSAR, or any dose-limiting toxicity, or series of SUSARs directly related to or caused by the administration of the Product in the conduct of a Product Clinical Trial where such SUSAR, series of SUSARs, or toxicity substantially diminishes the probability of receiving Regulatory Approval for the Product, or results in a Regulatory Authority imposing a Clinical Hold on further development of the Product which Clinical Hold is not lifted or removed within one hundred eighty (180) days.

1.1.140 "Site" has the meaning ascribed to such term in Section 3.1.2.

1.1.141 "Subjects" means subjects in Product Clinical Trials.

1.1.142 "Subsidiary" means an entity, whether corporate, partnership, limited liability company, joint venture or otherwise, in which CymaBay owns or controls 50% or more of the outstanding voting securities.

1.1.143 "Success Payment Trigger" has the meaning ascribed to such term in Section 6.1.1.

1.1.144 "Success Payments" has the meaning ascribed to such term in Section 6.1.1.

1.1.145 "SUSAR" means a suspected unexpected serious adverse reaction, without regard to causality, that is life-threatening (i.e., causes an immediate risk of death) or that results in any of the following outcomes: death; in-patient hospitalization or prolongation of existing hospitalization; persistent or significant disability or incapacity (i.e., substantial disruption of the ability to conduct normal life functions); or a congenital anomaly or birth defect. For clarity, a planned medical or surgical procedure is not, in itself, a SUSAR.

1.1.146 "Term" has the meaning ascribed to such term in Section 13.1.

1.1.147 "Third Party" means any Person other than CymaBay, Abingworth and their Affiliates.

1.1.148 "Third Party Infringement" means any actual or threatened infringement, misappropriation, or other violation by a Third Party of any Intellectual Property Controlled by CymaBay that relates to this Agreement or the Product, including the Trial Inventions.

1.1.149 "Timeline" has the meaning ascribed to such term in Section 2.4.1.

1.1.150 "Timeline Remediation Plan" has the meaning ascribed to such term in Section 2.4.2.

1.1.151 "Trademarks" means, collectively, all registered and unregistered marks, trade dress rights, logos, taglines, slogans, Internet domain names, web addresses, and other indicia of origin, together with the goodwill associated with any of the foregoing, and all applications, registrations, extensions and renewals thereof, selected for use on the Product.

1.1.152 "Transaction Agreements" means, collectively, this Agreement, the Deposit Account Control Agreement, the Intellectual Property Security Agreement and the Note.

1.1.153 "Trial Invention" has the meaning set forth in Section 10.1.1.3.

1.1.154 "U.S.", "United States" or "USA" means the United States of America, its territories and possessions, including Puerto Rico.

1.1.155 "UCC" means the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of New York; provided, that, to the extent that the UCC is used to define any term herein and such term is defined differently in different Articles or Divisions of the UCC, the definition of such term contained in Article or Division 9 will govern; and provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, the Abingworth Security Interest on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of New York, the term "UCC" will mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions relating to such provisions.

1.1.156 "UK" or "United Kingdom" means Great Britain and Northern Ireland.

1.1.157 "US Product Sales" means net revenue determined in accordance with GAAP of CymaBay, its Affiliates, or its licensees for sales of Product in the United States.

1.1.158 "Vendor(s)" has the meaning ascribed to such term in Section 2.5.2.

1.2 Construction. For purposes of this Agreement: (1) words in the singular will be held to include the plural and vice versa as the context requires; (2) the words "including" and "include" will mean "including, without limitation," unless otherwise specified; (3) the terms "hereof," "herein," "herewith," and "hereunder," and words of similar import will, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement; (4) all references to "Section" and "Exhibit," unless otherwise specified, are intended to refer to a Section or Exhibit of or to this Agreement; (5) the term "or" will be interpreted in the inclusive sense commonly associated with the term "and/or", (6) words of the masculine, feminine or neuter gender will mean and include the correlative words of other genders; (7) unless otherwise specified, references to an agreement or other document include references to such agreement or document as from time to time amended, restated, reformed, supplemented or otherwise modified in accordance with the terms hereof, and include any annexes, exhibits and schedules attached thereto; (8) reference to any Applicable Law will include such Applicable Law as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor; (9) references to any Person will be construed to include such Person's successors and permitted assigns (subject to any restrictions on assignment, transfer or delegation set forth herein), and any references to a Person in a particular capacity excludes such Person in other capacities; (10) in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding"; (11) where any payment is to be made, any funds are to be applied or any calculation is to be made under this Agreement on a day that is not a Business Day, unless this Agreement otherwise provides, such payment will be made, such funds will be applied and such calculation will be made on the succeeding Business Day, and payments will be adjusted accordingly; and (12) the following capitalized terms shall have the meaning given to them in the UCC: Account, Chattel Paper, Commercial Tort Claims, Commodity Account, Deposit Account, Documents, Equipment, Goods, Instrument, Inventory, Letter-of-Credit Right, Money, Proceeds, Record, Securities Account, Securities Intermediary, Security Certificate, Security Entitlement and Supporting Obligations.

1.3 Conflicts. In the event of any conflict between the terms of this Agreement, the Protocol or any other Exhibit, the Protocol will control (as applicable), followed by the terms of this Agreement, and followed by any applicable other Exhibit.

ARTICLE 2

CYMABAY'S DEVELOPMENT PROGRAM

2.1 CymaBay's Development Program.

2.1.1 Efforts. CymaBay will use Commercially Reasonable Efforts to conduct and complete CymaBay's Development Program in accordance with this Agreement and the Timeline.

2.1.2 Compliance. CymaBay will conduct CymaBay's Development Program and perform all of its duties and responsibilities hereunder in accordance with the Development Plan and in compliance in all material respects with all Applicable Laws. CymaBay will conduct all Product Clinical Trials and perform all other responsibilities assigned to it hereunder in connection with any such Product Clinical Trial in compliance with the applicable Protocol. CymaBay will oversee the manufacture of the Product, and will comply (and require that all Permitted Third Parties of CymaBay comply) in all material respects with all Applicable Laws with respect to the research, development, manufacture, testing, analysis, labeling, storage, handling, disposal, transfer and use of the Product.

2.2 The Protocol.

2.2.1 The Protocol. The Protocol for the RESPONSE Trial (the "RESPONSE Protocol") existing on the Effective Date is set forth on Schedule 2.2.1 hereto.

2.2.2 Changes to the Protocol.

2.2.2.1 Any material change to the RESPONSE Protocol, including any country-specific appendices required by Applicable Law, and material changes made in response to any communications with any Regulatory Authorities that require a submission to a Regulatory Authority, an IRB or other ethics committee, will be diligently prepared by CymaBay in the form of draft amendments, and will require the ERC's approval, which will not be unreasonably withheld or delayed and which will be communicated to the Parties as soon as reasonably practicable following the ERC's receipt of the draft amendment from CymaBay.

2.3 Sponsor. CymaBay will be the sponsor of the Product Clinical Trials.

2.4 Compliance with the Timeline.

2.4.1 The Timeline. The currently anticipated timeline for conducting the Product Clinical Trials is attached asExhibit F hereto (the "Timeline"). In conducting such Product Clinical Trials, CymaBay will use Commercially Reasonable Efforts to complete each activity specified on the Timeline (each, a "Clinical Trial Activity") by the date specified for such Clinical Trial Activity on the Timeline. CymaBay will promptly notify Abingworth in writing upon completion or achievement of each Clinical Trial Activity.

2.4.2 Failure to Complete a Clinical Trial Activity. Prior to Regulatory Approval, if CymaBay fails to, or reasonably believes that it will not, complete a Clinical Trial Activity in accordance with the timeline specified for such Clinical Trial Activity on the Timeline, CymaBay will promptly notify the ERC. Within thirty (30) days of such written notice, if CymaBay has failed to, or reasonably believes that it will not, complete any Clinical Trial Activity within [***] of the date for completion of the Clinical Trial Activity on the Timeline, CymaBay will provide the ERC with a written remediation plan summarizing in reasonable detail the means by which, and the date on which, CymaBay expects to be able to complete the relevant Clinical Trial Activities (each, a "Timeline Remediation Plan", as the same may be modified from time to time in accordance with this Section 2.4.2). Following receipt thereof, the ERC Representatives will discuss and consider in good faith such Timeline Remediation Plan. If the ERC approves such Timeline Remediation Plan (such approval not to be unreasonably withheld, conditioned or delayed), the ERC will provide CymaBay with written notice thereof, specifying the dates on which CymaBay will be required to update the ERC of its progress with respect thereto. If after approval of a Timeline Remediation Plan by the ERC, a Party believes in good faith that any modification to such Timeline Remediation Plan is necessary or appropriate, such Party may propose such modification to the ERC and will disclose to the ERC any additional information or circumstances that have become known to such Party that form the basis for its request for modification. The ERC will discuss and consider in good faith such modification, which will be subject to ERC approval (not to be unreasonably withheld, conditioned or delayed).

2.4.3 Failure to Complete a Timeline Remediation Plan. If CymaBay fails to complete a Clinical Trial Activity it is responsible for in accordance with the timeline specified for such Clinical Trial Activity in a Timeline Remediation Plan, then Abingworth will have the right to withhold any future payments due to CymaBay pursuant to Section 4.2 until the Clinical Trial Activity is completed. If, following such withholding, such Clinical Trial Activity is completed, then Abingworth will, within thirty (30) days thereafter, pay to CymaBay the withheld amounts upon such completion and will resume payment of the remaining payments due to CymaBay pursuant to Section 4.2. For the avoidance of doubt, Abingworth's withholding of such amounts pursuant to this Section 2.4.3 will not be considered a breach of this Agreement.

2.5 Approved CROs and Approved Vendors.

2.5.1 Approved CROs. Except as otherwise provided herein, CymaBay may delegate any of its responsibilities described in Section 2.3 to its Affiliates (subject to Section 14.1) or any CRO that is listed on Exhibit B, as such exhibit may be updated from time-to-time during the Development Term [***] (any such CRO, an "Approved CRO"), [***].

2.5.2 Approved Vendors. CymaBay will be permitted to contract for services, equipment, tools, materials or supplies required for the Product Clinical Trials or Regulatory Approval with any Person that is either listed on Exhibit C, as such exhibit may be updated from time-to-time during the Development Term [***] (each, an "Approved Vendor") [***].

2.5.3 Responsibility. For clarity, CymaBay will remain responsible for all of its obligations under this Agreement, notwithstanding any delegation to an Affiliate or an Approved CRO or any contracting to an Approved Vendor. CymaBay will use Commercially Reasonable Efforts to oversee the services of its Affiliates and any Approved CRO or Approved Vendor utilized by such Party to provide services hereunder.

2.6 Reasonable Assistance.

2.6.1 Background Materials. Promptly following the Effective Date and from time to time during the Development Term, CymaBay will provide the Abingworth's ERC Representatives with all copies of material documents and information Controlled by CymaBay that Abingworth's ERC Representatives request and that they, acting in good faith, identify as reasonably necessary or useful for Abingworth to evaluate the Product and CymaBay's Development Program hereunder (the "Background Materials"). For clarity, CymaBay will remain the sole owner of, and will retain all right, title and interest in, to and under all Background Materials, including all Intellectual Property related thereto, and the Background Materials will be Confidential Information of CymaBay. Not in limitation of the foregoing, CymaBay will notify the ERC promptly if either of the certifications referred to in Section 12.2.4 needs to be amended in light of facts or circumstances that occur following the Effective Date.

2.6.2 Questions Pertaining to the Protocols. Promptly following the Effective Date during the Development Term, CymaBay will identify one (1) individual with sufficient knowledge of the RESPONSE Protocol and the Product who will be made available at reasonable times and reasonable frequency during normal business hours in such employee's country of residence upon reasonable written advance notice, which shall be submitted at least three (3) Business Days, in advance to answer Abingworth's questions directly pertaining to such Protocol.

ARTICLE 3

CYMABAY'S DEVELOPMENT PROGRAM RESPONSIBILITIES

3.1 Conduct of Clinical Trials.

3.1.1 Responsibility. CymaBay will have sole responsibility for the conduct of the Product Clinical Trials, in consultation with the ERC in accordance with this Agreement.

3.1.2 Sites and Clinical Investigators. CymaBay will select the study sites to conduct the Product Clinical Trials and will inform the ERC of CymaBay's choice of each study site. CymaBay will enter, and, to the extent applicable, will ensure that its Affiliates and each Approved CRO likewise enter, into an agreement with each study site (the "Clinical Trial Agreement" and upon execution of such Clinical Trial Agreement, such study site will be deemed a "Site") on commercially reasonable and customary terms, consistent with industry standards for similar agreements.

3.1.3 Data Collection and Data Management.

3.1.3.1 CRF. CymaBay will be solely responsible for preparing the form of CRF for the Product Clinical Trials in accordance with the applicable Protocol.

3.1.3.2 Clinical Trials Database; Registries. CymaBay will use Commercially Reasonable Efforts to establish and maintain a Clinical Trial database for the data collected from each Site for the Product Clinical Trials (the "Clinical Trials Database"). CymaBay will be responsible for registering, maintaining and updating any registries pertaining to the Product Clinical Trials to the extent required by any Applicable Laws, including, as applicable, www.clinicaltrials.gov, www.clinicalstudyresults.org, and the PHRMA Website Synopsis.

3.1.4 IRBs and Other Ethics Committees. CymaBay will use Commercially Reasonable Efforts to (a) obtain the approval of the IRBs and other ethics committees required prior to commencing, and during, the Product Clinical Trials at every Site, and (b) ensure that IRBs and such other relevant ethics committees have current registrations and accreditations as required by Applicable Law. CymaBay will (a) provide all ethics committees, including all IRBs, and Regulatory Authorities, with all necessary documentation prior to, and during the course of, the Product Clinical Trials as required by Applicable Law, and (b) respond to all queries from the IRBs and other ethics committees, will prepare the applicable response.

3.1.5 Completion of the Clinical Trials; Final CSR. CymaBay will keep the Sites participating in the Product Clinical Trials operational, to the extent reasonably necessary or desirable to complete CymaBay's Development Program. The CSR for any Product Clinical Trial will be prepared by CymaBay in compliance with all Applicable Laws, including ICH E3 guidelines. The final, signed CSR for any Product Clinical Trial will be provided to Abingworth promptly following the completion of the CSR. In the event that there are any material additional safety or efficacy data pertaining to such Product Clinical Trial that come into the possession of CymaBay after it has provided Abingworth with the final Clinical Trial CSR, CymaBay will prepare and promptly provide Abingworth with a supplement to such CSR.

3.2 Audits.

3.2.1 By CymaBay. During the Development Term, CymaBay will conduct quality oversight inspections and audits of the facilities and services of the Permitted Third Parties utilized by CymaBay [***] and will provide Abingworth with copies of such audit reports upon request. Further, during the Development Term, CymaBay will conduct quality oversight inspections and audits of the manufacturing facilities for the Product in accordance with its internal policies and CymaBay will provide Abingworth with copies of such audit reports.

3.3 Product.

3.3.1 Supply of the Product. CymaBay will be the manufacturer of the Product for the Product Clinical Trials, either directly or through an Approved Vendor, in accordance with GMP, and will use Commercially Reasonable Efforts to ensure (a) a supply of the Product in accordance with Applicable Laws and in quantities sufficient for the conduct of the Product Clinical Trials, and (b) that such supply conforms in all material respects to the applicable release specifications that are necessary to conduct such Product Clinical Trials.

3.3.2 Product Complaints. CymaBay will be solely responsible for, and will use Commercially Reasonable Efforts to investigate and resolve, complaints related to the Product, including complaints pertaining to the manufacturing, appearance or general physical characteristics of the Product or other processes at the manufacturing facility, in accordance with all Applicable Laws.

3.4 Pharmacovigilance and Safety Information Exchange. CymaBay will, within [***], report to the ERC such Serious Safety Issue with respect to (a) Product Clinical Trial subjects who receive the Product, or (b) individuals otherwise exposed to the Product.

3.5 Product Recalls. CymaBay will be solely responsible for the operational execution of any recall of the Product; provided that, CymaBay will consult with the ERC regarding the decision to initiate any such recall in the U.S. The costs for any such recall will be at CymaBay's sole cost and expense.

3.6 Commercially Reasonable Efforts.

3.6.1 Conduct of Clinical Trials. Timely performance of the Product Clinical Trials and receipt of Regulatory Approval in the U.S. and, until achievement of Regulatory Approval in the U.S., at least one (1) additional non-U.S. Major Market Country are important to the success of this Agreement. CymaBay will use Commercially Reasonable Efforts to complete the Product Clinical Trials according to the Timeline. In the event that CymaBay fails to complete the Product Clinical Trials in accordance with the Timeline, then Abingworth will have the remedies described in Section 2.4 (as applicable).

