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 December 31, 2024

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: 001-35776

Grace Therapeutics, Inc.

(Exact name of registrant as specified in its charter)

State of Delaware	**98-1359336**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

103 Carnegie Center Suite 300
Princeton, New Jersey 08540
(Address of principal executive offices, including zip code)

609-322-1602
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered

Common Stock, par value $0.0001 per share	GRCE	Nasdaq Stock Market

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

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

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

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

If an emerging growth company, indicate by check mark if the 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 ☒

The number of outstanding shares of common stock of the registrant, par value per share of $0.0001, as of February 12, 2025, was 10,139,861.

GRACE THERAPEUTICS, INC.
(Formerly ACASTI PHARMA INC.)

QUARTERLY REPORT ON FORM 10-Q

For the Quarter Ended December 31, 2024

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report contains information that may be forward-looking statements within the meaning of U.S. federal securities laws and forward-looking statements within the meaning of Canadian securities laws, both of which we refer to in this quarterly report as forward-looking statements. Forward- looking statements can be identified by the use of terms such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “potential”, “continue” or other similar expressions concerning matters that are not statements about historical facts. Forward-looking statements in this quarterly report include, among other things, information, or statements about:

- our ability to build a late-stage pharmaceutical company focused in rare and orphan diseases and, on developing and commercializing products that improve clinical outcomes using our novel drug delivery technologies;
- our ability to apply new proprietary formulations to existing pharmaceutical compounds to achieve enhanced efficacy, faster onset of action, reduced side effects, and more convenient drug delivery that can result in increased patient compliance;
- the potential for our drug candidates to receive orphan drug designation and exclusivity from the U.S. Food and Drug Administration (“FDA”) or regulatory approval under the Section 505(b)(2) regulatory pathway under the Federal Food, Drug and Cosmetic Act (“FDCA”);
- the future prospects of our GTx-104 drug candidate, including but not limited to GTx-104’s potential to be administered to improve the management of hypotension in patients with aneurysmal subarachnoid hemorrhage (“aSAH”); the ability of GTx-104 to achieve a pharmacokinetic (“PK”) and safety profile similar to the oral form of nimodipine; GTx-104’s potential to provide improved bioavailability; GTx-104’s potential to achieve pharmacoeconomic benefit over the oral form of nimodipine; our ability to ultimately file a new drug application (“NDA”) for GTx-104 under Section 505(b)(2) of the FDCA; the acceptance of the NDA by the FDA; and the timing and ability to receive FDA approval for marketing GTx-104;
- our plan to prioritize the development of GTx-104;

- our plan to maximize the value of our de-prioritized drug candidates, GTx-102 and GTx-101, including through potential development, licensing, or sale of those drug candidates;
- the future prospects of our GTx-102 drug candidate, including but not limited to GTx-102's potential to provide clinical benefits to decrease symptoms associated with Ataxia Telangiectasia; GTx-102's potential ease of drug administration; the timing and outcomes of a Phase 3 efficacy and safety study for GTx-102; the timing of an NDA filing for GTx-102 under Section 505(b)(2) of the FDCA; and the timing and ability to receive FDA approval for marketing GTx-102;
- the future prospects of our GTx-101 drug candidate, including but not limited to GTx-101's potential to be administered to postherpetic neuralgia ("PHN") patients to treat the severe nerve pain associated with the disease; assumptions about the biphasic delivery mechanism of GTx-101, including its potential for rapid onset and continuous pain relief for up to eight hours; and the timing and outcomes of single ascending dose/multiple ascending dose and PK bridging studies, and a Phase 2 and Phase 3 efficacy and safety study; the timing of an NDA filing for GTx-101 under Section 505 (b)(2) of the FDCA; and the timing and ability to receive FDA approval for marketing GTx-101;
- the quality of our clinical data, the cost and size of our development programs, expectations and forecasts related to our target markets and the size of our target markets; the cost and size of our commercial infrastructure and manufacturing needs in the United States, European Union, and the rest of the world; and our expected use of a range of third-party contract research organizations ("CROs") and contract manufacturing organizations ("CMOs") at multiple locations;
- expectations and forecasts related to our intellectual property portfolio, including but not limited to the probability of receiving orphan drug exclusivity from the FDA for our leading pipeline drug candidates; our patent portfolio strategy; and outcomes of our patent filings and extent of patent protection;
- our intellectual property position and duration of our patent rights;
- our strategy, future operations, prospects, and the plans of our management with a goal to enhance shareholder value;
- our need for additional financing, and our estimates regarding our operating runway and timing for future financing and capital requirements;
- our expectations regarding our financial performance, including our costs and expenses, liquidity, and capital resources;
- our projected capital requirements to fund our anticipated expenses; and
- our ability to commercialize GTx-104 in the United States or establish strategic partnerships or commercial collaborations or obtain non-dilutive funding.

Although the forward-looking statements in this quarterly report are based upon what we believe are reasonable assumptions, you should not place undue reliance on those forward-looking statements since actual results may vary materially from them.