3.6.2 Regulatory Approval. Upon achievement of the Phase 3 Success Criteria, CymaBay will use Commercially Reasonable Efforts to obtain Regulatory Approval for the Product in the U.S. and, until achievement of Regulatory Approval in the U.S., in at least one (1) additional non-U.S. Major Market Country. Without limiting the foregoing, CymaBay shall submit for filing an NDA for the Product for the Indication in the U.S. within [***] of the date of achievement of the Phase 3 Success Criteria for the Product. In the event that CymaBay fails to use Commercially Reasonable Efforts to so obtain Regulatory Approval for the Product, including a failure to submit for filing an NDA for the Product for the Indication in the U.S. within [***] of the date of achievement of the Phase 3 Success Criteria for the Product for any reason other than a Regulatory Reason, and this failure is not cured as set forth in Section 13.3.1, Abingworth may terminate this Agreement pursuant to Section 13.3.1.

3.7 Disclosures by CymaBay.

3.7.1 During the Development Term, CymaBay will provide Abingworth at meetings of the ERC (or in advance of such meetings as part of the information that may be distributed to ERC members prior to such meetings or, if no such meeting is held in a Calendar Quarter, directly to the ERC members) at least once during each Calendar Quarter with summaries of all data [***].

3.7.2 CymaBay shall (a) promptly notify Abingworth of achieving the Phase 3 Success Criteria, and (b) promptly notify Abingworth of achieving Regulatory Approval. At least once each Calendar Quarter during the Development Term, and at least once per year during the remainder of the Term, CymaBay will provide Abingworth with [***].

3.7.3 CymaBay shall provide Abingworth with company budgets and financial statements ("Financial Statements") within 45 days of the first three fiscal quarters and within 90 days of its fiscal year end, which Financial Statements shall in each event include a projection prepared in good faith consistent with similar projections showing CymaBay's cash requirements for the following twelve (12) months. CymaBay shall also be required to provide prompt written notice (a "Going Concern Notice") to Abingworth in the event that CymaBay will be unable to meet its payment obligations as they become due at any time during the [***] period following the date the Financial Statements for the then-current Calendar Quarter are issued, or available to be issued. With CymaBay's consent or if CymaBay is unable to remedy the condition that is the subject of the Going Concern notice to Abingworth's reasonable satisfaction within ninety (90) Business Days following the delivery of such Going Concern Notice, Abingworth shall have the right, but not the obligation, to remedy such condition by increasing the funding of CymaBay pursuant to Article 4 and increasing the remaining Success Payments on a proportional basis (to maintain the MoIC) so as to enable CymaBay to meet its obligations as they become due within such [***] period and to perform all of its obligations hereunder.

ARTICLE 4

DEVELOPMENT COSTS; EQUITY INVESTMENT

4.1 Development Costs. Abingworth will pay up to Seventy-Five Million U.S. Dollars ($75,000,000) (if the Optional Payment Election is not timely exercised) or up to One Hundred Million U.S. Dollars ($100,000,000) (if the Optional Payment Election is timely exercised) (such total, as applicable, the "Maximum Development Costs") of Development Costs in accordance with the funding schedule set forth in Section 4.2. Any Development Costs in excess of the Maximum Development Costs will be borne by CymaBay, and any failure by CymaBay to bear any such excess Development Costs shall, except to the extent such failure is commercially reasonable, be deemed to be a material breach of this Agreement by CymaBay.

4.2 Funding Schedule. Abingworth will fund Development Costs by making a series of fixed payments to CymaBay in accordance with the payment schedule set forth in the table below, which payment obligation will cease upon the first to occur of (a) the termination, cessation, or conclusion (defined as final dosing of the final patient) of the RESPONSE Trial; or (b) the date on which the aggregate payments under this Section 4.2 reach the Maximum Development Costs. All payments will be made within [***] Business Days following Abingworth's receipt of an invoice from CymaBay for such payment, which invoices will be provided no earlier than the dates listed in the table below.

Invoice Date	Amount of Payment
The Effective Date	$ 25,000,000
[***] Business Days prior to the date that is Three (3) months after Effective Date	$ 25,000,000
[***] Business Days prior to the date that is Six (6) months after Effective Date	$ 25,000,000
Solely if requested by CymaBay in writing within [***] after the enrollment of the last patient in the RESPONSE Trial and provided that there has been no Material Adverse Event arising from the RESPONSE Trial (such request, the "Optional Payment Election"), the later of (a) the date of such request; and (b) nine (9) months after the Effective Date	$ 25,000,000
Total	$100,000,000

4.3 Use of Proceeds. CymaBay will use the payments provided by Abingworth pursuant toSection 4.1 and Section 4.2 solely for the purposes of funding Development Costs.

4.4 Development Costs Account. Payments provided by Abingworth pursuant to Section 4.1 and Section 4.2 will be funded into, and will be disbursed from, the Development Costs Account. CymaBay hereby grants a continuing first-priority security interest in the Development Costs Account to Abingworth to secure payment of the CymaBay Obligations. Proceeds remaining in the Development Costs Account at any time after the Product Clinical Trials have been terminated will be refunded to Abingworth.

4.5 Equity Investment. Abingworth shall have the right, but not the obligation, to purchase for cash up to [***] worth of CymaBay's equity issued in the next Qualified Financing, on the same terms and conditions as the other investors in the Qualified Financing, which investment amount will be subject to allocation by CymaBay within the Qualified Financing but will not be reduced below [***] without Abingworth's written consent; provided that the foregoing right shall terminate upon CymaBay consummating a public offering of its equity securities resulting in aggregate gross proceeds of at least [***]. As used herein, the term "Qualified Financing" means a private offering of CymaBay's equity securities (or securities convertible into or exercisable for CymaBay's equity securities) for cash (or in satisfaction of debt issued for cash) having its final closing on or after the date of this Agreement and which results in aggregate gross proceeds to CymaBay of at least [***] and includes investment by one or more venture capital, corporate or other similar institutional investors. CymaBay shall consummate the Qualified Financing (including investment by Abingworth as provided herein) or public financing resulting in aggregate gross proceeds to CymaBay of at least [***] within nine (9) months after the Effective Date. If, during such nine (9) month period and prior to the consummation of a Qualified Financing, CymaBay proposes to undertake an underwritten public offering of shares of its common stock in the amount of at least [***] (the "Public Offering") pursuant to its Registration Statement on Form S-3 (Reg. No. 333-239670) (the "Existing Shelf") or any other registration statement, CymaBay shall, within a reasonable period of time preceding the consummation of the Public Offering, offer Abingworth the opportunity to purchase shares of the common stock to be sold in the Public Offering (without regard to the exercise of any over-allotment option by the underwriters in the Public Offering) at the same price per share at which the securities are being offered to the public before excluding underwriters' discounts and commissions (such right, the "Public Offering Participation Right"). If Abingworth exercises its Public Offering Participation Right, it shall have the right to purchase up to such number of shares of common stock to be sold in the Public Offering as equals [***] divided by the price per share at which the securities offered in the Public Offering are being offered to the public. [***] For the avoidance of doubt, if Abingworth exercises its Public Offering Participation Right (including any Private Placement conducted pursuant to the foregoing sentence), then its right to participate in a Qualified Financing shall terminate.

ARTICLE 5

GOVERNANCE

5.1 Executive Review Committee.

5.1.1 Representatives. Within thirty (30) days after the Effective Date, the Parties will establish an executive review committee (the "ERC"). Each Party initially will appoint three (3) representatives to serve as representatives to the ERC (the "ERC Representatives"), with each ERC Representative having sufficient decision-making authority within the applicable Party to make decisions on behalf of such Party within the scope of the ERC's decision-making authority and, if any such representative is not an employee of the appointing Party, such representative will execute a confidentiality agreement in form and substance reasonably acceptable to the other Party (and, for the avoidance of doubt, the appointing Party will remain responsible to the other Party for any noncompliance by such representative with such confidentiality obligations). Each Party may replace its ERC Representatives at any time upon written notice to the other Party.

5.1.2 Chairperson. The ERC chairperson ("ERC Chairperson") will be designated from the Parties' ERC Representatives and will serve for a term of one (1) year. Abingworth will appoint the first ERC Chairperson and subsequent appointments will rotate on an annual basis between CymaBay and Abingworth. The ERC Chairperson will be responsible for drafting and circulating the draft agenda and ensuring minutes are prepared.

5.1.3 Meetings; Dissolution. From the Effective Date until the first quarter after the date on which the Product has obtained Regulatory Approval in the U.S., the ERC will meet at least once per Calendar Quarter (and for clarity, such meetings are intended to be conducted via teleconference or videoconference) unless the Parties mutually agree otherwise. Either Party may call a special meeting of the ERC (by videoconference or teleconference) during the Development Term by providing at least five (5) Business Days prior written notice to the other Party, which notice will include a reasonably detailed description of the matter, in the event such Party reasonably believes that a significant matter must be addressed prior to the next scheduled meeting. The ERC shall be dissolved within thirty (30) days after the date on which the Product has obtained Regulatory Approval in the U.S.

5.1.4 Participants. The ERC may invite individuals who are not ERC Representatives to participate in ERC meetings; provided that (a) all ERC Representatives of both Parties consent to such non-member's participation; and (b) such non-member has executed a confidentiality agreement in form and substance acceptable to the non-inviting Party (and, for the avoidance of doubt, the inviting Party will remain responsible to the non-inviting Party for any noncompliance by such individual with such confidentiality obligations).

5.1.5 Communications Managers. Each Party will appoint an individual to act as a communications manager for such Party (each, an "Communications Manager") by providing the name and contact information for the Communications Manager to the ERC. Each Party may change its Communications Manager from time to time in its sole discretion upon written notice to the ERC. The Communications Managers will be the primary point of contact for the Parties regarding the activities contemplated by the Agreement, and the Parties will use reasonable efforts to ensure that any requests for information and data made outside of the ERC are made through the Communications Managers. The Communications Managers will attend all meetings of the ERC. For clarity, the Communications Managers may also be members of the ERC, but will remain in place for the duration of the Term, regardless of whether the ERC is dissolved pursuant to Section 5.1.3.

5.1.6 Costs. Each Party will bear its own expenses relating to the meetings and activities of the ERC.

5.2 ERC Responsibilities and Decision-Making.

5.2.1 Responsibilities [***]. The ERC's responsibilities will include [***] the following:

5.2.1.1 the Product and the progress of CymaBay's Development Program including (i) overall clinical, regulatory and commercial strategic direction of CymaBay's Development Program, (ii) developing strategies to maximize the value of the Product in the U.S., and (iii) reviewing and commenting on CymaBay's Development Program and Regulatory Approval strategies for the Product;

5.2.1.2 [***];

5.2.1.3 the activities related to, the progress of, and the Development Costs incurred in connection with, CymaBay's Development Program;

5.2.1.4 corporate communications related to the Commercialization of the Product in the U.S.;

5.2.1.5 interactions with Regulatory Authorities in the Major Market Countries related to the Product;

5.2.1.6 public disclosures that include summaries of the Research Results;

5.2.1.7 [***];

5.2.1.8 CymaBay's use of the Development Costs provided pursuant toSection 4.2 for CymaBay's Development Program (including summaries of budgets for and payments to CROs, CMOs and other Permitted Third Parties);

5.2.1.9 [***];

5.2.1.10 [***];

5.2.1.11 the Commercialization strategy, activities and progress for the Product in the U.S.; and

5.2.1.12 [***].

For the avoidance of doubt, inclusion of a topic in this Section 5.2.1 shall not require ERC's review before implementation by CymaBay. The foregoing sentence shall not limit CymaBay's obligation to provide information promptly to the ERC in accordance with the provisions of this Agreement.

5.2.2 Responsibilities [***]. The ERC's responsibilities will include [***] the following:

5.2.2.1a change to the indication for the Product set forth in the current Development Plan from the Indication to any other Indication;

5.2.2.2a change to any primary or secondary endpoint or ordering of secondary endpoints of the RESPONSE Trial as set forth on Exhibit D (in each case, other than any change that is initiated and required by the FDA);

5.2.2.3a material change to the RESPONSE Protocol, including (a) a material change to the statistical analysis plan attached hereto as Exhibit H, (b) a material reduction of the statistical powering as set forth in the RESPONSE Protocol, or (c) any material change to the inclusion criteria or exclusion criteria as set forth in the RESPONSE Protocol;

5.2.2.4a determination to discontinue CymaBay's Development Program; or

5.2.2.5 [***].

5.2.3 Limitation on Authority. Notwithstanding anything to the contrary set forth in this Agreement, the ERC will have no authority to (a) amend, modify or waive compliance with this Agreement, or (b) resolve any dispute concerning the validity, interpretation, construction of, or breach of this Agreement.

5.2.4 [***].

5.3 Reports. At each ERC meeting CymaBay will provide an update on the progress of the Product Clinical Trials and will report on progress toward obtaining Regulatory Approvals in the U.S., EU and UK.

ARTICLE 6

PAYMENTS TO ABINGWORTH

6.1 Success Payments.

6.1.1 Fixed Success Payments. Following receipt of the first Regulatory Approval of the Product (either alone or in combination with another drug) (the "Success Payment Trigger"), CymaBay will pay Abingworth the amounts set forth in the "Fixed Success Payment Schedule" below (in the column entitled "Amount of Payment") on the dates set forth in the column entitled "Date of Payment" (each payment payable pursuant to this Section 6.1.1, a "Fixed Success Payment").

Fixed Success Payment Schedule

Date of Payment	Amount of Payment
[***] after the Success Payment Trigger	$ 10,000,000
1-Year Anniversary of the Success Payment Trigger	$ 15,000,000
2-Year Anniversary of the Success Payment Trigger	$ 22,500,000
3-Year Anniversary of the Success Payment Trigger	$ 22,500,000
4-Year Anniversary of the Success Payment Trigger	$ 25,000,000
5-Year Anniversary of the Success Payment Trigger	$ 27,500,000
6-Year Anniversary of the Success Payment Trigger	$ 27,500,000
Total	$150,000,000

6.1.2 Variable Success Payments. In addition to the Fixed Success Payments, CymaBay will pay Abingworth the amounts set forth in the "Variable Success Payment Schedule" below (in the column entitled "Amount of Payment") upon achievement of the corresponding milestone event (each payment payable pursuant to this Section 6.1.2, a "Variable Success Payment," and together with the Fixed Success Payments, the "Success Payments")).

Variable Success Payment Schedule

Milestone Event	Amount of Payment
Cumulative US Product Sales reach [***]	$17,500,000
Cumulative US Product Sales reach [***]	$27,500,000
US Product Sales during four consecutive Calendar Quarters (on a rolling basis) first reach [***]	$37,500,000
Total	$82,500,000

CymaBay shall make each Variable Success Payment no later than six (6) months after achievement of the corresponding milestone event. Notwithstanding the foregoing, the third Variable Success Payment shall not be payable prior to March 31 of the Calendar Year following the achievement of the second Variable Success Payment, and if the due date for the payment corresponding to such third Variable Success Payment would occur, based on the preceding sentence, prior to such March 31 date, such due date will automatically be extended to such March 31 date. For the avoidance of doubt, each Variable Success Payment will be payable only once.

6.1.3 Execution of Note. Promptly (but in any event within two (2) Business Days) following the occurrence of the Success Payment Trigger, CymaBay shall execute and deliver to Abingworth the Note attached hereto as Exhibit I (the "Note").

6.2 Payment Adjustments.

6.2.1 Adjustment for Change in Development Costs. In the event that the actual Development Costs paid by Abingworth hereunder are lower or greater than Seventy-Five Million U.S. Dollars ($75,000,000) (including as a result of CymaBay making the Optional Payment Election), each Success Payment will be multiplied by a fraction, the numerator of which is such actual Development Costs paid to CymaBay by Abingworth hereunder and the denominator of which is Seventy-Five Million U.S. Dollars ($75,000,000).

6.3 Method and Timing of Payment. Success Payments to Abingworth will be due as of the applicable dates set forth in Section 6.1 and shall be paid by wire transfer of immediately available funds to an account specified by Abingworth from time to time. CymaBay will provide Abingworth with written notice of each wire transfer to Abingworth's account. All amounts payable and calculations under this Agreement will be in U.S. dollars.

6.4 Late Payments. If CymaBay fails to pay any amount due under this Agreement on the due date therefore, then, without prejudice to any other remedies that Abingworth or its designee may have, such amount will bear interest from the due date until payment of such amount is made, both before and after any judgment, at a rate equal to [***] for the actual number of days payment is delinquent or if such rate exceeds the maximum amount permitted by Applicable Law, at such maximum rate.

6.5 Taxes.

6.5.1 Tax Treatment. Notwithstanding the accounting treatment therefor and unless otherwise required by Applicable Law, for U.S. federal and applicable state and local tax purposes, the Parties shall treat (i) the payments of Development Costs by Abingworth to CymaBay pursuant to Article 4 as neither debt nor equity of CymaBay, (ii) the execution of the Note as a realization event for Abingworth and (iii) the Note as a debt instrument issued by CymaBay that is subject to Treasury Regulations Section 1.1275-4(c). If there is an inquiry by any Governmental Authority of CymaBay or Abingworth related to this Section 6.5.1, the Parties shall cooperate with each other in responding to such inquiry in a commercially reasonable manner consistent with this Section 6.5.1.

6.5.2 Withholding. If any Governmental Authority requires CymaBay to deduct or withhold any tax from any payment by CymaBay to Abingworth (a "Withholding Payment"), then CymaBay shall, in addition to paying Abingworth the amount reduced by such Withholding Payment, simultaneously pay Abingworth an additional amount such that Abingworth receives the full contractual amount of the applicable payment as if no such Withholding Payment had occurred (such additional amount, the "Gross-Up Amount"); *provided, however*, that if a Withholding Payment is required solely as a result of (i) an assignment by

Abingworth pursuant to Section 14.6 after the Effective Date or (ii) Abingworth's failure to provide an IRS Withholding Form pursuant to Section 6.5.3, then, in each case, CymaBay shall not be obligated to pay Abingworth the Gross-Up Amount with respect to such Withholding Payment. If CymaBay is required to make a Withholding Payment to a Governmental Authority, CymaBay shall deliver to Abingworth the original or a certified copy of a receipt issued by such Governmental Authority evidencing its payment of such Withholding Payment.

6.5.3 Documentation. Abingworth shall deliver to CymaBay, on or prior to the Effective Date, and thereafter promptly upon request by CymaBay, a valid and complete (i) IRS Form W-9, (ii) IRS Form W-8BEN-E claiming treaty benefits under a double taxation treaty in a manner qualifying for a zero percent (0%) withholding rate with respect to each of "royalties," "interest," and "other income," (iii) IRS Form W-8IMY to which the forms set forth in the preceding (i) and (ii) are attached, or (iv) other applicable IRS Form W-8 that indicates no Withholding Payment is required (or, in each case, any successor or other applicable form prescribed by the U.S. Internal Revenue Service) (in each case ((i) through (iv)), the "IRS Withholding Form"). In addition, Abingworth agrees that from time to time after the Effective Date, when a lapse in time (or change in circumstances) renders the prior IRS Withholding Form provided hereunder obsolete or inaccurate in any respect, Abingworth shall promptly deliver to CymaBay a new and valid and complete IRS Withholding Form.

6.5.4 Tax Cooperation. Each Party will provide the other with commercially reasonable assistance to enable the recovery, as permitted by law, of withholding taxes, VAT, or similar obligations resulting from payments made under this Agreement, such recovery to be for the benefit of the Party bearing such withholding tax or VAT.

6.6 Accelerated Payments.

6.6.1 Approval Buy-Out Option. CymaBay shall have the right (the "Approval Buy-Out Option") to make a one-time payment (an "Approval Buy-Out Payment") in lieu of all Success Payments (in each case as adjusted in accordance with Section 6.2) by written notice delivered to Abingworth no later than [***] after the date of the Success Payment Trigger, which written notice shall set forth the amount of the applicable Approval Buy-Out Payment, the proposed date of closing (which shall occur within [***] after the Success Payment Trigger), and the calculation of the applicable Approval Buy-Out Payment in reasonable detail based upon the proposed closing date. The Approval Buy-Out Payment will be equal to the present value of future Success Payments calculated as follows:

$$Buyout\ Amount = \sum_{i=1}^{n} \frac{P_i}{(1+r)^{\frac{(d_i - d_1)}{365}}}$$

Where:

P_i = each Success Payment, as adjusted in accordance with Section 6.2
r = the Discount Rate (as defined below)
d_i = payment date per schedule
d_1 = closing date of buy-out

The Approval Buy-Out Payment will be payable in one installment in cash at the closing to an account specified by Abingworth. The discount rate used to calculate the Approval Buy-Out Payment shall be [***] (the "Discount Rate"). For purpose of calculating the Approval Buy-Out Payment, the payment date for the three (3) Variable Success Payments shall be deemed to be [***], respectively.

6.6.2 Change of Control Payment. CymaBay will notify Abingworth in writing promptly (and in any event within four (4) Business Days) following the entering into of a definitive agreement with respect to a Change of Control of CymaBay. Within [***] days following the closing of a Change of Control, CymaBay (or its successor) shall pay Abingworth an amount in cash equal to one hundred thirty five percent (135%) of Development Costs paid by Abingworth hereunder prior to such Change of Control, net of (i) any Success Payments already made to Abingworth (and/or, if applicable, its assignee) and (ii) any refund payments previously made to Abingworth (and/or, if applicable, its assignee) pursuant to Section 4.4 (such payment, the "Change of Control Payment"). The Change of Control Payment, if any, shall be credited toward future Success Payments starting with the next Success Payment to be paid. For avoidance of doubt, following a Change of Control prior to receipt of Regulatory Approval for the Product, CymaBay or its successor will be obligated to continue to exercise Commercially Reasonable Efforts to Develop and obtain Regulatory Approval as set forth herein (including in Section 3.6).

6.7 Success Payment Assignment. In the event that CymaBay does not exercise the Approval Buy-Out Option, Abingworth will have the right to sell, assign or pledge some or all of Abingworth's rights to any remaining Success Payments to a Third Party. At Abingworth's request, CymaBay shall cooperate with Abingworth in connection with any such sale, assignment or pledge.

ARTICLE 7

SECURITY INTERESTS

7.1 Security Interest.

7.1.1 Grant. As security for the prompt payment and performance in full when due of the CymaBay Obligations, CymaBay hereby pledges and grants to Abingworth, effective upon the Effective Date, a continuing security interest in all of CymaBay's right, title and interest (excluding any leasehold interest) in, to and under all of its property (excluding Intellectual Property that is not CymaBay Intellectual Property), wherever located and whether now existing or owned or hereafter acquired or arising, including the following property (collectively, the "Collateral"):

(a) all Accounts;

(b) books and Records;

(c) Cash;

(d) Chattel Paper;

(e) Commercial Tort Claims;

(f) Deposit Accounts, Securities Accounts and Commodities Accounts;

(g) Documents;

(h) Equipment (including all fixtures);

(i) Instruments;

(j) Inventory;

(k) Investment Property;

(l) Letter-of-Credit rights;

(m) Money;

(n) Goods;

(o) CymaBay Intellectual Property;

(p) all products, Proceeds and Supporting Obligations of any and all of the foregoing;

(q) the Development Costs Account;

(r) to the extent not covered by clauses (a) through (q) above, all other assets, personal property and rights, whether tangible or intangible, relating to the Product (as defined herein); and

(s) all Proceeds and products of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing, and any and all Proceeds of any insurance, indemnity, warranty or guaranty payable to CymaBay from time to time with respect to any of the foregoing.

7.1.2 Priority of Security Interest. CymaBay represents, warrants and covenants that, subject to Abingworth making and maintaining any filings and actions, including a separate grant in respect of commercial tort claims, necessary to achieve such perfection, the security interests in the Collateral will be and will at all times thereafter continue to be first priority security interests, subject only to the Permitted Liens (the "Abingworth Security Interests").

7.1.3 Abingworth Collateral Exclusions. Anything herein to the contrary notwithstanding, in no event will the Collateral include, and CymaBay will not grant and will not be deemed to have granted a security interest in (i) Intellectual Property (other than CymaBay Intellectual Property), (ii) more than 65% of the presently existing and hereafter arising issued and outstanding shares of capital stock (or the equivalent thereof) owned by CymaBay of any foreign Subsidiary (other than an Eligible Foreign Subsidiary) which shares entitle the holder thereof to vote for directors or any other matter, (iii) any "intent to use" trademark applications for which a

statement of use has not been filed (but only until such statement is filed); (iv) any Excluded Accounts, and (v) any property to the extent that such grant of security interest is prohibited by any Applicable Law of a Governmental Authority or constitutes a breach or default under or results in the termination of or requires any consent (other than the consent of an Affiliate of CymaBay) not obtained under, any contract, license, agreement, instrument or other document evidencing or giving rise to such property, except to the extent that such Applicable Law or the term in such contract, license, agreement, instrument or other document providing for such prohibition, breach, default or termination or requiring such consent is ineffective under Section 9-406, 9-407, 9-408 or 9-409 of the Uniform Commercial Code in effect in any applicable jurisdiction (or any successor provision or provisions); provided, however, that such security interest will attach immediately at such time as such Applicable Law is not effective or applicable, or such prohibition, breach, default or termination is no longer applicable or is waived, and to the extent severable, will attach immediately to any portion of the Collateral that does not result in such consequences; provided, further that exclusions referred to in this Section 7.1.3(ii), (iii) and (v) shall not apply to any Proceeds of any such Collateral. This Agreement will create a continuing security interest in the Collateral which will remain in effect until the date that Abingworth receives Success Payments that, in the aggregate, equal two hundred percent (200%) of the Development Costs paid by Abingworth hereunder (at which time the securities interests granted hereunder shall be automatically released). Promptly following such date, Abingworth will sign and provide such releases and other documents and take such further actions, at the sole cost and expense of CymaBay, as may be necessary or desirable, in CymaBay's reasonable judgment and at CymaBay's request, to give full effect to the release of its Liens in the Collateral.

7.1.4 Authorization to File Financing Statements. CymaBay hereby irrevocably authorizes Abingworth to file, on or at any time from time to time after the Effective Date, and CymaBay will execute and deliver to Abingworth (as applicable), financing statements, amendments to financing statements, continuation financing statements, termination statements, security agreements relating to the Collateral constituting CymaBay Intellectual Property, notices and other documents and instruments, in form satisfactory to Abingworth as Abingworth may reasonably request, to perfect and continue perfection, maintain the priority of, enforce or protect the priority of, or provide notice of Abingworth's security interest in the Collateral and to accomplish the purpose of this Agreement, without notice to CymaBay, in all jurisdictions determined by Abingworth to be necessary or appropriate. Such financing statements may describe the Collateral in the same manner as described herein or may contain an indication or description of collateral that describes such property in any other manner as Abingworth may determine, in its sole discretion, is necessary or advisable to ensure the perfection of the security interest granted or purported to be granted in the Collateral to Abingworth herein, including describing such property as "all assets other than Intellectual Property that is not related to the Product" or "all personal property, whether now owned or hereafter acquired other than Intellectual Property that is not related to the Product." CymaBay hereby irrevocably authorizes Abingworth to file with the United States Patent and Trademark Office and the United States Copyright Office (and any successor office and any similar office in any United States state or other country) this Agreement, the Intellectual Property Security Agreement and any other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted or purported to be granted in the Collateral to Abingworth, without the signature of CymaBay where permitted by law, and naming CymaBay as debtor, and Abingworth as secured party.

7.2 Specified Rights and Remedies; Etc.

7.2.1 Following the achievement of the Success Payment Trigger, if an Event of Default has occurred and is continuing, then without prejudice to any other remedies that Abingworth or its designee may have, Abingworth, in its sole discretion, shall have the right, without further notice or demand, to do any or all of the following:

7.2.1.1 accelerate the applicable Success Payments and, upon such acceleration, the applicable Success Payments shall be immediately due and payable;

7.2.1.2 foreclose upon and/or sell or otherwise liquidate the Collateral;

7.2.1.3 commence and prosecute an insolvency proceeding or consent to CymaBay commencing any insolvency proceeding;

7.2.1.4 notify the account debtors or obligors under any Accounts constituting Collateral of the assignment of such Accounts to Abingworth, verify the amounts payable thereunder and direct such account debtors or obligors to make payment of all amounts due or to become due to CymaBay thereunder directly to Abingworth, enforce collection of any Accounts constituting Collateral and adjust, settle or compromise disputes and claims directly with any account debtors or obligors for amounts and on terms and in any order that Abingworth considers advisable;

7.2.1.5 make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its security interest in the Collateral;

7.2.1.6 ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, and/or advertise for sale the Collateral;

7.2.1.7 if at any time Abingworth is the sole control party with respect to any Deposit Account constituting Collateral (e.g., a Deposit Account holding cash proceeds of any Collateral), Abingworth may (i) deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Deposit Account control agreement or similar agreements providing control of any Collateral and (ii) may apply the balance from any Deposit Account or instruct the bank at which such Deposit Account is maintained to pay the balance of such Deposit Account to or for the benefit of Abingworth;

7.2.1.8 demand and receive possession of CymaBay books and records, records regarding CymaBay assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information;

7.2.1.9 appoint a receiver to seize, manage and realize on any of the Collateral, and such receiver shall have any right and authority as any competent court will grant or authorize in accordance with any Applicable Law; and/or

7.2.1.10 exercise all rights and remedies available to Abingworth under this Agreement or at law or equity, including all remedies provided under UCC (including disposal of the Collateral pursuant to the terms thereof).

7.2.2 Marshalling. Abingworth shall have no obligation to marshal any of the Collateral.

7.2.3 Access to Collateral. If prior to the Release Date, an Event of Default has occurred and is continuing, upon request by Abingworth and at the sole cost and expense of CymaBay, CymaBay shall assemble the Collateral as directed by Abingworth and make it available to Abingworth at such location as Abingworth reasonably designates. Abingworth may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. CymaBay hereby grants Abingworth an irrevocable license to enter and occupy any of its premises, without charge, to exercise any of Abingworth's rights or remedies.

7.2.4 Licenses Related to Product. For the purpose of enabling Abingworth to exercise rights and remedies under this Section 7.2 (including in order to take possession of, collect, receive, assemble, process, appropriate, remove, realize upon, sell, assign, license out, convey, transfer or grant options to purchase any Collateral), CymaBay hereby grants to Abingworth, an irrevocable (until the earlier of (i) the release of the security interests hereunder pursuant to Section 7.1.3 or Section 13.5 and (ii) last day of the Term at which time such license shall terminate, such date, the 'Release Date")), nonexclusive, assignable license (which license may be exercised only so long as an Event of Default has occurred and is continuing, without payment of royalty or other compensation to CymaBay or any of its Subsidiaries), including the right to practice, use, sublicense or otherwise exploit, solely in connection with the Product or other items in the Collateral, any Intellectual Property now owned or hereafter acquired by CymaBay or licensed or sublicensed to CymaBay, in each case that is relevant to Product, wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof to the extent that such non-exclusive license is not prohibited by any Applicable Law; provided that such license and sublicenses with respect to Trademarks shall be subject to the maintenance of quality standards with respect to the goods and services on which such Trademarks are used sufficient to preserve the validity of such Trademarks; provided, further, that nothing in this Section 7.2.4 shall require CymaBay to grant any license that is prohibited by any rule of law, statute or regulation, or is prohibited by, or constitutes a breach or default under or results in the termination of any contract, license, agreement, instrument or other document evidencing, giving rise to or theretofore granted, to the extent permitted by this Agreement, with respect to such property or otherwise unreasonably prejudices the value thereof to CymaBay. For clarity, Abingworth may exercise such license solely upon and during the continuation of an Event of Default; provided that any license, sublicense or other transaction entered into by Abingworth in accordance with the provisions of this Agreement shall be binding upon CymaBay, notwithstanding any subsequent cure of an Event of Default.

7.2.5 Power of Attorney. CymaBay hereby irrevocably appoints Abingworth as its lawfulattorney-in-fact with full authority in the place and stead of CymaBay and in the name of CymaBay, Abingworth or otherwise, from time to time in Abingworth's sole discretion following the occurrence and during the continuance of an Event of Default prior to the Release Date, to take any action and to execute any instrument that Abingworth may deem necessary or advisable to accomplish the purposes of this Agreement, including (i) to endorse CymaBay' name

on any checks or other forms of payment or security; (b) to sign CymaBay' name on any invoice or bill of lading for any account or drafts against account debtors; (c) to settle and adjust disputes and claims about the accounts directly with account debtors, for amounts and on terms Abingworth determines reasonable; (d) to make, settle, and adjust all claims under CymaBay' insurance policies; (e) to pay, contest or settle any Lien charge, encumbrance, security interest, and adverse claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) to transfer the Collateral into the name of Abingworth or a third party as the UCC or any Applicable Law permits. The foregoing appointment of Abingworth as CymaBay' lawful attorney-in-fact, and Abingworth's rights and powers, are coupled with an interest and are irrevocable, until indefeasible payment in full in cash of all CymaBay Obligations.

7.2.6 Protective Payments. If an Event of Default has occurred and is continuing prior to the Release Date, if CymaBay fails to pay any amount which CymaBay is obligated to pay to a third party with respect to the Collateral or any covenant of CymaBay under Article 7 of this Agreement, Abingworth may make such payment, and all amounts so paid by Abingworth shall constitute Abingworth Remedy Expenses and be immediately due and payable and secured by the Collateral. Abingworth will make reasonable efforts to provide CymaBay with notice of Abingworth making such payment at the time it is obtained or paid or within a reasonable time thereafter. No such payments by Abingworth shall be deemed or otherwise construed to constitute an agreement to make similar payments in the future or Abingworth's waiver of any Event of Default.

7.2.7 Application of Payments and Proceeds. Notwithstanding anything to the contrary contained in this Agreement, the proceeds of any sale of, or other realization upon all or any part of the Collateral shall be applied, first, to reimburse Abingworth for all of Abingworth Remedy Expenses, and, second, to payment of all of CymaBay's payment obligations under this Agreement.

7.2.8 Sales on Credit. If Abingworth sells any of the Collateral upon credit, CymaBay will be credited only with payments actually made by purchaser and received by Abingworth and applied to indebtedness of the purchaser. In the event the purchaser fails to pay for the Abingworth, Abingworth may resell the Collateral and CymaBay shall be credited with proceeds of the sale.