In addition, the forward-looking statements in this quarterly report are subject to a number of known and unknown risks, uncertainties and other factors, many of which are beyond our control, that could cause our actual results and developments to differ materially from those that are disclosed in or implied by the forward-looking statements, including, among others:

- We are heavily dependent on the success of our lead drug candidate, GTx-104.
- Clinical development is a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results. Failure can occur at any stage of clinical development.
- We are subject to uncertainty relating to healthcare reform measures and reimbursement policies that, if not favorable to our drug candidates, could hinder or prevent our drug candidates' commercial success.
- If we are unable to establish sales and marketing capabilities or enter into agreements with third parties to market and sell our drug products, if approved, we may be unable to generate any revenue.
- If we are unable to differentiate our drug products from branded reference drugs or existing generic therapies for similar treatments, or if the FDA or other applicable regulatory authorities approve products that compete with any of our drug products, our ability to successfully commercialize our drug products would be adversely affected.
- Our success depends in part upon our ability to protect our intellectual property for our drug candidates.
- Intellectual property rights do not necessarily address all potential threats to our competitive advantage.
- We do not have internal manufacturing capabilities, and if we fail to develop and maintain supply relationships with various third-party manufacturers, or if such third parties fail to provide us with sufficient quantities of active pharmaceutical ingredients, excipients, or drug products, or fail to do so at acceptable quality levels or prices or fail to maintain or achieve satisfactory regulatory compliance, we may be unable to develop or commercialize our drug candidates.
- Our manufacturers may encounter difficulties involving, among other things, production yields, regulatory compliance, quality control and quality assurance, as well as shortages of qualified personnel. Approval of our drug candidates could be delayed, limited, or denied if the FDA does not approve and maintain the approval of our contract manufacturer's processes or facilities.
- The design, development, manufacture, supply, and distribution of our drug candidates are highly regulated and technically complex.
- The other risks and uncertainties identified in Item 1A. Risk Factors and Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended March 31, 2024, Quarterly Report on Form 10-Q for the period ended June 30, 2024 and Quarterly Report on Form 10-Q for the period ended September 30, 2024.

All of the forward-looking statements in this quarterly report are qualified by this cautionary statement. There can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the consequences or effects on our business, financial condition, or results of operations that we anticipate. As a result, you should not place undue reliance on these forward-looking statements. Except as required by applicable law, we do not undertake to update or amend any forward-looking statements, whether as a result of new information, future events or otherwise. All forward-looking statements are made as of the date of this quarterly report.

We express all amounts in this quarterly report in thousands of U.S. dollars, except share and per share amounts or otherwise indicated. References to "$" are to U.S. dollars and references to "CAD$" are to Canadian dollars.

Except as otherwise indicated, references in this quarterly report to "Grace," "Grace Therapeutics", "Acasti," "the Company," "we," "us" and "our" refer to Grace Therapeutics, Inc. (formerly known as Acasti Pharma Inc.) and its consolidated subsidiary.

PART I. FINANCIAL INFORMATION

Item 1. Financial Information

Unaudited Condensed Consolidated Financial Statements

GRACE THERAPEUTICS, INC.
(Formerly ACASTI PHARMA INC.)
Condensed Consolidated Balance Sheets
(Unaudited)

(Expressed in thousands except share data)	December 31, 2024 $	March 31, 2024 $
Assets		
Current assets:		
Cash and cash equivalents	11,055	23,005
Receivables	301	722
Prepaid expenses	583	283
Total current assets	11,939	24,010
Equipment, net	19	24
Intangible assets	41,128	41,128
Goodwill	8,138	8,138
Total assets	61,224	73,300
Liabilities and Stockholders' equity		
Current liabilities:		
Trade and other payables	1,971	1,684
Total current liabilities	1,971	1,684
Derivative warrant liabilities	3,781	4,359
Deferred tax liability	3,333	5,514
Total liabilities	9,085	11,557
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Preferred stock, $0.0001 par value per share; 10,000,000 authorized; none issued and outstanding	—	—
Common stock, $0.0001 par value per share; 100,000,000 authorized; 10,139,861 and 9,399,404 shares issued and outstanding as of December 31, 2024 and March 31, 2024, respectively	1	1
Additional paid-in capital	279,499	278,899
Accumulated other comprehensive loss	(6,038)	(6,038)
Accumulated deficit	(221,323)	(211,119)
Total stockholders' equity	52,139	61,743
Total liabilities and stockholders' equity	61,224	73,300

See accompanying notes to unaudited condensed consolidated financial statements.