7.2.9 Liability for Collateral. So long as Abingworth employs reasonable practices regarding the safekeeping of the Collateral in the possession or under the control of Abingworth, (i) Abingworth shall not be liable or responsible for: (A) the safekeeping of the Collateral; (B) any loss or damage to the Collateral; (C) any diminution in the value of the Collateral; or (D) any act or default of any carrier, warehouseman, bailee, or other Person; and (ii) CymaBay shall bear all risk of loss, damage or destruction of the Collateral. Abingworth shall be deemed to have exercised reasonable care in the custody and preservation of Collateral in its possession if such Collateral is accorded treatment substantially equal to that which Abingworth accords its own property.

7.2.10 No Waiver; Remedies Cumulative. Abingworth's failure, at any time or times, to require strict performance by CymaBay of any provision of this Agreement shall not waive, affect, or diminish any right of Abingworth thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by Abingworth and then shall only be effective for the specific instance and purpose for which it is given. Abingworth's rights and remedies under this Agreement are cumulative. Abingworth has all rights and remedies provided under the UCC, any Applicable Law, by law, or in equity. Abingworth's exercise of one right or remedy is not an election, and Abingworth's waiver of any Event of Default is not a continuing waiver. Abingworth's delay in exercising any remedy is not a waiver, election, or acquiescence.

7.3 Negative Covenants.

7.3.1 Incurrence of Certain Indebtedness. CymaBay shall not, without Abingworth's prior written consent, create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary of CymaBay to do so, other than Permitted Indebtedness.

7.3.2 Encumbrances. CymaBay will not, without Abingworth's prior written consent:

7.3.2.1 create, incur, assume, allow, or suffer to exist any Lien on any of the Collateral or CymaBay Intellectual Property, whether now owned or hereafter acquired other than Permitted Liens; or

7.3.2.2 enter into any agreement, document, instrument or other arrangement (except with or in favor of Abingworth) with any Person which directly or indirectly prohibits or has the effect of prohibiting CymaBay or any Subsidiary of CymaBay from assigning, mortgaging, pledging, granting a security interest in or upon or encumbering the Collateral or CymaBay Intellectual Property; provided that this Section 7.3.2.2 shall not apply to (i) restrictions in connect with any Permitted Liens that limit the right to dispose the assets subject to such Permitted Lien, (ii) any agreements, documents or other arrangement in effect on the Effective Date and set forth on Schedule 7.3.2.2 and any amendments or modifications thereof that do not expand the scope of any such restriction or condition; (iii) agreements, documents, instruments or other arrangements governing other Permitted Indebtedness; (iv) any Applicable Law; (v) customary non-assignment provisions in agreements, leases and licenses, documents, instruments or other arrangements otherwise permitted under this Agreement; (vi) customary restrictions and conditions contained in any agreement relating to any Disposition not prohibited under this Agreement pending the consummation of such Disposition; (vii) provisions limiting the disposition or distribution of assets or property in joint venture agreements, partnership agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements permitted under this Agreement, which limitation is applicable only to the assets that are the subject of such agreements; (viii) prohibitions, restrictions or conditions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business; (ix) any agreement or instrument of, or affecting, any Person or asset existing on or prior to the date on which such Person or asset was acquired by CymaBay or any Subsidiary of CymaBay (other than any such agreement, document, instrument or arrangement entered into in contemplation of such acquisition); (x) customary provisions contained in leases, sub-leases and Excluded Licensing Transactions, including with respect to intellectual property, and other agreements, in each case, entered into in the ordinary course of business; (xi) customary non-

assignment provisions in leases or licenses governing leasehold or license interests to the extent such provisions restrict the transfer of the lease or the property leased or licensed thereunder; (xii) customary restrictions in deposit and security account agreements and agreements relating to Cash Management Services, and (xiii) any amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing of an agreement document, instrument or arrangement referred to in clauses (i) through (xii) of this Section 7.3.2.2; provided, that such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing is not more restrictive, as determined in good faith by CymaBay, with respect to such encumbrances and other restrictions taken as a whole than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

7.3.3 Distributions; Investments. CymaBay shall not, without Abingworth's prior written consent, (a) pay any dividends or make any distribution or payment on account of or redeem, retire or purchase any capital stock, provided that (i) CymaBay may convert any of its equity convertible securities into other equity securities (or cash for partial shares) pursuant to the terms of such equity convertible securities or otherwise in exchange thereof, (ii) CymaBay may pay dividends solely in common stock, (iii) CymaBay may repurchase the stock of former employees or consultants pursuant to stock repurchase agreements, provided that the aggregate amount of all such repurchases does not exceed One Million Dollars ($1,000,000) per fiscal year; (iv) CymaBay may repurchase capital stock deemed to occur upon the exercise of stock options, warrants or other convertible or exchangeable securities if such capital stock represents a portion of the exercise, conversion or exchange price thereof; (v) CymaBay may repurchase stock or restricted stock units deemed to occur upon the withholding of a portion of the capital stock, options or restricted stock units granted or awarded to a current or former officer, director, employee or consultant to pay for the taxes payable by such Person upon such grant or award (or upon vesting thereof); and (vi) CymaBay may enter into Permitted Equity Derivatives in connection with the incurrence of any unsecured convertible Indebtedness (and may settle, terminate or unwind any such Permitted Equity Derivatives in connection with any refinancing, early conversion or maturity of such convertible Indebtedness) or (b) directly or indirectly make any Prohibited Investment (including by the formation of or through any Subsidiary), or permit any of its Subsidiaries to do so. For the avoidance of doubt, nothing in this Section 7.3.3 shall limit the ability of CymaBay to pay or settle on conversion (in cash or equity) any convertible indebtedness or any Permitted Equity Derivatives.

7.3.4 Licenses. Without Abingworth's prior written consent, such consent not to be unreasonably withheld or delayed, CymaBay shall not license, sell, convey, assign, dispose, or otherwise transfer (collectively "Dispose") to any Third Party rights to Commercialize the Product in the U.S., or other Disposition of the CymaBay Intellectual Property that conveys the right to Commercialize the Product in the U.S., unless such Disposition constitutes a Permitted Disposition, in which case such prohibition shall not apply and no consent of Abingworth shall be required; provided that this consent provision will not apply to a Change of Control; [***].

7.3.5 Fundamental Transactions. CymaBay will not, (a) without Abingworth's prior written consent, liquidate or dissolve or (b) without at least twenty (20) days prior written notice to Abingworth, (i) change its jurisdiction of organization, (ii) change its organizational structure or type, (iii) change its legal name, or (iv) change any organizational number (if any) assigned by its jurisdiction of organization.

7.3.6 Sales of Royalty Streams. CymaBay shall not sell, transfer or assign, directly or indirectly, in whole or in part, any rights to receive payments of royalties, license fees or other income with respect to the Product, the Collateral or the CymaBay Intellectual Property (including any Accounts with respect to such royalties or license fees), provided that the foregoing shall not prohibit any Permitted Disposition.

7.3.7 Termination of Negative Covenants. Upon the Release Date, the negative covenants in Section 7.3 shall terminate.

7.4 Affirmative Covenants. CymaBay will do all of the following:

7.4.1 Execution of Additional Security Agreements and Other Further Assurances. CymaBay will, upon request of Abingworth from time to time hereafter, execute such security agreements, Deposit Account control agreements, securities account control agreements and other agreements and documents and take such further action, as reasonably required or desired to perfect or continue the perfection of the Abingworth Security Interests or to effect the purposes of this Article 7, including by taking the following actions:

(a) On or before the Effective Date, CymaBay will execute and deliver to Abingworth the Deposit Account Control Agreement. In addition to and without limiting the foregoing, CymaBay will provide Abingworth with five (5) Business Days' prior written notice before establishing any additional Deposit Account at or with any bank or financial institution for the purpose of serving as a Development Costs Account pursuant to Section 4.4. For each such successor Development Costs Account that CymaBay at any time maintains after CymaBay's receipt of Abingworth's first payment under Section 4.2, CymaBay will cause the applicable bank or financial institution at or with which any Development Costs Account is maintained to execute and deliver a Deposit Account control agreement, securities account control agreement or other appropriate instrument with respect to such account to perfect Abingworth's first-priority security interest in such account in accordance with the terms hereunder within thirty (30) days after the opening of each such account (or, if later, thirty (30) days after CymaBay's receipt of the first Development Cost payment), which agreement may not be terminated without the prior written consent of Abingworth.

(b)

(i) At Abingworth's request, CymaBay will promptly execute and deliver (or cause any Affiliate to execute and deliver) any and all further instruments and documents and take all such other action as Abingworth may reasonably deem necessary or desirable to maintain in favor of Abingworth, Liens on the Collateral that are duly perfected in accordance with the requirements of all Applicable Laws. [***].

(ii) [***].

7.4.2 Government Compliance. CymaBay will maintain its existence and good standing in its jurisdictions of formation and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to have a material adverse effect on CymaBay's business or operations. CymaBay will comply, in all material respects, with all laws, ordinances and regulations to which it is subject noncompliance with which would reasonably be expected to have a material adverse effect on the Development or Commercialization of the Product or to otherwise result in a Material Adverse Event.

7.4.3 Regulatory Compliance. CymaBay will not become an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. CymaBay will not become engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Neither CymaBay's nor any of its Subsidiaries' properties or assets will be used by CymaBay or any Subsidiary in disposing, producing, storing, treating, or transporting any hazardous substance other than legally. CymaBay and each of its Subsidiaries will obtain all consents, approvals and authorizations of, make all declarations or filings with, and give all notices to, all Governmental Authorities that are necessary to continue their respective businesses as currently conducted, unless such failure could not reasonably be expected to have a material adverse effect on the Development or Commercialization of the Product or to otherwise result in a Material Adverse Event.

7.4.4 Protection of Intellectual Property Rights. CymaBay will use Commercially Reasonable Efforts in the exercise of its business judgment to prosecute, protect, defend and maintain the validity and enforceability of the CymaBay Intellectual Property.

ARTICLE 8

RECORDS

8.1 Accounting. CymaBay will maintain complete and accurate accounting records related to this Agreement in accordance with GAAP for [***] after the conclusion of the Term.

8.2 Clinical Trials-Related Records. CymaBay will, will cause its Affiliates, and will require its and their Permitted Third Parties conducting Development of the Product to, maintain, in good scientific manner, timely, complete and accurate books and records pertaining to Development of the Product hereunder, in sufficient detail to verify compliance with its obligations under this Agreement. Such books and records will (a) be appropriate for patent and regulatory purposes, (b) be in compliance with Applicable Law, (c) properly reflect all work done and results achieved in the performance of its Development activities hereunder, and (d) be retained by such Party for such period as may be required by Applicable Law.

8.3 Records; Audits. Following the Effective Date, CymaBay will keep and maintain accurate and complete records regarding Development Cost expenditures [***] after such time as the Maximum Development Costs have been spent. Until [***] after the Maximum Development Costs have been spent and upon [***] prior written notice from Abingworth, CymaBay will permit an independent certified public accounting firm of internationally recognized standing, selected by Abingworth and reasonably acceptable to CymaBay, to examine the relevant books and records of CymaBay and its Affiliates, as may be reasonably necessary to verify CymaBay's compliance with Section 4.3, Section 4.4. An examination by Abingworth under this Section 8.3 will occur not more than once in any Calendar Year. The accounting firm will be provided access to such books and records at CymaBay's facility or facilities where such books and records are normally kept

and such examination will be conducted during CymaBay's normal business hours. Upon completion of the audit, the accounting firm will provide to both Parties a written report disclosing whether the reports submitted by CymaBay are correct or incorrect and the specific details concerning any discrepancies. No other information will be provided to Abingworth. If the report or information submitted by CymaBay results in an underpayment or overpayment, the Party owing the underpaid or overpaid amount will promptly pay such amount to the other Party. The costs and fees of any audit conducted by Abingworth under this Section 8.3 will be borne by Abingworth, unless such audit reveals an underpayment of amounts spent on Development Costs of more than [***] of the amounts reported by CymaBay in the relevant period, in which case, CymaBay will reimburse Abingworth for the reasonable expense incurred by Abingworth in connection with the audit.

ARTICLE 9

CONFIDENTIAL INFORMATION

9.1 Confidentiality. Except to the extent expressly authorized by this Agreement or otherwise agreed in writing by the Parties, each Party (each, a "Receiving Party") agrees that, during the Term and for the three (3) year period following the conclusion of the Term (except that the obligations will survive thereafter with respect to any Confidential Information that constitutes a trade secret under Applicable Law) or such longer period for which such Confidential Information may be maintained pursuant to Article 8, will keep confidential and will not publish or otherwise disclose and will not use for any purpose other than as provided for in this Agreement (which includes the exercise of any rights or the performance of any obligations hereunder or thereunder) any Confidential Information furnished to it by or on behalf of the other Party (each, a "Disclosing Party") or its Affiliates in connection with this Agreement. The foregoing obligations will not apply to any portion of such information or materials that the Receiving Party can demonstrate:

9.1.1 was publicly disclosed by the Disclosing Party before or after such Confidential Information becomes known to the Receiving Party;

9.1.2 was already known to the Receiving Party or any of its Affiliates, other than under an obligation of confidentiality or non-use, prior to when it was received from the Disclosing Party;

9.1.3 is subsequently disclosed to the Receiving Party or any of its Affiliates by a Third Party lawfully in possession thereof without obligation to keep such Confidential Information confidential;

9.1.4 has been published by a Third Party or otherwise enters the public domain through no fault of the Receiving Party or any of its Affiliates in breach of this Agreement; or

9.1.5 has been independently developed by the Receiving Party or any of its Affiliates, without the aid, application or use of any Confidential Information of the other Party.

9.2 Authorized Disclosure. Each Party may disclose Confidential Information belonging to the other Party to the extent such disclosure is reasonably necessary for complying with Applicable Laws, including regulations promulgated by securities exchanges, provided that the Party required to disclose such information promptly notifies the Disclosing Party prior to making any such disclosure and cooperates with the Disclosing Party's efforts to seek confidential treatment or to otherwise limit disclosure. Each Receiving Party may disclose the other Party's Confidential Information to its Representatives (and, in the case of Abingworth, to the Abingworth Investors, solely with respect to the terms and conditions of this Agreement), in each case (a) only to the extent such Persons need to know the Confidential Information solely in connection with the performance of this Agreement, and (b) provided that each Person receiving Confidential Information must be bound by obligations of confidentiality and non-use at least as stringent as an equivalent in scope to those set forth in this Article 9 prior to any such disclosure and the Party making such disclosure to such Person will be liable to the other Party for any breach of such obligations by such disclosee (provided that a Party's Representative or an Abingworth Investor will only be bound by the obligations set forth in this Article 9 to the extent that such Representative or Abingworth Investor actually receives such Confidential Information). Each Party may also disclose the material terms of this Agreement and updates regarding the Development and Commercialization progress of the Product, or a summary of such Party's findings during its due diligence investigation of the Product (if applicable) to any bona fide potential or actual investor, investment banker, acquirer, provider of debt or royalty financing, or other potential or actual financial partner without the consent of the other Party, and provided that in connection with such disclosure, each disclosee must be bound by obligations of confidentiality and non-use at least as stringent as an equivalent in scope to those set forth in this Article 9 prior to any such disclosure and the Party making such disclosure to such disclosee will be liable to the other Party for any breach of such obligations by such disclosee. Notwithstanding anything in the foregoing to the contrary, Exhibit D constitutes CymaBay's Confidential Information, and CymaBay may disclose Exhibit D to Third Parties as determined by CymaBay in its sole discretion. In any event, each Party agrees to take all reasonable action to avoid unauthorized use or disclosure of Confidential Information of the other Party hereunder.

9.3 Return of Confidential Information. Except as otherwise provided herein, upon expiration or earlier termination of this Agreement, all Confidential Information (including any copies thereof) in written or other tangible form will, at the Disclosing Party's direction, be returned to the Disclosing Party or destroyed by the Receiving Party (with such destruction being confirmed in writing by an authorized officer of the Receiving Party), except (i) to the extent such Confidential Information is necessary to exercise any license or rights hereunder that survive such expiration or earlier termination; and (ii) one (1) copy of each document may be retained by the Receiving Party solely to the extent necessary to permit it to comply with any ongoing rights and responsibilities with respect to such Confidential Information or with Applicable Law. Notwithstanding the foregoing, in the case of Confidential Information of CymaBay disclosed by Abingworth to Abingworth Investors, Abingworth will request return and/or destruction of such Confidential Information but will not be liable in the event that such Confidential Information is not returned or destroyed.

9.4 Confidential Status of the Agreement. Subject to Section 9.2, and Section 9.5, the terms of this Agreement are deemed to be Confidential Information and will be subject to the confidentiality requirements of this Article 9, with each Party being deemed a Receiving Party for such purposes. The Parties each acknowledge that it will be necessary for CymaBay to file this Agreement with the U.S. Securities and Exchange Commission and to make other required public

disclosures regarding the terms of this Agreement and payments made under this Agreement, and accordingly CymaBay will prepare a confidential treatment request in connection with such filing and provide Abingworth a reasonable opportunity to review and comment on such filing as well as on such other required public disclosures, which comments CymaBay will consider and incorporate in good faith, and thereafter use Commercially Reasonable Efforts to obtain confidential treatment as to certain terms of this Agreement; provided that CymaBay shall not be required to provide Abingworth the opportunity to review and comment on any disclosure substantively identical to any disclosure previously reviewed and commented upon by Abingworth.