GRACE THERAPEUTICS, INC.
(Formerly ACASTI PHARMA INC.)
Condensed Consolidated Statements of Loss and Comprehensive Loss
(Unaudited)

	Three months ended		Nine months ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
(Expressed in thousands, except share and per share data)	$	$	$	$
Operating expenses				
Research and development expenses, net of government assistance	(2,194)	(1,443)	(7,877)	(2,998)
General and administrative expenses	(1,510)	(1,600)	(5,619)	(5,106)
Restructuring cost	—	—	—	(1,485)
Loss from operating activities	(3,704)	(3,043)	(13,496)	(9,589)
Foreign exchange (loss) gain	(16)	3	(11)	(2)
Change in fair value of derivative warrant liabilities	(1,178)	125	578	(1,701)
Interest and other income, net	138	316	544	662
Total other income (expenses), net	(1,056)	444	1,111	(1,041)
Loss before income tax benefit	(4,760)	(2,599)	(12,385)	(10,630)
Income tax benefit	605	208	2,181	943
Net loss and total comprehensive loss	(4,155)	(2,391)	(10,204)	(9,687)
Basic and diluted loss per share	(0.36)	(0.21)	(0.89)	(1.09)
Weighted-average number of shares outstanding	11,506,234	11,506,257	11,506,234	8,874,872

See accompanying notes to unaudited condensed consolidated financial statements.

GRACE THERAPEUTICS, INC.
(Formerly ACASTI PHARMA INC)
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)

	Common stock					
(Expressed in thousands except share data)	Number	Amount	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity
		$	$	$	$	$
Balance, March 31, 2024	9,399,404	1	278,899	(6,038)	(211,119)	61,743
Issuance of common stock upon cashless exercise of pre-funded warrants	740,457	—	—	—	—	—
Net loss and total comprehensive loss for the period	—	—	—	—	(2,617)	(2,617)
Stock-based compensation	—	—	238	—	—	238
Balance at June 30, 2024	10,139,861	1	279,137	(6,038)	(213,736)	59,364
Net loss and total comprehensive loss for the period	—	—	—	—	(3,432)	(3,432)
Stock-based compensation	—	—	202	—	—	202
Balance at September 30, 2024	10,139,861	1	279,339	(6,038)	(217,168)	56,134
Net loss and total comprehensive loss for the period	—	—	—	—	(4,155)	(4,155)
Stock-based compensation	—	—	160	—	—	160
Balance at December 31, 2024	10,139,861	1	279,499	(6,038)	(221,323)	52,139

	Common stock					
(Expressed in thousands except share data)	Number	Amount	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity
		$	$	$	$	$
Balance, March 31, 2023	7,435,533	1	272,259	(6,038)	(198,266)	67,955
Net loss and total comprehensive loss for the period	—	—	—	—	(4,023)	(4,023)
Stock-based compensation	—	—	78	—	—	78
Balance at June 30, 2023	7,435,533	1	272,337	(6,038)	(202,289)	64,010
Issuance of common stock and pre-funded warrants through private placement, net of offering costs	1,951,371	—	5,707	—	—	5,707
Issuance of common stock upon the exercise of stock options	12,500	—	21	—	—	21
Net loss and total comprehensive loss for the period	—	—	—	—	(3,273)	(3,273)
Stock-based compensation	—	—	280	—	—	280
Balance at September 30, 2023	9,399,404	1	278,344	(6,038)	(205,562)	66,745
Net loss and total comprehensive loss for the period	—	—	—	—	(2,391)	(2,391)
Stock-based compensation	—	—	326	—	—	326
Balance at December 31, 2023	9,399,404	1	278,670	(6,038)	(207,953)	64,680

See accompanying notes to unaudited condensed consolidated financial statements.

GRACE THERAPEUTICS, INC.
(Formerly ACASTI PHARMA INC.)
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Nine months ended	
	December 31, 2024	December 31, 2023
(Expressed in thousands)	$	$
Cash flows used in operating activities:		
Net loss	(10,204)	(9,687)
Adjustments:		
Depreciation expense	5	10
Gain on sale of equipment	—	(26)
Stock-based compensation	600	684
Change in fair value of derivative warrant liabilities	(578)	1,701
Deferred income tax benefit	(2,181)	(943)
Changes in operating assets and liabilities:		
Receivables	421	(157)
Prepaid expenses	(300)	(213)
Trade and other payables	287	(1,591)
Operating lease right of use asset	—	(23)
Net cash used in operating activities	(11,950)	(10,245)
Cash flows from investing activities:		
Proceeds from sale of equipment	—	110
Maturity of short-term investments	15	—
Purchase of short-term investments	(15)	(6,554)
Net cash used in investing activities	—	(6,444)
Cash flows from financing activities:		
Net proceeds from issuance of common stock and warrants from private placement	—	7,338
Proceeds from issuance of common stock from exercise of stock options	—	21
Net cash provided by financing activities	—	7,359
Net decrease in cash and cash equivalents	(11,950)	(9,330)
Cash and cash equivalents, beginning of period	23,005	27,875
Cash and cash equivalents, end of period	11,055	18,545
Cash and cash equivalents are comprised of:		
Cash	836	2,060
Cash equivalents	10,219	16,485

See accompanying notes to unaudited condensed consolidated financial statements.