9.5 Publicity. The Parties recognize that following the Effective Date the Parties (either individually or jointly) will issue mutually agreed press release(s) announcing the execution of this Agreement, and thereafter each Party may from time to time desire to issue additional press releases and make other public statements or disclosures regarding the subject matter of this Agreement, and hereby agree that such additional press releases, public statements and disclosures regarding the terms of this Agreement will be permitted only with the other Party's written consent (which will not be unreasonably withheld, conditioned or delayed). Any publication, news release or other public announcement relating to the terms of this Agreement will first be reviewed and approved in writing by both Parties; provided, however, that any disclosure of information that is required by Applicable Law (including U.S. federal securities laws and the rules of a securities exchange), as reasonably advised by the disclosing Party's counsel, may be made without the prior consent of the other Party, although the other Party will be given prompt notice of any such legally required disclosure and, to the extent practicable, will be provided an opportunity to comment on the proposed disclosure and the disclosing Party will consider in good faith any comments provided by the other Party on such proposed disclosure. For avoidance of doubt, this Section 9.5 shall not restrict CymaBay from releasing public statements or disclosures regarding CymaBay's development and Commercialization activities with respect to the Product.

ARTICLE 10

INTELLECTUAL PROPERTY AND PERSONALLY IDENTIFIABLE INFORMATION

10.1 Ownership and Rights.

10.1.1 Ownership.

10.1.1.1 For purposes of determining ownership under this Section 10.1, unless otherwise set forth herein, inventorship will be determined in accordance with United States patent laws (regardless of where the applicable activities occurred).

10.1.1.2 CymaBay will own and retain all right, title and interest in, to and under all data, results, information, analyses, discoveries, inventions and know-how that are Controlled by CymaBay as of the Effective Date and no such right, title or interest therein, thereto or thereunder is granted to Abingworth hereunder, except as expressly set forth herein. Abingworth will own and retain all right, title and interest in, to and under all data, results, information, analyses, discoveries, inventions and know-how that are Controlled by Abingworth as of the Effective Date and no such right, title or interest therein, thereto or thereunder is granted to CymaBay hereunder, except as set forth herein.

10.1.1.3 CymaBay will be the exclusive and sole owner of and retain all right, title and interest in, to and under (a) the Product, (b) all discoveries and inventions discovered, developed or invented by, or on behalf of, either Party, and any of their Affiliates, and any Permitted Third Party, in performance of the Product Clinical Trials (including the Research Results), (c) all improvements that are discovered, developed or invented by, or on behalf of CymaBay under or in performance of this Agreement that relate to Intellectual Property that is Controlled by CymaBay as of the Effective Date and (d) all Intellectual Property in the foregoing subsections (a) through (c) (all of the foregoing (a)-(d), collectively, the "Trial Inventions"). Subject to Section 7.1, Abingworth will, and hereby does, assign to CymaBay all rights, title and interest of Abingworth in, to and under the Trial Inventions, if any. For the avoidance of doubt, any Trial Inventions that are discovered, developed or invented by members of the ERC that are employed by or affiliated with Abingworth will be assigned to CymaBay.

10.2 Patent Prosecution. As between Abingworth and CymaBay, CymaBay will have sole and exclusive right to prepare, file, prosecute and maintain all Patents within the CymaBay Intellectual Property, including all Patents that cover the Trial Inventions, at its own expense (provided that CymaBay will use Commercially Reasonable Efforts to prosecute and maintain such Patents). At CymaBay's request and expense (for reasonable out-of-pocket expenses), Abingworth will reasonably cooperate with CymaBay in preparing, filing, prosecuting, and maintaining such Patents. CymaBay will provide Abingworth with copies of all patent applications and other material submissions and correspondence filed with any patent counsel or patent authorities pertaining to the CymaBay Intellectual Property following reasonable request by Abingworth. CymaBay will promptly provide Abingworth with copies of all material correspondence sent to or received from any patent counsel or patent authorities pertaining to the CymaBay Intellectual Property, following reasonable request by Abingworth.

10.3 Intellectual Property Enforcement.

10.3.1 CymaBay Intellectual Property. CymaBay will have the sole and exclusive right, and will use Commercially Reasonable Efforts, to enforce the CymaBay Intellectual Property Controlled by CymaBay, including Intellectual Property that covers the Trial Inventions, against Third Party Infringements at its sole expense.

10.3.2 Infringement of Third Party Rights. If either Party learns of Third Party allegations that CymaBay or any of its Affiliates or Permitted Third Parties, have infringed, misappropriated or otherwise violated, or are infringing, misappropriating or otherwise violating, any Intellectual Property of a Third Party in connection with either the Product Clinical Trials or performing its obligations or duties hereunder, such Party will promptly notify the other Party. CymaBay will have sole control and responsibility of, and discretion with respect to, such allegations and any related actions or litigation at its sole expense, but will keep Abingworth reasonably informed. CymaBay will not settle or compromise any allegation, action or litigation in a way that admits fault or liability on the part of Abingworth or otherwise results in any cost or liability on the part of Abingworth. For the avoidance of doubt, if Abingworth or any of its Affiliates are named in any such related actions or litigation, then CymaBay shall not have sole control and responsibility unless the Parties agree separately and specifically in writing.

10.4 Personally Identifiable Information.

10.4.1 In conducting the Product Clinical Trials and its other obligations under this Agreement, CymaBay will use Commercially Reasonable Efforts to comply, and will use Commercially Reasonable Efforts to require each applicable Permitted Third Party to comply, with Applicable Laws relating to privacy or data protection applicable to CymaBay or the Product Clinical Trials being conducted by or on behalf of CymaBay, including ensuring that all necessary (a) consents from Clinical Investigators, Subjects and any others from whom Personally Identifiable Information will be received are obtained; (b) regulatory notifications are filed in all countries for which Sites have been selected; and (c) approvals are obtained in all countries for which Sites have been selected, prior to collection or transfer of such Personally Identifiable Information. Without prejudice to the generality of the foregoing, CymaBay will use Commercially Reasonable Efforts to comply with the General Data Protection Regulation (2016/679) ("GDPR"), and will ensure the information referred to in Applicable Laws and, if applicable, in particular Articles 13 and 14 of is made available to data subjects (as defined in the GDPR) in relation to the processing of their Personally Identifiable Information by CymaBay when acting as a data controller (as defined in the GDPR), and the information is in a concise, transparent, intelligible and easily accessible form, using clear and plain language as required by Article 12 of the GDPR.

10.4.2 CymaBay will not process, and will use Commercially Reasonable Efforts to require that each applicable Permitted Third Party does not process, any Personally Identifiable Information in a way that is contrary to Applicable Laws.

10.4.3 CymaBay will use Commercially Reasonable Efforts to maintain, and will use Commercially Reasonable Efforts to require each applicable Permitted Third Party to maintain, appropriate and sufficient technical and organizational security measures to maintain the confidentiality of Personally Identifiable Information and to protect such data against accidental or unlawful destruction or accidental loss, damage, alteration, unauthorized disclosure or access, in particular where such data is transmitted over a network. These technical and organizational security measures will ensure a level of security appropriate to the risk, including, as appropriate, (a) pseudonymisation and encryption; (b) the ability to ensure the ongoing confidentiality, integrity, availability and resilience of processing systems and services; (c) the ability to restore the availability and access to the Personally Identifiable Information in a timely manner in the event of a physical or technical incident; and (d) a process for regularly testing, assessing and evaluating the effectiveness of those measures.

10.4.4 CymaBay will promptly notify Abingworth of: (a) any significant unauthorized use or disclosure or breach of any Personally Identifiable Information promptly upon discovery of such occurrence; and (b) the transmittal of any related breach notification to any affected person, Governmental Authority or the media. CymaBay will use Commercially Reasonable Efforts to require each applicable Permitted Third Party to notify CymaBay of: (i) any significant unauthorized use or disclosure or breach of any Personally Identifiable Information promptly upon discovery of such occurrence and (ii) the transmittal of any related breach notification to any affected person, Governmental Authority or the media. CymaBay shall not disclose any Personally Identifiable Information to Abingworth without prior notice to Abingworth and receipt of Abingworth's express prior consent.

ARTICLE 11

INDEMNIFICATION AND INSURANCE

11.1 Indemnification by Each Party.

11.1.1 By Abingworth. Abingworth will indemnify and hold CymaBay, its Affiliates and its and their respective officers, directors, employees and agents (the "CymaBay Indemnified Parties") harmless from any and all Losses arising or resulting from any Claims by a Third Party against any CymaBay Indemnified Parties to the extent arising from Abingworth's material breach of this Agreement; except to the extent caused by (i) the gross negligence or willful misconduct of any CymaBay Indemnified Party, or (ii) a material breach of this Agreement by CymaBay.

11.1.2 By CymaBay. CymaBay will indemnify and hold Abingworth, its Affiliates, its investors and its and their respective officers, directors, employees and agents (the "Abingworth Indemnified Parties"), harmless from any and all Losses arising or resulting from any Claims by a Third Party against any Abingworth Indemnified Parties to the extent arising from (a) the Product supplied by or on behalf of CymaBay, its Affiliates or sublicensees; (b) a Product Clinical Trial, including a physical injury or death of a Subject that is caused by a Subject's participation in a Product Clinical Trial, whether or not directly attributable to the Product; (c) CymaBay's gross negligence or willful misconduct in performing its obligations under this Agreement; (d) CymaBay's material breach of this Agreement, including a breach of its GDPR obligations set forth in Section 10.4.1, (e) the actions (or inactions) of a Permitted Third Party in connection with the Development of the Product, (f) any material breach of a Protocol by CymaBay, or its Affiliate, or of its or their respective Permitted Third Parties, (g) actual or alleged infringement of any Third Party's Intellectual Property by the Product (including its use or manufacture) in connection with the Development of the Product by CymaBay in performing its duties or obligations hereunder with respect to the Product; and (h) injuries sustained by Subjects in connection with the Product Clinical Trials, including Claims arising prior to the Effective Date based upon physical injury or death of a Subject in connection with the Product Clinical Trials, or from the Commercialization of the Product; except to the extent that any of the foregoing (a) through (h) were caused by (i) the gross negligence or willful misconduct of any Abingworth Indemnified Party, or (ii) material breach of this Agreement by Abingworth.

11.2 Indemnification Procedure.

11.2.1 Notice of Claim. A Party believing that it is entitled to indemnification under Section 11.1.1 or Section 11.1.2 (an "Indemnified Party") will give prompt written notice (each, an "Indemnification Claim Notice") to the other Party (the "Indemnifying Party") upon receipt of notice of the commencement of any Claim for which indemnification may be sought, or if earlier, upon the assertion of any such Claim by a Third Party (it being understood and agreed, however, that the failure by an Indemnified Party to give notice of a Claim of a Third Party as

provided in this Section 11.2.1 will not relieve the Indemnifying Party of its indemnification obligation under this Agreement except and only to the extent that such Indemnifying Party is actually prejudiced as a result of such failure to give notice). Each Indemnification Claim Notice will contain a description of the Claim and the nature and amount of the Loss (to the extent that the nature and amount of such Loss are known at such time). The Indemnified Party will furnish promptly to the Indemnifying Party copies of all papers and official documents received in respect of any Losses.

11.2.2 Control of Defense. At its option, the Indemnifying Party may assume the defense of any Claim by giving written notice to the Indemnified Party within thirty (30) days after the Indemnifying Party's receipt of an Indemnification Claim Notice. The assumption of the defense of a Claim by the Indemnifying Party will not be construed as an acknowledgment that the Indemnifying Party is liable to indemnify the Indemnified Party in respect of the Claim, nor will it constitute a waiver by the Indemnifying Party of any defenses it may assert against the Indemnified Party's claim for indemnification. Upon assuming the defense of a Claim, the Indemnifying Party may appoint as lead counsel in the defense of the Claim any legal counsel selected by the Indemnifying Party that is reasonably satisfactory to the Indemnified Party. In the event the Indemnifying Party assumes the defense of a Claim, the Indemnified Party will promptly deliver to the Indemnifying Party all original notices and documents (including court papers) received by the Indemnified Party in connection with the Claim. Should the Indemnifying Party assume the defense of a Claim, the Indemnifying Party will not be liable to the Indemnified Party for any legal expenses subsequently incurred by such Indemnified Party in connection with the analysis, defense or settlement of such Claim.

11.2.3 Right to Participate in Defense. Without limiting Section 11.2.2, the Indemnified Party will be entitled to (a) participate in, but not control, the defense of such Claim and to engage counsel of its choice for such purpose; provided, however, that such engagement will be at the Indemnified Party's own expense unless the engagement thereof has been specifically authorized by the Indemnifying Party in writing, and (b) control its defense of such Claim and to engage counsel of its choice for such purpose, at the expense of the Indemnifying Party, if the Indemnifying Party has failed to assume the defense and engage counsel in accordance with Section 11.2.2.

11.2.4 Settlement. With respect to any Losses related solely to payment of money damages in connection with a Claim that (a) includes a complete and unconditional release of the Indemnified Party, (b) will not result in the Indemnified Party admitting liability, becoming subject to injunctive or other equitable relief that will otherwise adversely affect the business of the Indemnified Party in any manner, and (c) as to which the Indemnifying Party will have acknowledged in writing the obligation to indemnify the Indemnified Party hereunder, the Indemnifying Party will have the sole right to consent to the entry of any judgment, enter into any settlement or otherwise dispose of such Loss, on such terms as the Indemnifying Party, in its sole discretion, will deem appropriate. With respect to all other Losses in connection with Claims, where the Indemnifying Party has assumed the defense of the Claim in accordance with Section 11.2.2, the Indemnifying Party will have authority to consent to the entry of any judgment, enter into any settlement or otherwise dispose of such Loss, only if it obtains the prior written consent of the Indemnified Party (which consent will not be unreasonably withheld, conditioned or delayed). The Indemnifying Party will not be liable for any settlement or other disposition of a

Loss by the Indemnified Party that is reached without the written consent of the Indemnifying Party (which consent will not be unreasonably withheld, conditioned or delayed). Regardless of whether the Indemnifying Party chooses to defend or prosecute any Claim, the Indemnified Party will not admit any liability with respect to, or settle, compromise or discharge, any Claim without the prior written consent of the Indemnifying Party, not to be unreasonably withheld or delayed.

11.2.5 Cooperation. Regardless of whether the Indemnifying Party chooses to defend or prosecute any Claim, the Indemnified Party will reasonably cooperate in the defense or prosecution thereof and will furnish such records, information and testimony, provide such witnesses and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested in connection therewith. Such cooperation will include access during normal business hours afforded to the Indemnifying Party to, and reasonable retention by the Indemnified Party of, records and information that are reasonably relevant to such Claim, and making employees and agents available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, and the Indemnifying Party will reimburse the Indemnified Party for all its reasonable out-of-pocket expenses in connection therewith.

11.3 Insurance.

11.3.1 Generally. Commencing as of the Effective Date and thereafter during the Development Term, and subject to Section 11.3.2 below, CymaBay will carry and maintain, at its own expense, insurance coverage of the kind and with liability limits that, at a minimum, satisfy the requirements of Section 11.3.2, to protect itself and Abingworth against any claims or liabilities that may arise from the conduct of the Product Clinical Trials and all other rights and obligations hereunder with insurers with a minimum "A-" A.M. Best rating. Any deductibles for such insurance policies will be assumed by CymaBay. Such insurance policies will be primary and non-contributing with respect to any other similar insurance policies available to Abingworth and its Affiliates. Prior to the Effective Date, and annually, at each anniversary of the Effective Date (unless, during such year, expiration of the applicable policy occurs first, in which case, on such expiration date), at Abingworth's written request, CymaBay will supply documentation of such insurance coverage via original certificates of insurance, if applicable. CymaBay will provide Abingworth with a minimum of thirty (30) days prior written notice if it is unable to obtain appropriate insurance coverage or if its coverage is canceled, unable to be renewed or materially changed. For clarity, any insurance coverage or the failure to maintain adequate insurance coverage does not limit or reduce CymaBay's liability under this Agreement. CymaBay will ensure that no subcontractor, including any Permitted Third Party, will continue to perform the work unless such subcontractor is insured as deemed appropriate by CymaBay.

11.3.2 Minimum Requirements. Commencing on the Effective Date and thereafter during the Development Term (or longer if otherwise stated below), CymaBay will maintain the following types of insurance coverage at a minimum level that is the greater of (a) the highest minimum level required by Applicable Law in the countries in which the Product Clinical Trials and other obligations hereunder are being performed or (b) the following (to the extent different).

11.3.2.1 Commercial General Liability: [***] per occurrence; [***] general aggregate Commercial General Liability, including Premises & Operations and Personal Injury; [***] combined single limit on all owned, non-owned and hired vehicles of CymaBay.

11.3.2.2 Umbrella Excess Liability: [***] occurrence.

11.3.2.3 Clinical Trials Liability: [***] per occurrence. CymaBay will obtain such Clinical Trials Liability insurance on a global basis, and, if required, supplemented Clinical Trials Liability insurance in the US, at its expense. Coverage must be maintained for as long as required by Applicable Law in each country after release of the last Subject from the Product Clinical Trials or where there is no legal requirement at least three (3) years after the termination of the Agreement.

11.3.2.4 Professional Liability: Each clinical research organization for each Product Clinical Trial will obtain Professional Liability Insurance or Errors and Omissions Insurance in lieu of Clinical Trial Insurance, with a minimum limit of [***] per occurrence. Coverage must be maintained for at least [***] after the later of (i) expiration or early termination of this Agreement and (ii) release of the last Subject from the Product Clinical Trials.

11.3.3 Additional Insured. CymaBay will include Abingworth and its Affiliates as additional insured parties on CymaBay's global Clinical Trial Liability insurance policy, as set forth in Section 11.3.2.3, for [***] after the later of termination of this Agreement or release of the last Subject from the Product Clinical Trials.

11.3.4 Product Liability Insurance. CymaBay will be responsible for maintaining product liability insurance related to the Development and Commercialization of the Product at its expense.

ARTICLE 12

REPRESENTATIONS AND WARRANTIES; ADDITIONAL COVENANTS

12.1 Representations and Warranties of Both Parties.

12.1.1 Each Party hereby represents and warrants that it has the requisite corporate power and authority to enter into this Agreement and that this Agreement constitutes a legal and valid obligation binding upon such Party, enforceable in accordance with its terms.

12.1.2 Each Party hereby represents and warrants that it is not a party to any agreement that would prevent it from fulfilling its obligations under this Agreement.

12.2 Additional CymaBay Representations, Warranties and Covenants.

12.2.1 No Contravention. The execution, delivery and performance by CymaBay of this Agreement and each of the other Transaction Agreements have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of such Person's organizational documents; (b) conflict with or result in any breach or contravention of, or the creation of (or the requirement to create) any lien or

encumbrance under, or require any payment to be made under (i) any contractual obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries or (ii) any order, injunction, writ or decree of any governmental authority or any arbitral award to which such Person or its property is subject; or (c) violate any Applicable Law, except in the case of this Section 12.2.1, with respect to any conflict, breach, violation, or payment, to the extent that such conflict, breach, violation, or payment would not reasonably be expected to have a material adverse effect on CymaBay's ability to satisfy its obligations under this Agreement.

12.2.2 Licensure, Registration and Accreditation. CymaBay hereby represents and warrants that it is licensed, registered, or otherwise qualified under all Applicable Laws to do business (a) in each jurisdiction where such licenses, registrations or other qualifications are required for the Development and Commercialization of the Product and (b) in each other jurisdiction where such licenses, registrations or other qualifications are required, except as would not reasonably be expected to cause a Material Adverse Event.

12.2.3 Existing License.

12.2.3.1 Maintenance of Existing License. CymaBay represents and warrants that there has not been any breach or default by CymaBay under the Existing License which has not been or will not be, as applicable, timely cured as permitted thereunder, and that the Existing License is in full force and effect. There are no circumstances that exist as of the Effective Date that could give rise to a breach or default under the Existing License by CymaBay or, to CymaBay's knowledge, by the Existing Licensor.

12.2.3.2 No Other Agreements. CymaBay represents and warrants that other than the Existing License, there are no other agreements to which CymaBay is a party that are related to, or pursuant to which CymaBay has obtained or granted rights regarding, the Product.

12.2.4 Debarment. CymaBay certifies that neither it, nor its Affiliates, nor to its knowledge any Permitted Third Parties engaged by it to perform activities in relation to the Product are debarred under subsections 306(a) or (b) of the FFDCA (US Generic Drug Enforcement Act of 1992; 21 USC 335a(a) or (b)), and that it has not and will not knowingly use in any capacity the services of any Person or Permitted Third Party debarred under this law (or otherwise disqualified) to conduct the Product Clinical Trials. CymaBay further certifies that neither it, nor any of its Affiliates are excluded from any federal health care program, including but not limited to Medicare and Medicaid.

12.2.5 Clinical Trial Permits; Certifications; Authorizations. CymaBay hereby represents and warrants that, as of the Effective Date, CymaBay and its Permitted Third Parties have such INDs or other filings with all Regulatory Authorities as are required to conduct the Product Clinical Trials and perform any and all of their obligations in connection with the Product Clinical Trials supervised by it. All such INDs and other filings are valid and in full force and effect and no default has occurred. Except as disclosed to Abingworth prior to the date hereof in the Data Room, CymaBay has not received any notice that the FDA, other Regulatory Authority, institutional review board or independent ethics committee, has initiated, or threatened to initiate, any action to suspend or terminate any IND or otherwise restrict the preclinical or clinical research of any Product.

12.2.6 Disclosure of Regulatory Notices and Communications. CymaBay hereby represents and warrants that, as of the Effective Date, the regulatory communications and, if any, notices of inspection, inspection reports, warning letters and deficiency letters related to the Product made available by CymaBay in the Data Room were true and complete copies of such documents. CymaBay hereby represents and warrants that such documents comprise all material written regulatory communications related to the Product from all Regulatory Authorities in the possession of CymaBay as of the Effective Date.

12.2.7 CRO Inquiry. CymaBay represents and warrants that, up to and as at the Effective Date, after due inquiry to its CRO responsible for conducting the Product Clinical Trials, CymaBay has not received any verbal or written notice of the occurrence of any Serious Safety Issue in the Product Clinical Trials.

12.2.8 Compliance. CymaBay represents and warrants that, prior to the Effective Date, (a) it has conducted all preclinical and clinical activities related to the development of the Product in material compliance with Applicable Laws, including GLP and GCP, and (b) to CymaBay's knowledge, all Third Parties utilized by CymaBay to perform any portion of the preclinical and clinical activities have conducted such portion of such preclinical activities in material compliance with Applicable Laws.

12.2.9 Intellectual Property. CymaBay represents and warrants that CymaBay owns or possesses sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, information, proprietary rights and processes necessary for the Development, manufacture and Commercialization of the Product as contemplated as of the Effective Date. To CymaBay's knowledge, the Development, manufacture and Commercialization of the Product by CymaBay as contemplated as of the Effective Date does not and will not violate any license and does not and will not infringe any intellectual property rights of any Third Party. Except as set forth in the Existing License, there are no outstanding options, licenses or agreements of any kind granted by CymaBay relating to the Development, manufacture or Commercialization of the Product. CymaBay has not received any communications alleging that CymaBay has violated, or that the Development, manufacture or Commercialization of the Product would violate, any of the patents, trademarks, service marks, trade names, copyrights, trade secrets or other proprietary rights of any Third Party. CymaBay represents and warrants that, except as otherwise agreed in writing by Abingworth or as set forth in the respective intellectual property filings, all CymaBay Intellectual Property, other than the CymaBay Intellectual Property exclusively licensed to CymaBay under the Existing License, is owned by CymaBay as of the Effective Date and neither party to the Existing License has taken any action, or provided any notice, to terminate the Existing License during the Term. Schedule 12.2.9 hereto sets forth an accurate and complete list of all issued patents and patent applications included in the CymaBay Intellectual Property that cover or claim the Product or their use, manufacture or sale (the "Product Patents") as of the Effective Date. For each Product Patent, CymaBay has indicated (i) the jurisdiction in which such Patent is pending, allowed, granted or issued, (ii) the patent number of patent serial number, (iii) the owner of such Patent and (iv) the expiration date of the Patent. To CymaBay's knowledge, the Product Patents that have been issued or granted by the applicable

patent office are valid and enforceable. CymaBay has not received any notice or legal opinion, whether preliminary in nature or qualified in any manner, which concludes that a challenge to the validity or enforceability of any of the issued Product Patents may succeed. CymaBay has not received any claim or notice challenging, or threatening to challenge, the ownership of, or rights of CymaBay in and to or the validity or enforceability of the Product Patents. CymaBay has not committed any act, or failed to commit any required act that would reasonably be expected to cause any Product Patent to expire prematurely, lapse or be declared invalid or unenforceable, or that estops the enforcement of such Product Patent against any Third Party.

12.2.10 CymaBay Data Provided as of the Effective Date. CymaBay hereby represents and warrants that, up to and as of the Effective Date, (i) the CMC Information set forth in the Data Room is accurate in all material respects, (ii) the descriptions of, Protocols for, and data and other results of, the Product Clinical Trials conducted by or on behalf of CymaBay set forth in the Data Room are accurate and complete and there are no omissions from such documents, data and other results that render such documents, data or other results materially misleading and (iii) the summaries of primary data regarding the Product set forth in the Data Room are accurate and complete in all material respects, and there are no omissions from such summaries as so presented that render such summaries materially misleading.

12.2.11 Provision of Information. CymaBay represents and warrants that all information made available by or on behalf of CymaBay to Abingworth or its Affiliates with regard to the Product or the Product Clinical Trial in connection with this Agreement was (when provided) and is (as of the Effective Date), to CymaBay's and its Affiliates' knowledge (after due inquiry), true, accurate and complete in all material respects; and CymaBay has not knowingly or negligently failed to disclose to Abingworth or made available to Abingworth in the Data Room any information in its or its Affiliates' control or possession, or of which CymaBay is aware, that would be reasonably necessary to make any information that has been disclosed to Abingworth or made available to Abingworth in the Data Room prior to the Effective Date with respect to the Product and the Development activities contemplated under this Agreement not misleading in any material respect, including any information regarding any impact on the manufacturing, supply chain, Development or Commercialization of the Product resulting from the coronavirus identified as COVID-19 (and/or variants thereof).

12.2.12 Security Interest; Priority. CymaBay hereby represents and warrants that, as of the Effective Date, (a) this Agreement creates a valid security interest in favor of Abingworth in the Collateral and, when properly perfected by filing, will constitute a valid and perfected first priority security interest in the Collateral, to the extent such security interest can be perfected by filing under the UCC, free and clear of all Liens except for Permitted Liens, (b) CymaBay has not authenticated any agreement authorizing any secured party thereunder to file a financing statement, except to perfect Permitted Liens, (c) with respect to the Development Costs Account, upon execution and delivery of the Deposit Account Control Agreement, Abingworth will have a valid and perfected, first-priority security interest in the Development Costs Account.

12.2.13 Contingent Liabilities. CymaBay hereby represents and warrants that, except as reflected in CymaBay's consolidated balance sheet for the quarter ended March 31, 2021 included in its Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, as of the Effective Date, CymaBay and its Subsidiaries do not have any contingent liabilities that would be required to be reflected on CymaBay's balance sheet in accordance with GAAP except for (i) obligations in connection with this Agreement, and (ii) other contingent liabilities incurred in the ordinary course of business that are not material to the business of CymaBay and its Subsidiaries, taken as a whole.

12.2.1 Data Room. No later than five (5) days following the Effective Date, CymaBay shall provide Abingworth with a copy of the Data Room as it existed as of the Effective Date.

12.3 Abingworth Representation, Warranty and Covenant. Abingworth hereby represents, warrants and covenants that it will have, as and when needed, sufficient funds to satisfy its obligations hereunder. Abingworth does not assume any obligations to, and will have no rights to engage in any research, Development, promotion and/or Commercialization of the Product, which remain the sole responsibility of CymaBay.

12.4 Additional CymaBay Covenants.

12.4.1 Existing License. During the Term, CymaBay shall not commit any breach under the Existing License, and if such a breach occurs, it shall be timely cured by CymaBay as permitted thereunder. During the Term, CymaBay will: (a) not take any action that would entitle the Existing Licensor to terminate the Existing License, (b) promptly take such actions as are necessary to cure any breach that would entitle the Existing Licensor to terminate the Existing License; and (c) not amend, modify, supplement, restate, waive, cancel or terminate (or consent to any cancellation or termination of), in whole or in part, any provision of or right under the Existing License, or assign, in whole or in part, the Existing License or any provision thereof or right thereunder, without the prior written consent of Abingworth, to be given or withheld in its sole discretion.

12.4.2 Anti-Corruption. CymaBay agrees, on behalf of itself and its Representatives, that for the performance of its obligations hereunder:

12.4.2.1 CymaBay, its Affiliates and its and their respective Representatives will comply with the Anti-Corruption Laws and will not take any action that will, or would reasonably be expected to, cause Abingworth or its Affiliates to be in violation of any Anti-Corruption Laws; and

12.4.2.2 CymaBay will promptly provide Abingworth with written notice of the following events: (a) upon becoming aware of any breach or violation by CymaBay, its Affiliate or any of its or their respective Representatives of any representation, warranty or undertaking set forth in Section 12.4.2, or (b) upon receiving a formal notification that it is the target of a formal investigation by a Governmental Authority for a Material Anti-Corruption Law Violation or upon receipt of information from any of its Representatives connected with this Agreement that any of them is the target of a formal investigation by a governmental authority for a Material Anti-Corruption Law Violation.

12.4.3 Required Permits. CymaBay further covenants that it and its Permitted Third Parties will have at the required times, such INDs or other filings with all Regulatory Authorities as are required to conduct the Product Clinical Trials and perform any and all of their obligations in connection with the Product Clinical Trials supervised by it.

12.4.4 Product Supply. CymaBay covenants that, (a) during the Development Term, it will use Commercially Reasonable Efforts to manufacture and supply, or have manufactured and supplied, quantities of the Product sufficient to conduct and complete the Product Clinical Trials in accordance with the applicable Protocol(s), and (b) following Regulatory Approval of the Product, CymaBay will use Commercially Reasonable Efforts to manufacture and supply, or have manufactured and supplied, quantities of the Product sufficient to meet CymaBay's diligence obligations set forth in Section 3.6.

12.4.5 Intellectual Property. CymaBay covenants that, except as otherwise agreed in writing by Abingworth, all CymaBay Intellectual Property, other than the CymaBay Intellectual Property exclusively licensed to CymaBay under the Existing License, will at all times during the Term continue to be owned by CymaBay, and CymaBay shall not terminate, or agree to terminate, the Existing License during the Term.

12.5 DISCLAIMER OF REPRESENTATIONS AND WARRANTIES.

12.5.1 Each Party hereby agrees and understands that because the Product Clinical Trials and the Product are experimental in nature, the outcome is inherently uncertain and unpredictable. Each Party hereby agrees and understands that the other Party makes no representation, guarantee or warranty, express or implied, regarding the outcome of the Product Clinical Trials (including achievement of the Success Payment Trigger), any Research Results generated after the Effective Date, the ability to obtain Regulatory Approval or the patentability, legal protectability or usefulness of any Intellectual Property arising from the Product Clinical Trials.

12.5.2 EXCEPT AS OTHERWISE SET FORTH IN THIS ARTICLE 12, NEITHER PARTY MAKES, AND EACH PARTY EXPRESSLY DISCLAIMS, ANY REPRESENTATION OR WARRANTY OF ANY KIND WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT, EITHER ORAL OR WRITTEN, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING ANY REPRESENTATION OR WARRANTY REGARDING THE USE, RESULTS OR EFFICACY OF THE PRODUCT.

ARTICLE 13

TERM; CLOSING CONDITIONS; AND TERMINATION

13.1 Term. The term of this Agreement (the "Term") will commence on the Effective Date and will expire upon the earliest of (i) termination of this Agreement in accordance with Section 13.3, or (ii) the date of payment of the last Success Payment.

13.2 Pre-Signing Conditions.

13.2.1 Deposit Account Control Agreement. On or before the Effective Date, CymaBay will execute and deliver to Abingworth the Deposit Account Control Agreement, as set forth in Section 7.4.1(a).

13.2.2 Proof of Insurance. Prior to the Effective Date, CymaBay will supply documentation of insurance coverage via original certificates of insurance, if applicable, in accordance with Section 11.3.

13.2.1 Opinion. On or before the Effective Date, CymaBay will deliver to Abingworth an executed opinion or opinions of counsel, dated as of the date hereof, as set forth in Section 7.4.1(b).

13.3 Termination.

13.3.1 Termination for Material Breach.

13.3.1.1 Fundamental Material Breach. This Agreement may be terminated by the other Party immediately, in its entirety, in the event of (i) a failure to fund by Abingworth as set forth in Section 4.1 and Section 4.2, (ii) the failure of Abingworth to release its security interest pursuant to Section 7.1.3, (iii) the failure by CymaBay to pay any Success Payment when due, (iv) a failure by CymaBay to use Commercially Reasonable Efforts to Develop the Product as set forth herein, provided that the breaching Party has received written notice from thenon-breaching Party of such breach, specifying in reasonable detail the particulars of the alleged breach and such breach has not been cured within sixty (60) days after the date of the relevant notice. The non-breaching Party will have the right to pursue remedies it may have at law or equity for such breach, including the right to seek damages from the breaching Party.

(a) By Abingworth. In the event that Abingworth terminates this Agreement pursuant to clause (iii) or (iv) of this Section 13.3.1.1, CymaBay will pay Abingworth within sixty (60) days of the date of termination, an amount equal to the full MoIC Development Costs paid by Abingworth prior to the effective date of such termination, reduced by the amount of any Success Payments previously paid by CymaBay.