GRACE THERAPEUTICS, INC.
(Formerly ACASTI PHARMA, INC.)
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(Expressed in thousands except share and per share data)

1. Nature of operation

General

Grace Therapeutics, Inc. (formerly known as Acasti Pharma Inc.) ("Acasti Delaware" or "the Company"), is a Delaware corporation that, as further described below, previously existed under the laws of the Province of Québec, Canada ("Acasti Québec"), before changing its jurisdiction on October 1, 2024 to the Province of British Columbia, Canada ("Acasti British Columbia"). On October 7, 2024, Acasti British Columbia changed its jurisdiction to the State of Delaware. Effective October 28, 2024, the Company changed its corporate name to Grace Therapeutics, Inc.

Continuance and Domestication

On October 1, 2024, Acasti Québec changed its jurisdiction of incorporation from the Province of Québec in Canada to the Province of British Columbia in Canada pursuant to a "continuance" effected in accordance with Chapter XII of the Business Corporations Act (Québec) (the "Continuance"). Subsequently on October 7, 2024 (the "Effective Date"), Acasti British Columbia changed its jurisdiction of incorporation from the Province of British Columbia in Canada to the State of Delaware in the United States of America pursuant to a "continuance" effected in accordance with Section 308 of the Business Corporations Act (British Columbia) and a "domestication" (the "Domestication") under Section 388 of the General Corporation Law of the State of Delaware. Both the Continuance and the Domestication were approved by the Company's shareholders at the Company's Annual and Special Meeting of Shareholders held on September 30, 2024.

Prior to the Continuance and Domestication, the Company's Class A common shares, without par value per share ("Common Shares"), were listed on The Nasdaq Stock Market LLC ("Nasdaq") under symbol "ACST." Upon the effectiveness of the Continuance, each outstanding Class A common share of Acasti Québec at the time of the Continuance remained issued and outstanding as a common share, without par value per share, of Acasti British Columbia. Upon effectiveness of the Domestication, each outstanding common share of Acasti British Columbia at the time of the Domestication automatically became one outstanding share of common stock, par value $0.0001 per share, of Acasti Delaware ("Common Stock"). The Common Stock continues to be listed for trading on Nasdaq and in connection with its corporate name change to Grace Therapeutics, Inc., commenced trading under the symbol "GRCE" on October 28, 2024.

The Continuance and Domestication has been accounted for as an exchange of equity interest among entities under common control resulting in a change in reporting entity, and has been retroactively reflected in the accompanying unaudited condensed consolidated financial statements and notes thereto. All assets and liabilities of Acasti British Columbia were deemed assumed by the Company at the Effective Date, resulting in the retention of the historical basis of accounting as if they had always been combined for accounting and financial reporting purposes. Any excess resulting from the automatic conversion of each outstanding Common Share of Acasti British Columbia into one outstanding share of Common Stock of Acasti Delaware, is presented as Additional Paid-in Capital in the equity section of the accompanying unaudited condensed consolidated financial statements and notes thereto. All per share amounts for all periods presented in the accompanying unaudited condensed consolidated financial statements and notes thereto have been adjusted retroactively, where applicable, to reflect the effect of the change in par value.

Liquidity and Financial Condition

The Company has incurred operating losses and negative cash flows from operations in each period since its inception. The Company expects to incur significant expenses and continued operating losses for the foreseeable future.

In May 2023, the Company implemented a strategic realignment plan to enhance shareholder value that resulted in the Company engaging a new management team, streamlining its research and development activities, and greatly reducing its workforce. Following the realignment, the Company is a smaller, more focused organization, based in the United States, and concentrated on its development of its lead product candidate GTx-104. Further development of GTx-102 and GTx-101 will occur at such a time when the Company is able to secure additional funding or enters into strategic partnerships for license or sale with third parties.

In September 2023, the Company entered into a securities purchase agreement (the "2023 Purchase Agreement") with certain institutional and accredited investors (the "2023 Private Placement"). Gross proceeds to the Company from the 2023 Private Placement were approximately $7,500, before deducting fees and expenses. The Company issued and sold an aggregate of 1,951,371 Common Shares, pre-funded warrants (the "2023 Pre-funded Warrants") to purchase up to an aggregate of 2,106,853 Common Shares, each at a purchase price of $1.848 per Common Share and accompanying common warrants (the "2023 Common Warrants" and, together with the 2023 Pre-funded Warrants, the "2023 Warrants") to purchase up to an aggregate of 2,536,391 Common Shares. In connection with the Continuance and the Domestication, the Company continues its obligations under the Purchase Agreement and the 2023 Warrants. Refer to Note 6, Stockholders' Equity, for additional information. At effectiveness of the Continuance, each outstanding 2023 Common Warrant exercisable for Common Shares remained exercisable for an equivalent number of common shares of Acasti British Columbia for the equivalent exercise price per share without any action by the holder. At effectiveness of the Domestication, each outstanding warrant exercisable for common shares of Acasti British Columbia remained exercisable for an equivalent number of shares of Common Stock for the equivalent exercise price per share without any action by the holder.

In February 2025, the Company completed a private placement of Company securities with certain institutional and accredited investors. Net proceeds to the Company were approximately $13,800. Refer to Note 11, Subsequent events, for additional information.

The Company plans to use its current cash and the net proceeds from the 2025 Private Placement (as defined below) for clinical trial expenses to further the Phase 3 clinical trial for GTx-104, pre-commercial planning, commercial team buildout, and product launch if GTx-104 is approved, working capital and other general corporate purposes. The Company believes its existing cash and cash equivalents will be sufficient to sustain planned operations through at least 12 months from the issuance date of these unaudited condensed consolidated financial statements.

The Company will require additional capital to fund its daily operating needs beyond that time. The Company does not expect to generate revenue from product sales unless and until it successfully completes drug development and obtains regulatory approval, which is subject to significant uncertainty. To date, the Company has financed its operations primarily through public offerings and private placements of its common equity, warrants and convertible debt and the proceeds from research tax credits. Until such time that the Company can generate significant revenue from drug product sales, if ever, it will require additional financing, which is expected to be sourced from a combination of public or private equity or debt financing or other non-dilutive sources, which may include fees, milestone payments and royalties from collaborations with third parties. Arrangements with collaborators or others may require the Company to relinquish certain rights related to its technologies or drug product candidates. Adequate additional financing may not be available to the Company on acceptable terms, or at all. The Company's inability to raise capital as and when needed could have a negative impact on its financial condition and its ability to pursue its business strategy. The Company plans to raise additional capital in order to maintain adequate liquidity. Negative results from studies or trials, if any, or depressed prices of the Company's stock could impact the Company's ability to raise additional financing. Raising additional equity capital is subject to market conditions that are not within the Company's control. If the Company is unable to raise additional funds, the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.

The Company remains subject to risks similar to other development stage companies in the biopharmaceutical industry, including compliance with government regulations, protection of proprietary technology, dependence on third-party contractors and consultants and potential product liability, among others. Please refer to the risk factors included in Part 1, Item 1A of the Company's Annual Report on Form 10-K for the year ended March 31, 2024, filed with the SEC on June 21, 2024 (the "Annual Report").

2. Summary of significant accounting policies:

Basis of presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X under the Securities Exchange Act of 1934. Any reference in these notes to applicable guidance is meant to refer to the authoritative U.S. GAAP as found in the Accounting Standards Codification ("ASC") and as amended by Accounting Standards Updates ("ASU") of the Financial Accounting Standards Board ("FASB").

The unaudited condensed consolidated financial statements have been prepared on the same basis as the audited annual consolidated financial statements as of and for the year ended March 31, 2024, and, in the opinion of management, reflect all adjustments, consisting of normal recurring adjustments, necessary for the fair presentation of the Company's consolidated financial position as of December 31, 2024, the consolidated results of its operations for the three and the nine months ended December 31, 2024 and 2023, its statements of stockholders' equity for the nine months ended December 31, 2024 and 2023, and its consolidated cash flows for the nine months ended December 31, 2024 and 2023.

These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the accompanying notes for the year ended March 31, 2024 included in the Company's Annual Report. The condensed consolidated balance sheet data as of March 31, 2024 presented for comparative purposes was derived from the Company's audited consolidated financial statements. The results for the three and the nine months ended December 31, 2024 are not necessarily indicative of the operating results to be expected for the full year or for any other subsequent interim period.

The Company's significant accounting policies are disclosed in the audited consolidated financial statements for the year ended March 31, 2024 included in the Annual Report. There have been no changes to the Company's significant accounting policies since the date of the audited consolidated financial statements for the year ended March 31, 2024 included in the Annual Report.

Use of estimates

The preparation of these unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates are based on management's best knowledge of current events and actions that management may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Estimates and assumptions include the measurement of stock-based compensation, derivative warrant liabilities, accruals for research and development contracts and contract organization agreements, and valuation of intangibles and goodwill. Estimates and assumptions are also involved in determining the extent to which research and development expenses qualify for research and development tax credits. The Company recognizes tax credits once it has reasonable assurance that they will be realized.

Reclassifications

The Company reclassified sales and marketing expenses to general and administrative expenses to conform to the current period reporting classifications. This reclassification did not have an impact on previously reported results of operations.

Recent accounting pronouncements

In November 2023, the FASB issued ASU 2023-07, "Improvements to Reportable Segment Disclosures" ("ASU 2023-07"). The ASU includes enhanced disclosure requirements, primarily related to significant segment expenses that are regularly provided to and used by the chief operating decision maker ("CODM"). The amendments are to be applied retrospectively to all prior periods presented in the financial statements. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the effect of adopting this pronouncement on its consolidated financial statements and disclosures, and will reflect the effect on the fiscal year consolidated financial statements ending March 31, 2025. The Company does not expect that the adoption of ASU 2023-07 will have a material impact on its consolidated financial statements and disclosures.

The Company has considered all other recent accounting pronouncements and concluded that they are either not applicable to the Company's business or that the effect is not expected to be material to the unaudited condensed consolidated financial statements as a result of future adoption.