(b) By CymaBay. In the event that CymaBay terminates this Agreement pursuant to clause (i) or (ii) of this Section 13.3.1.1, CymaBay will not be required to pay any further Success Payments.

13.3.1.2This Agreement may be terminated by either Party immediately, in its entirety, in the event of a material breach of this Agreement by the other Party not otherwise covered in Section 13.3.1.1, provided that the breaching Party has received written notice from thenon-breaching Party of such breach, specifying in reasonable detail the particulars of the alleged breach and such breach has not been cured within [***] after the date of the relevant notice. The non-breaching Party will have the right to pursue remedies it may have at law or equity for such breach, including the right to seek damages from the breaching Party. For the avoidance of doubt, a breach by CymaBay of applicable Anti-Corruption Laws will be considered a material breach of this Agreement for which Abingworth will have a termination right under this Section 13.3.2.

(a) By Abingworth. In the event that Abingworth terminates this Agreement pursuant to thisSection 13.3.1.2, (i) Abingworth will no longer be required to fund Development Costs hereunder and (ii) CymaBay will pay Abingworth within sixty (60) days of the date of termination, an amount equal to two hundred percent (200%) of the Development Costs paid by Abingworth prior to the effective date of such termination. In the event that Abingworth

terminates this Agreement pursuant to this Section 13.3.1.2, if CymaBay elects to continue Development of the Product and achieves the Success Payment Trigger following such termination, CymaBay will remain obligated to pay to Abingworth the Success Payments that become due and payable pursuant to Article 6 at such time that such payments become due and payable (if ever) pursuant toArticle 6, provided that such Success Payments will be adjusted as set forth in Section 6.2 and reduced by the amount previously paid to Abingworth as set forth in thisSection 13.3.1.2.

(b) By CymaBay. In the event that CymaBay terminates this Agreement pursuant to thisSection 13.3.1.2, CymaBay will remain obligated to pay to Abingworth the Success Payments that become due and payable pursuant to Article 6 at such time that such payments become due and payable (if ever) pursuant to Article 6, provided that such Success Payments will be adjusted as set forth inSection 6.2.

13.3.2 Termination by Abingworth for Material Adverse Event. Abingworth may terminate this Agreement, in its entirety, at any time in the event of a Material Adverse Event that is not cured within thirty (30) days, immediately upon written notice to CymaBay. In the event that Abingworth terminates this Agreement pursuant to this Section 13.3.2, if CymaBay elects to continue Development of the Product and achieves the Success Payment Trigger following such termination, CymaBay will remain obligated to pay to Abingworth the Success Payments that become due and payable pursuant to Article 6 at such time that such payments become due and payable (if ever) pursuant toArticle 6, provided that such Success Payments will be adjusted as set forth in Section 6.2.

13.3.3 Termination for Failure to Receive Regulatory Approval.

13.3.3.1 Failure to Obtain Regulatory Approval. This Agreement will, upon written notice from either Party to the other Party, terminate in its entirety with no further action from either Party, if the Product has not received Regulatory Approval following completion of the Product Clinical Trials, CymaBay's submission of applications for Regulatory Approval in the U.S., EU or UK, and CymaBay's use of Commercially Reasonable Efforts to obtain such Regulatory Approvals. For the avoidance of doubt, if Regulatory Approval is received, then this Agreement may not thereafter be terminated pursuant to this Section 13.3.3.1.

13.3.3.2Development Program Failure. Abingworth will have the right to terminate this Agreement upon written notice to CymaBay if the RESPONSE Trial is completed or terminated and either (a) the primary endpoint in such trial is not achieved or (b) Abingworth reasonably determines that the Research Results of such trial do not support Regulatory Approval. For the avoidance of doubt, if an application for Regulatory Approval is accepted for filing by a Regulatory Authority in the U.S, EU or UK then this Agreement may not thereafter be terminated pursuant to this Section 13.3.3.2.

13.3.3.3 CymaBay will have the right to terminate this Agreement upon written notice to Abingworth if the RESPONSE Trial is completed or terminated and the primary endpoint in such trial is not achieved. For the avoidance of doubt, if an application for Regulatory Approval is accepted for filing by a Regulatory Authority in the U.S, EU or UK then this Agreement may not thereafter be terminated pursuant to this Section 13.3.3.3.

13.3.3.4In the event that this Agreement is terminated pursuant to this Section 13.3.3, if CymaBay elects to continue Development of the Product and achieves the Success Payment Trigger following such termination, CymaBay will remain obligated to pay to Abingworth any Success Payments that become due and payable pursuant to Article 6 at such time that such payments become due and payable (if ever) pursuant to Article 6, provided that such Success Payments will be adjusted as set forth in Section 6.2.

13.3.4 Termination for Bankruptcy. Either Party may terminate this Agreement in its entirety upon written notice to the other Party if the other Party makes an assignment for the benefit of creditors, or commences a case or proceeding under any bankruptcy, reorganization, insolvency, or similar laws, has a trustee or receiver or similar officer of any court appointed for such Party, or for substantial part of the property of such Party, or bankruptcy, reorganization, insolvency, or liquidation proceedings are instituted by or against such Party without such proceedings being dismissed, in each of the foregoing cases for a period of at least [***].

13.3.4.1 In the event that CymaBay terminates this Agreement pursuant to this Section 13.3.4, if CymaBay elects to continue Development of the Product and achieves the Success Payment Trigger following such termination, then CymaBay will remain obligated to pay to Abingworth any Success Payments that become due and payable pursuant to Article 6 at such time that such payments become due and payable (if ever) pursuant to Article 6, provided that such Success Payments will be adjusted as set forth in Section 6.2.

13.3.4.2 In the event that Abingworth terminates this Agreement pursuant to this Section 13.3.4, then CymaBay will pay Abingworth within [***] of the date of termination an amount equal to the full MoIC of the Development Costs paid by Abingworth prior to such termination, reduced by the amount of any Success Payments previously paid by CymaBay.

13.3.5 Termination for Change of Control of CymaBay. Either Abingworth or CymaBay (or its successor) may, in its sole discretion, terminate this Agreement in its entirety at any time within sixty (60) days following a Change of Control of CymaBay. Whether or not this Agreement is terminated pursuant to this Section 13.3.5, CymaBay (or its successor, if applicable) will pay to Abingworth the Change of Control Payment pursuant to Section 6.6.2. If the Success Payment Trigger has not yet been achieved, CymaBay or its successor will be obligated to continue to exercise Commercially Reasonable Efforts to Develop and obtain Regulatory Approval for the Product as set forth herein (including in Section 3.6). If the Success Payment Trigger has been already been achieved, or if the Success Payment Trigger is achieved following such termination, then CymaBay (or its successor) will remain obligated to pay any Success Payments that become due and payable pursuant to Article 6 at such time that such payments become due and payable (if ever) pursuant to Article 6 (except to the extent that CymaBay has previously accelerated and paid to Abingworth any such payments pursuant to Section 6.6), provided that any such Success Payments (or Approval Buy-Out Payment, as applicable) will be adjusted as set forth in Section 6.2, and will be subject to the credit for the Change of Control Payment described in Section 6.6.2. In the event that CymaBay or its successor terminates this Agreement pursuant to this Section 13.3.5, then CymaBay will pay to Abingworth, within [***] after the date of termination, aone-time payment, in lieu of the Success Payments (other than Success Payments already paid), calculated based on the remaining Success Payments in the same manner as the Approval Buy-Out Payment in Section 6.6.1 as adjusted pursuant to Section 6.2, and for purposes of this calculation the Success Payment Trigger will be either the actual date the Success Payment Trigger was satisfied if the termination is after that date or will be deemed to occur on June 30, 2024 if the termination is prior to that date.

13.3.6 Termination for Safety Concerns. Either Party may terminate this Agreement upon written notice to the other Party if (a) the IDMC for a Product Clinical Trial recommends termination of such Product Clinical Trial for reasons pertaining to the health or safety of the Subjects or for futility or (b) the Parties mutually agree that a material health or safety concern with respect to the Subjects exists. In the event that this Agreement terminates pursuant to this Section 13.3.6, then CymaBay will not be obligated to pay to Abingworth any Success Payments following the effective date of such termination. Notwithstanding the foregoing, if this Agreement terminates pursuant to this Section 13.3.6 and such termination (i) arises as a result of gross negligence on the part of CymaBay; or (ii) is due to (x) the applicable IDMC recommending termination of the applicable Product Clinical Trial or (y) CymaBay and Abingworth mutually agreeing to terminate the applicable Product Clinical Trial, in either case ((x) or (y)), due to a Serious Safety Issue that was material as of the Effective Date and the material data showing, demonstrating, or identifying such Serious Safety Issue were not included in the Data Room, disclosed in writing to Abingworth or otherwise publicly known prior to the Effective Date; then, in either case (i) or (ii), CymaBay will pay Abingworth within [***] of the date of termination an amount equal to the full MoIC of Development Costs paid by Abingworth as of the effective date of such termination. [***].

13.3.7 Termination Because of Adverse Patent Impact. Abingworth may terminate this Agreement if (a) CymaBay is prevented, by final and non-appealable judgment of a court of competent jurisdiction, from further Developing or Commercializing the Product in the U.S. or (b) the future value of the Product is materially adversely affected due to (i) Third Party patents that were not publicly disclosed or known to Abingworth as of the Effective Date that would be infringed by the manufacture, use, sale, offer for sale or import of the Product for the Indication in the U.S. or (ii) the invalidity or unenforceability of any claims of any composition-of-matter Patent within the CymaBay Intellectual Property covering the Product in the Indication in the U.S. (in either case ((a) or (b)), an "Adverse Patent Impact"), upon written notice to CymaBay if CymaBay does not cure such Adverse Patent Impact within a period of three (3) months from the date of Abingworth's notice to CymaBay of an Adverse Patent Impact. In the event that Abingworth terminates this Agreement pursuant to this Section 13.3.7, then if CymaBay elects to continue Development of the Product and achieves the Success Payment Trigger following such termination, then CymaBay will remain obligated to pay to Abingworth any Success Payments that become due and payable pursuant to Article 6 at such time that such payments become due and payable (if ever) pursuant toArticle 6, provided that such Success Payments will be adjusted as set forth in Section 6.2.

13.3.8 Termination for ERC Decision. Abingworth may, in its sole discretion, terminate this Agreement in its entirety at any time CymaBay exercises its decision-making authority under Section 5.2.4 to approve a matter set forth inSection 5.2.2 and, after escalation to the Executive Officers in accordance with Section 5.2.4, Abingworth continues in good faith to disagree with such decision. In the event that Abingworth terminates this Agreement pursuant to this Section 13.3.8, then CymaBay will pay to Abingworth (i) within sixty (60) days of the date of termination, an amount equal to one hundred percent (100%) of the Development Costs paid by

Abingworth as of the effective date of such termination and (ii), if CymaBay elects to continue Development of the Product and achieves the Success Payment Trigger following such termination, then CymaBay will remain obligated to pay to Abingworth any Success Payments that become due and payable pursuant to Article 6 at such time that such payments become due and payable (if ever) pursuant toArticle 6, provided that such Success Payments will be adjusted as set forth in Section 6.2 and reduced by the amount previously paid to Abingworth as set forth in thisSection 13.3.8.

13.4 Termination for Invalidity and Priority of Security Interest. Abingworth may terminate this Agreement if any provision related to the security interest granted or purported to be granted to Abingworth hereunder in any portion of the CymaBay Intellectual Property or in a material portion of the Collateral other than the CymaBay Intellectual Property shall for any reason cease to be valid, binding and enforceable in accordance with its terms (or CymaBay or any of its Affiliates shall challenge the enforceability of any such provision or assert in writing, or engage in any action or inaction based on any such assertion, that any such provision has ceased to be or otherwise is not valid, binding and enforceable in accordance with its terms), or the security interest granted or purported to be granted to Abingworth hereunder in any portion of the CymaBay Intellectual Property or in a material portion of the Collateral other than the CymaBay Intellectual Property shall cease to be a valid and perfected first priority security interest to the extent required by this Agreement (subject to Permitted Liens solely to the extent such Permitted Liens have priority by law or statute and such other limitations on perfection and priority as set forth herein), in each case, other than due to a failure by Abingworth to take action to perfect such security interest or due to the release thereof in accordance with the terms hereof. In the event that Abingworth terminates this Agreement pursuant to this Section 13.4, then CymaBay will pay to Abingworth (i) within sixty (60) days of the date of termination, an amount equal to two hundred percent (200%) the Development Costs paid by Abingworth as of the date of such termination and (ii), if CymaBay elects to continue Development of the Product and achieves the Success Payment Trigger following such termination, then CymaBay will remain obligated to pay to Abingworth any Success Payments that become due and payable pursuant to Article 6 at such time that such payments become due and payable (if ever) pursuant toArticle 6, provided that such Success Payments will be adjusted as set forth in Section 6.2 and reduced by the amount previously paid to Abingworth as set forth in thisSection 13.4.

13.5 Release of Security Interest. Upon the earlier to occur of (i) any termination of this Agreement and payment by CymaBay of all amounts specified as being payable upon such termination in Section 13.3, excluding future Success Payment amounts (other than a termination pursuant to Sections 13.3.2, 13.3.4, 13.3.5, 13.3.7 and 13.3.8 in which case Abingworth's security interest will not be released until the earlier of such time as conditions exist that would have permitted this Agreement to be terminated under Section 13.3.3 or Section 13.3.6 in the absence of such termination under Sections 13.3.2, 13.3.4, 13.3.5, 13.3.7, and 13.3.8, as applicable, or such time as CymaBay has made all Success Payments that become payable pursuant to Sections 13.3.2, 13.3.4, 13.3.5, 13.3.7 or 13.3.8, as applicable), and (ii) the date upon which Abingworth receives Success Payments that, in the aggregate, equal two hundred percent (200%) of the Development Costs paid by Abingworth hereunder, Abingworth will and hereby does release the security interest granted by CymaBay to Abingworth pursuant to Article 7 (and such security interest shall be automatically released). Abingworth agrees to sign such further releases and other documents and take such further actions, at the sole cost and expense of CymaBay, as may be

necessary or desirable, in CymaBay's reasonable judgment and at CymaBay's request, to more fully give effect to such release. If Abingworth does not promptly take such further actions to evidence the release of the security interests, and such failure is not cured within [***] after notice of this failure from CymaBay, then CymaBay, in addition to any other rights or remedies it may seek, shall not be required to make any more Success Payments to Abingworth. Notwithstanding anything to the contrary herein, at any time after termination of this Agreement, CymaBay shall have the right, but not the obligation, to prepay any remaining Success Payments or other payments in an amount sufficient to cause the release of the security interests under this Section 13.5. Notwithstanding anything to the contrary herein, upon any Permitted Disposition, the Liens granted hereunder in the property thereby disposed will be deemed to be automatically released with no further action on the part of any Person.

13.6 Surviving Obligations.

13.6.1 Accrued Rights and Obligations. Expiration or termination of this Agreement for any reason will not release either Party from any obligation or liability which, at the time of such expiration or termination, has already accrued to the other Party or which is attributable to a period prior to such expiration or termination.

13.6.2 Surviving Obligations. The following provisions of this Agreement, together with any other provisions that expressly specify that they survive, will survive expiration or earlier termination of this Agreement: Article 1, Article 8, Article 9, Section 11.1, Section 11.2, Section 12.1, Section 12.2, Section 12.3, Section 13.5, this Section 13.6 and Article 14.

ARTICLE 14

MISCELLANEOUS

14.1 Relationship with Affiliates. Each Party will be responsible for any breach by its Affiliates of its obligations in connection with this Agreement, and each such Party will remain responsible for any responsibilities that it has delegated to an Affiliate as though such Party had performed (or failed to perform) such responsibilities itself.

14.2 Prior Agreements. The Parties hereby agree that the Confidentiality Agreement is hereby terminated and superseded by this Agreement and that all Information related to the Product(s) disclosed under or pursuant to the Confidentiality Agreement will constitute Confidential Information disclosed pursuant to this Agreement and will be subject to the terms of Article 9, with the confidentiality and non-use provisions of Article 9 applying retroactively to such Confidential Information from the date of disclosure.