3. Fair Value Measurements

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2024 are as follows:

	Total $	Quoted prices in active markets (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $
Assets				
Treasury bills and term deposits classified as cash equivalents	10,219	10,219	—	—
Guaranteed investment certificate classified as short-term investments	—	—	—	—
Total assets	10,219	10,219	—	—
Liabilities				
Derivative warrant liabilities	3,781	—	—	3,781
Total liabilities	3,781	—	—	3,781

Assets and liabilities measured at fair value on a recurring basis as of March 31, 2024 are as follows:

	Total $	Quoted prices in active markets (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $
Assets				
Guaranteed investment certificates and term deposits classified as cash equivalents	19,725	19,725	—	—
Total assets	19,725	19,725	—	—
Liabilities				
Derivative warrant liabilities	4,359	—	—	4,359
Total liabilities	4,359	—	—	4,359

There were no changes in valuation techniques or transfers between Levels 1, 2 or 3 during the three and the nine months ended December 31, 2024. The Company's derivative warrant liabilities are measured at fair value on a recurring basis using unobservable inputs that are classified as Level 3 inputs. Refer to Note 6, Stockholders' Equity, for the valuation techniques and assumptions used in estimating the fair value of the derivative warrant liabilities.

4. Receivables

	December 31, 2024 $	March 31, 2024 $
Sales tax receivables	281	316
Government assistance	—	356
Interest receivable	—	15
Other receivables	20	35
Total receivables	301	722

Government assistance is comprised of research and development investment tax credits from the Québec provincial government, which relate to quantifiable research and development expenditures under the applicable tax laws. The amounts recorded as receivable are subject to a government tax audit and the final amounts received may differ from those recorded.

5. Trade and other payables

	December 31, 2024 $	March 31, 2024 $
Trade payables	665	1,007
Accrued liabilities and other payables	814	176
Employee salaries and benefits payable	492	501
Total trade and other payables	1,971	1,684

6. Stockholders' Equity

Preferred Stock

The Company is authorized to issue up to 10,000,000 shares of preferred stock, par value $0.0001 per share. No shares of the Company's preferred stock are issued or outstanding.

Common Stock

In connection with the consummation of the Domestication, on October 7, 2024, the Company adopted a Certificate of Incorporation (as amended, the "Charter") and Bylaws (as amended, the "Bylaws"). The rights of holders of the Company's Common Stock are now governed by the Charter, the Bylaws, and the General Corporation Law of the State of Delaware. The Company is authorized to issue up to 100,000,000 shares of Common Stock, par value $0.0001 per share.

2023 Private Placement

In September 2023, the Company entered into the Purchase Agreement with certain institutional and accredited investors in connection with the 2023 Private Placement. Pursuant to the Purchase Agreement, the Company offered and sold 1,951,371 Common Shares, at a purchase price of $1.848 per Common Share and 2023 Pre-funded Warrants to purchase up to 2,106,853 Common Shares at a purchase price equal to the purchase price per Common Share less $0.0001. Each 2023 Pre-funded Warrant is exercisable for one Common Share at an exercise price of $0.0001 per Common Share, is immediately exercisable, and will expire once exercised in full. Pursuant to the Purchase Agreement, the Company also issued, to such institutional and accredited investors, 2023 Common Warrants to purchase Common Shares exercisable for an aggregate of 2,536,391 Common Shares. Under the terms of the Purchase Agreement, for each Common Share and each 2023 Pre-funded Warrant issued in the 2023 Private Placement, an accompanying five-eighths (0.625) of a 2023 Common Warrant was issued to the purchaser thereof. Each whole 2023 Common Warrant is exercisable for one Common Share at an exercise price of $3.003 per Common Share, is immediately exercisable, and will expire on the earlier of (i) the 60^{th} day after the date of the acceptance by the FDA of an NDA for the Company's product candidate GTx-104 or (ii) five years from the date of issuance. The 2023 Private Placement closed on September 25, 2023. The net proceeds to the Company from the 2023 Private Placement were $7,338, after deducting fees and expenses.

The 2023 Private Placement included the issuance of Common Shares, 2023 Pre-funded Warrants, and 2023 Common Warrants to related parties Shore Pharma LLC, an entity that was controlled by Vimal Kavuru, the Chair of the Company's Board of Directors, at the time of the 2023 Private Placement, and SS Pharma LLC, the beneficial owner of 5.5% of Common Shares outstanding prior to the 2023 Private Placement, resulting in proceeds of $2,500. As of December 31, 2024 and March 31, 2024, the balance of derivative warrant liabilities from these related parties was $1,265 and $1,453, respectively.

During the nine months ended December 31, 2024, 740,480 2023 Pre-funded Warrants were exercised into 740,457 Common Shares or Common Stock, as applicable. There were no 2023 Common Warrants exercised during the nine months ended December 31, 2024.

Warrants

As further discussed above, on September 25, 2023, the Company issued 2023 Pre-Funded Warrants and 2023 Common Warrants exercisable for an aggregate of 4,643,244 Common Shares in the 2023 Private Placement pursuant to the terms of the Purchase Agreement entered into with certain institutional and accredited investors.

The 2023 Common Warrants issued as a part of the 2023 Private Placement are derivative warrant liabilities given that the 2023 Common Warrants did not meet the fixed-for-fixed criteria and that the 2023 Common Warrants are not indexed to the Company's own stock.

Proceeds were allocated amongst Common Shares, 2023 Pre-funded Warrants, and 2023 Common Warrants by applying the residual method, with fair value of the 2023 Common Warrants determined using the Black-Scholes model, resulting in initial derivative warrant liabilities of $1,631 and issuance costs of $45 allocated to 2023 Common Warrants. Accordingly, $2,822 and $3,047 of the gross proceeds were allocated to Common Shares and 2023 Pre-funded Warrants, respectively, and $78 and $84 of issuance costs were allocated to Common Shares and 2023 Pre-funded Warrants, respectively.

The derivative warrant liabilities are measured at fair value at each reporting period and the reconciliation of changes in fair value is presented in the following table:

	For the nine months ended December 31, 2024 $	For the nine months ended December 31, 2023 $
Beginning balance	4,359	—
Issued during the year	—	1,631
Change in fair value	(578)	1,701
Ending balance	3,781	3,332

The fair value of derivative warrant liabilities were determined based on the fair value of the 2023 Common Warrants at the issue date and the reporting dates using the Black-Scholes model with the following weighted-average assumptions that take into account the probability that the 2023 Common Warrants will expire on the earlier of (i) the 60th day after the date of the acceptance by the FDA of an NDA for the Company's product candidate GTx-104 or (ii) five years from the date on issuance.

	December 31, 2024	March 31, 2024
Risk-free interest rate	4.20%	4.69%
Stock price	$ 3.85	$ 3.43
Expected warrant life	1.34	2.03
Dividend yield	0%	0%
Expected volatility	64.66%	85.94%

The weighted-average fair values of the 2023 Common Warrants were determined to be $1.50 and $1.72 per 2023 Common Warrant as of December 31, 2024, and March 31, 2024, respectively. The risk-free interest rate at the issue date and on the reporting date of December 31, 2024 was based on the interest rate corresponding to the U.S. Treasury rate issue with a remaining term equal to the expected term of the 2023 Common Warrants. The expected volatility was based on the historical volatility for the Company.

At December 31, 2024, the Company had outstanding 2023 Common Warrants to purchase 2,536,391 shares of Common Stock, with an exercise price of $3.003, all of which were classified as derivative warrant liabilities. At December 31, 2024, the Company had outstanding 2023 Pre-funded Warrants to purchase 1,366,373 shares of Common Stock, with an exercise price of $0.0001, all of which were classified within stockholders' equity.

In connection with the Continuance and the Domestication, the Company continues its obligations under the Purchase Agreement and the 2023 Warrants. At effectiveness of the Continuance, each outstanding 2023 Warrant exercisable for Common Shares remained exercisable for an equivalent number of common shares of Acasti British Columbia for the equivalent exercise price per share without any action by the holder. At effectiveness of the Domestication, each outstanding warrant exercisable for common shares of Acasti British Columbia remained exercisable for an equivalent number of shares of Common Stock for the equivalent exercise price per share without any action by the holder.

7. Stock-based compensation

2024 Equity Incentive Plan

At the Annual and Special Meeting of Shareholders on September 30, 2024, the Company's shareholders approved the Acasti Pharma Inc. 2024 Equity Incentive Plan (the "2024 Plan") which became effective on the date of the Domestication. The 2024 Plan replaced the Acasti Pharma Inc. Stock Option Plan and the Acasti Pharma Inc. Equity Incentive Plan (the "Prior Plans"). The 2024 Plan provides for the grant of awards of stock options, stock appreciation rights, restricted stock, restricted stock units, deferred stock units, unrestricted stock, dividend equivalent rights, performance-based awards and other equity-based awards to eligible persons as defined under the 2024 Plan. Any of these awards may, but need not, be made as performance incentives to reward the holders of such awards for the achievement of performance goals in accordance with the terms of the 2024 Plan. Stock options granted under the 2024 Plan may be non-qualified stock options or incentive stock options, as provided in the 2024 Plan.

In connection with the Continuance and the Domestication, the Company continues its obligations under the Prior Plans and all of the outstanding equity awards under the Prior Plans. Upon effectiveness of the Continuance, each outstanding option exercisable for and restricted share unit settleable into Common Shares remained exercisable for or able to be settled into an equivalent number of common shares of Acasti British Columbia for the equivalent exercise price per share (if applicable), without any action by the holder. Upon effectiveness of the Domestication, each outstanding option exercisable for and restricted share unit settleable into common shares of Acasti British Columbia remained exercisable for or able to be settled into an equivalent number of shares of Common Stock for the equivalent exercise price per share (if applicable), without any action by the holder.