14.3 Notices. Any notice or other communication required or permitted to be given by either Party under this Agreement will be in writing and will be effective when delivered if delivered by e-mail, hand, reputable courier service, or five (5) days after mailing if mailed by registered or certified mail, postage prepaid and return receipt requested, addressed to the other Party at the following addresses or such other address as may be designated by notice pursuant to this Section 14.3; provided that delivery shall be deemed satisfied if such information is publicly available or otherwise available to Abingworth in its capacity as a member of the ERC:

14.3.1 If to CymaBay:

CymaBay Therapeutics, Inc.
7575 Gateway Blvd, Suite 110
Attn: Chief Executive Officer
Email: [***]

with a copy, which will not constitute notice, to:

CymaBay Therapeutics, Inc.
7575 Gateway Blvd, Suite 110
Attn: General Counsel
Email: [***]

and with a copy, which will not constitute notice, to:

Cooley LLP
101 California Street
5th Floor
San Francisco, CA 94111-5800
Attn: [***]
Email: [***]

14.3.2 If to Abingworth:

ABW Cyclops SPV LP c/o Abingworth LLP
38 Jermyn Street
London SW1Y 6DN
United Kingdom
Attn: General Counsel
Email: [***]
Telephone: [***]

with a copy (other than for information disclosures or related communications), which will not constitute notice, to:

Goodwin Procter LLP
100 Northern Avenue
Boston, MA 02210
Attn: [***]
Email: [***]

14.4 Force Majeure. Neither Party will be liable for any breach or delay in performance of any obligation under this Agreement to the extent caused by any of the following: military action or war (whether or not declared), terrorism, riot, fire, explosion, accident, flood, sabotage, changes in Applicable Laws, actions of Governmental Authorities, pandemics (other than the current COVID-19 pandemic or any government response thereto, which are expressly excluded from the definition of Force Majeure Event), earthquakes, hurricanes, tsunamis, tornadoes, floods, mudslides, or other natural disasters, weather conditions or any other event beyond the reasonable control of such Party (each, a "Force Majeure Event"). The Party invoking this Section 14.4 must provide prompt written notice and full particulars of such event to the other Party and will use diligent and commercially reasonable efforts to mitigate the effects of any such force majeure event on such Party's compliance with and performance under this Agreement.

14.5 Use of Names. Except as required by Applicable Law, neither Party will use the other Party's nor any of its Affiliates' (including the limited partners of Abingworth's or its Affiliates', Representatives, partners, managers, directors, board members, members, officers, funds, employees or agents) names or trademarks in any promotional materials, advertising, marketing, endorsement, promotional or sales literature, publicity, public announcement or disclosure in any document employed to obtain funds or financing without the prior written consent of the other Party except as otherwise expressly permitted in this Agreement. Notwithstanding the foregoing, Abingworth may use the name, logos, and other insignia of CymaBay in any "tombstone" or other advertisements, in its publications, marketing or promotional materials to existing and prospective investors and otherwise on the website or in other marketing materials of Abingworth, as applicable, without CymaBay's prior approval.

14.6 Assignment. The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns. CymaBay may not assign, delegate or otherwise transfer this Agreement or any of its interests, obligations or rights hereunder without the prior written consent of Abingworth, and any such purported assignment, delegation or transfer without such consent will be void ab initio and of no effect, provided that CymaBay may assign this Agreement to an Affiliate or to any Third Party that acquires all or substantially all of CymaBay's business, whether by merger, sale of assets or otherwise, as long as such assignee agrees in a writing to be bound by all the provisions of this Agreement as if such assignee were CymaBay under this Agreement. CymaBay shall give notice to Abingworth of any assignment for which consent was not required by Abingworth promptly after the occurrence thereof, and CymaBay shall remain liable to Abingworth for its obligations to Abingworth hereunder (and Abingworth shall be entitled to seek recovery for any breach or default of an obligation hereunder from CymaBay or from such Affiliate assignee). Abingworth may assign any of its obligations and rights hereunder, in whole or in part, without restriction and without the consent of CymaBay; provided, that, any assignee's entitlement to a Gross-Up Amount pursuant to Section 6.5.2 shall be subject to such assignee's compliance with Section 6.5.3 (replacing "Abingworth" wherever it appears with such assignee and replacing "Effective Date" with the date that such assignee acquires an interest in its assignor's rights hereunder).

14.7 Further Assurances. The Parties will execute such further reasonable documents and perform such further reasonable acts as may be necessary to comply with or more fully effectuate the terms of this Agreement.

14.8 Fees and Expenses. Each Party to this Agreement will bear its own costs and expenses, including attorneys' fees and expenses, in connection with the closing of the transactions contemplated hereby; provided that CymaBay will reimburse Abingworth for up to [***] of legal fees and due diligence expenses incurred in connection with the negotiation this Agreement.

Following a breach or default hereunder by CymaBay, CymaBay shall reimburse Abingworth for its costs and expenses (including legal fees) incurred in collecting the CymaBay Obligations, enforcing the Abingworth Security Interests, or in connection with any bankruptcy or insolvency proceeding commenced by or against CymaBay. Following a breach hereunder by Abingworth, Abingworth shall reimburse CymaBay for its costs and expenses (including legal fees) incurred in pursuing any action based on the breach, or in connection with any bankruptcy or insolvency proceeding commenced by or against Abingworth.

14.9 Governing Law. The construction and validity of this Agreement and the provisions hereof, and the rights and obligations of the Parties hereunder, will be governed by the internal laws of the State of New York, and, to the extent applicable to Patents and Trademarks, the applicable federal laws of the U.S., in each instance without regard to conflict of laws principles.

14.10 Dispute Resolution. The Parties recognize that disputes as to certain matters relating to this Agreement may arise from time to time. It is the objective of the Parties to establish procedures to facilitate the resolution of disputes in an expedient manner by mutual cooperation and without resort to litigation. Accordingly, the Parties agree that any dispute, controversy or claim arising under, out of or in connection with this Agreement, including any subsequent amendments, or the validity, enforceability, construction, performance or breach hereof (and including the applicability of this Section 14.10 to any such dispute, controversy or claim) (each a "Dispute") will be resolved as follows:

14.10.1 Either Party will have the right to refer such Dispute to the Executive Officers for attempted resolution by good faith negotiations for a period of thirty (30) days. Any final decision mutually agreed to by the Executive Officers in writing will be conclusive and binding on the Parties. With respect to any Dispute that remains unresolved after the expiration of thirty (30) days after a Dispute is notified to the Executive Officers, then such Dispute will be submitted to the AAA for final and binding arbitration pursuant to the arbitration clause set forth in Section 14.10.2. Notwithstanding the foregoing, no matters relating to breach or alleged breach of the ownership of intellectual property or rights in intellectual property or the validity or enforceability thereof will be resolved by arbitration, but rather will be determined by a U.S. federal court of appropriate jurisdiction. Notwithstanding anything in this Agreement to the contrary, either Party will be entitled to seek preliminary injunctive relief in any court of competent jurisdiction immediately if necessary to prevent irreparable harm to that Party.

14.10.2 Arbitration Process.

14.10.2.1 Either Party will have the right to initiate arbitration at any time after the expiration of thirty (30) days after a Dispute is notified to the Executive Officers. Any disputes concerning the propriety of the commencement of the arbitration will be finally settled by the arbitral tribunal.

14.10.2.2 Any Dispute including the determination of the scope or applicability of this agreement to arbitrate, will be determined by arbitration in New York in the English language. The arbitration will be administered by the AAA pursuant to its arbitration rules and procedures. References herein to any arbitration rules or procedures mean such rules or procedures as amended from time to time, including any successor rules or procedures, and references herein to the AAA include any successor thereto. The arbitration will be before a tribunal comprised of three (3) arbitrators. Each Party will select one arbitrator and within fifteen (15) days of the second arbitrator's appointment, the two (2) Party appointed arbitrators will select the third, who will serve as the tribunal's chair or president. All three (3) arbitrators will be professionals with substantial experience in development and Commercialization of biopharmaceutical products. An arbitrator will be deemed to meet these qualifications unless a Party objects within fifteen (15) after the arbitrator is appointed. This arbitration provision, and the arbitration itself, will be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 *et. seq*.

14.10.2.3 Consistent with the expedited nature of arbitration, each Party will, upon the written request of the other Party, promptly provide the other with copies of documents on which the producing Party may rely in support of or in opposition to any claim or defense. At the request of a Party, the arbitrators will have the discretion to order examination by deposition of witnesses to the extent the arbitrator deems such additional discovery relevant and appropriate. Depositions will be limited to a maximum of five (5) per Party and will be held within forty-five (45) days after the grant of a request. Additional depositions may be scheduled only with the permission of the arbitrators, and for good cause shown. Each deposition will be limited to a maximum of one (1) day's duration. All objections are reserved for the arbitration hearing except for objections based on privilege and proprietary or confidential information. The Parties will not utilize any other discovery mechanisms, including international processes and U.S. federal statutes, to obtain additional evidence for use in the arbitration. Any Dispute regarding discovery, or the relevance or scope thereof, will be determined by the arbitrators, which determination will be conclusive. All discovery will be completed within sixty (60) days following the appointment of the arbitrators. All costs or fees relating to the retrieval, review and production of electronic discovery will be paid by the Party requesting such discovery.

14.10.2.4 The arbitrators will have no authority to award punitive or other damages not measured by the prevailing Party's actual damages, except as may be required by statute. Each Party expressly waives and foregoes any right to consequential, punitive, special, exemplary or similar damages or lost profits. The arbitrators will have no power or authority to relieve the Parties from their agreement hereunder to arbitrate or otherwise to amend or disregard any provision of this Agreement. The cost of the arbitration, including the fees of the arbitrators and reasonable attorney's fees of the prevailing Party, will be borne by the Party the arbitrator determines has not prevailed in the arbitration.

14.10.2.5 If an arbitral award does not impose an injunction on the losing Party or contain a money damages award in excess of five million dollars USD ($5,000,000), then the arbitral award will be final and binding and will only be subject to such challenges as would otherwise be permissible under the Federal Arbitration Act, 9 U.S.C. § 1 *et. seq*. Judgment on such an award may be entered in any court of competent jurisdiction and the Parties undertake to carry out the award without delay. In the event that an arbitral award imposes an injunction or contains a monetary award in excess of five million dollars USD ($5,000,000), the Parties agree that such award may be appealed pursuant to the AAA's Optional Appellate Arbitration Rules (the "Appellate Rules") and should not be considered to be final and binding until after the time for filing the notice of appeal under the Appellate Rules has expired. Appeals must be initiated within thirty (30) days of receipt of the award, as defined by the Appellate Rules, by filing a Notice of Appeal within any AAA office. Following the appeal process, the decision rendered by the appeal tribunal will be final and binding and judgment on that award may be entered in any court of competent jurisdiction and the Parties undertake to carry out the award without delay.

14.10.2.6 Except as may be required by law, or to protect or pursue a legal right to enforce or challenge an award in legal proceedings, where needed for the preparation or presentation of a claim or defense in this arbitration, or by order of the arbitral tribunal upon application of a Party, neither a Party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both Parties.

14.11 Limitation of Liability. TO THE MAXIMUM EXTENT PERMITTED BY LAW AND NOTWITHSTANDING ANY PROVISION IN THIS AGREEMENT TO THE CONTRARY, NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, SPECIAL, RELIANCE OR PUNITIVE DAMAGES OR LOST OR IMPUTED PROFITS OR ROYALTIES OR COST OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES, WHETHER LIABILITY IS ASSERTED IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT PRODUCTS LIABILITY), INDEMNITY OR CONTRIBUTION, AND IRRESPECTIVE OF WHETHER THAT PARTY OR ANY REPRESENTATIVE OF THAT PARTY HAS BEEN ADVISED OF, OR OTHERWISE MIGHT HAVE ANTICIPATED THE POSSIBILITY OF, ANY SUCH LOSS OR DAMAGE. THE PARTIES AGREE THAT THE LIMITATIONS SPECIFIED IN THIS SECTION 14.11 WILL APPLY EVEN IF ANY LIMITED REMEDY SPECIFIED IN THIS AGREEMENT IS FOUND TO HAVE FAILED OF ITS ESSENTIAL PURPOSE. FOR THE AVOIDANCE OF DOUBT, THIS SECTION 14.11 WILL NOT LIMIT (A) CYMABAY'S OBLIGATION TO PAY ABINGWORTH THE AMOUNTS SET FORTH IN ARTICLE 6 OR SECTION 13.3, OR (B) A PARTY'S LIABILITY RESULTING FROM SUCH PARTY'S (I) GROSS NEGLIGENCE, FRAUD OR WILLFUL MISCONDUCT, (II) BREACH OF ARTICLE 9, OR (III) INDEMNIFICATION OBLIGATION PURSUANT TO SECTION 11.1.

14.12 Cumulative Remedies. Unless expressly set forth in this Agreement, all rights and remedies of the Parties, including all rights to payment, rights of termination, rights to injunctive relief, and other rights provided under this Agreement, will be cumulative and in addition to all other remedies provided for in this Agreement, in law, and in equity.

14.13 Relationship of the Parties; Independent Contractors. Nothing contained herein will be deemed to create a partnership, joint venture, or similar relationship between the Parties, including for tax purposes. Neither Party is the agent, employee, joint venturer, partner, franchisee, or representative of the other Party. Each Party specifically acknowledges that it does not have the authority to, and will not, incur any obligations or responsibilities on behalf of the other Party. Notwithstanding anything to the contrary in this Agreement, each Party (and its officers, directors, agents, employees, and members) will not hold themselves out as employees, agents, representatives, or franchisees of the other Party or enter into any agreements on such Party's behalf.

14.14 No Third Party Beneficiaries. This Agreement and the provisions herein are for the benefit of the Parties only, and are not intended to confer any rights or benefits to any Third Party.

14.15 Rights Reserved. No license or any other right is granted to either Party, by implication or otherwise, except as specifically set forth in this Agreement. All rights not exclusively granted to Abingworth are reserved to CymaBay and its Affiliates. Notwithstanding any other provision of this Agreement to the contrary, and for clarity, no Intellectual Property or other proprietary rights Controlled by CymaBay or its Affiliates will be assigned or licensed to Abingworth in connection with this Agreement.

14.16 Amendments; No Waiver. Unless otherwise specified herein, no amendment, supplement, or modification of this Agreement will be binding on either Party unless it is in writing and signed by both Parties. No delay or failure on the part of a Party in the exercise of any right under this Agreement or available at law or equity will be construed as a waiver of such right, nor will any single or partial exercise thereof preclude any other exercise thereof. All waivers must be in writing and signed by the Party against whom the waiver is to be effective. Any such waiver will constitute a waiver only with respect to the specific matter described in such writing and will in no way impair the rights of the Party granting such waiver in any other respect or at any other time.

14.17 Severability. If any provision (or portion thereof) of this Agreement is determined by a court or arbitration to be unenforceable as drafted by virtue of the scope, duration, extent, or character of any obligation contained herein, it is the Parties' intention that such provision (or portion thereof) will be construed in a manner designed to effectuate the purposes of such provision to the maximum extent enforceable under such Applicable Law. The Parties will enter into whatever amendment to this Agreement as may be necessary to effectuate such purposes.

14.18 Entire Agreement. This Agreement, including all Exhibits hereto and the Transaction Agreements, contains the entire understanding of the Parties and supersedes, revokes, terminates, and cancels any and all other arrangements, understandings, agreements, term sheets, or representations and warranties, whether oral or written, between the Parties relating to the subject matter of this Agreement.

14.19 Counterparts. This Agreement will be executed in two (2) counterparts, one (1) for either Party, which, taken together, will constitute one and the same agreement. This Agreement will not be binding on the Parties or otherwise effective unless and until executed by both Parties.

14.20 Construction. This Agreement has been negotiated by the Parties and their respective counsel. This Agreement will not be construed in favor of or against either Party by reason of the authorship of any provisions hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties, intending to be legally bound hereby, have caused this Agreement to be executed in duplicate by their duly authorized representatives as of the Effective Date.

CYMABAY THERAPEUTICS, INC.

By: /s/ Sujal Shah
Name: Sujal Shah
Title: Chief Executive Officer

Date: July 30, 2021

IN WITNESS WHEREOF, the Parties, intending to be legally bound hereby, have caused this Agreement to be executed in duplicate by their duly authorized representatives as of the Effective Date.

ABW CYCLOPS SPV LP

By: ABW Cyclops SPV LLC, its General Partner

By: /s/ John Heard
Name: John Heard
Title: Authorized Signatory

Date: July 30, 2021

EXHIBIT LIST

Exhibit A	The Product
Exhibit B	Current Approved CROs
Exhibit C	Current Approved Vendors
Exhibit D	Development Plans
Exhibit E	Executive Officers
Exhibit F	Timeline
Exhibit G	Form of Deposit Account Control Agreement
Exhibit H	Statistical Analysis Plan
Exhibit I	Form of Note
Schedule 1.1.111	Permitted Indebtedness
Schedule 1.1.112	Permitted Liens
Schedule 1.1.124	Permitted Investments
Schedule 2.2.1	RESPONSE Protocol
Schedule 7.3.2.2	Encumbrances
Schedule 12.2.9	Product Patents

[***]

Exhibit 31.1

CERTIFICATIONS

I, Sujal Shah, certify that:

1. I have reviewed this Form 10-Q of CymaBay Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date November 10, 2021

/s/ Sujal Shah
Sujal Shah
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Daniel Menold, certify that:

1. I have reviewed this Form 10-Q of CymaBay Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; an

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2021

/s/ Daniel Menold
Daniel Menold
Vice President, Finance
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), each of Sujal Shah, President and Chief Executive Officer, and Daniel Menold, Vice President, Finance of CymaBay Therapeutics, Inc. (the "Company"), hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2021, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In Witness Whereof, the undersigned has set his hand hereto as of November 10, 2021.

/s/ Sujal Shah
Sujal Shah
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Daniel Menold
Daniel Menold
Vice President, Finance
(Principal Financial and Accounting Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of CymaBay Therapeutics, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.