Following the Effective Date of the 2024 Plan, no awards shall be made under the Prior Plans. However, Common Shares reserved under the Prior Plans to settle awards which were made under the Prior Plans may be issued and delivered following the Effective Date to settle such awards.

The 2024 Plan is administered by a committee designated from time to time, by resolution of the Company's Board of Directors. The committee will also be responsible for determining, among others, the key terms of the awards including their grant dates, pricing, basis for fair value determination, vesting terms, restrictions, and terminations. The Board has designated its Compensation Committee to administer the 2024 Plan. There are 1,350,000 shares of Common Stock available for issuance under the 2024 Plan.

The 2024 Plan will terminate automatically ten years after the Effective Date and may be terminated on any earlier date as provided by the 2024 Plan.

The following table summarizes information about activities within the 2024 Plan and Prior Plans for the nine months ended December 31, 2024:

	Number of Options	Weighted-average Exercise Price $	Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding, March 31, 2024	721,793	3.68	9.08	527
Granted	213,130	2.98		
Outstanding, December 31, 2024	934,923	3.52	8.55	865
Exercisable, December 31, 2024	526,065	4.10	8.28	473

The weighted-average grant date fair value of awards for options granted during the nine months ended December 31, 2024 was $2.53. The fair value of options granted was estimated using the Black-Scholes option pricing model, resulting in the following weighted-average assumptions for the options granted:

	Nine months ended December 31, 2024 Weighted-average	Nine months ended December 31, 2023 Weighted-average
Exercise price	$ 2.98	$ 2.50
Share price	$ 2.98	$ 2.50
Dividend	—	—
Risk-free interest	4.42%	3.95%
Estimated life (years)	5.81	5.66
Expected volatility	114.20%	117.80%

Compensation expense recognized under the 2024 Plan is summarized as follows:

	Three months ended		Nine months ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	$	$	$	$
Research and development expenses	50	61	176	145
General and administrative expenses	110	265	424	539
	160	326	600	684

As of December 31, 2024, there was $415 of total unrecognized compensation cost, related to non-vested stock options, which is expected to be recognized over a remaining weighted-average vesting period of 1.23 years.

8. Loss per share

The Company has generated a net loss for all periods presented. Therefore, diluted loss per share is the same as basic loss per share since the inclusion of potentially dilutive securities would have had an anti-dilutive effect. All currently outstanding options and warrants could potentially be dilutive in the future.

The Company excluded the following potential Common Stock, presented based on amounts outstanding at each period end, from the computation of diluted net loss per share attributable to stockholders for the periods indicated because including them would have had an anti-dilutive effect:

	Nine months ended	
	December 31, 2024	December 31, 2023
Options outstanding	934,923	721,793
September 2023 Common Warrants	2,536,391	2,536,391

Basic and diluted net loss per share is calculated based upon the weighted-average number of shares of Common Stock outstanding during the period. Common Stock underlying the 2023 Pre-funded Warrants are included in the calculation of basic and diluted earnings per share.

9. Commitments and contingencies

Research and development contracts and contract research organizations agreements

The Company utilizes CMOs for the development and production of clinical materials and CROs to perform services related to its clinical trials. Pursuant to the agreements with these CMOs and CROs, the Company has either the right to terminate the agreements without penalties or under certain penalty conditions. As of December 31, 2024, the Company has $230 of commitments to CMOs and $1,500 of commitments to CROs for the next twelve months.

Raw krill oil supply contract

On October 25, 2019, the Company signed a supply agreement with Aker BioMarine Antarctic AS. (“AKBM”) to purchase raw krill oil product for a committed volume of commercial starting material for CaPre, one of the Company’s former drug candidates, for a total fixed value of $3,100 based on the value of krill oil at that time. As of March 31, 2022, the remaining balance of commitment amounted to $2,800. During the second calendar quarter of 2022, AKBM informed the Company that AKBM believed it had satisfied the terms of the supply agreement as to their obligation to deliver the remaining balance of raw krill oil product, and that the Company was therefore required to accept the remaining product commitment. The Company disagreed with AKBM’s position and believed that AKBM was not entitled to further payment under the supply agreement. Accordingly, no liability was recorded by the Company. The dispute remained unresolved as of both March 31, 2023 and 2022. On October 18, 2023, the Company entered into an agreement with AKBM to settle any and all potential claims regarding amounts due under the supply agreement (“Settlement Agreement”). Pursuant to the terms of the Settlement Agreement, in exchange for a release and waiver of claims arising out of the supply agreement by AKBM and any of AKBM’s affiliates, the Company and AKBM agreed to the following: (a) AKBM retained ownership of all raw krill oil product, including amounts previously delivered to the Company, (b) AKBM acquired and took ownership of all production equipment related to the production of CaPre, (c) AKBM acquired and took ownership of all data from research, clinical trials and pre-clinical studies with respect to CaPre, and (d) AKBM acquired and took ownership over all rights, title and interest in and to all intellectual property rights, including all patents and trademarks, related to CaPre owned by the Company. Pursuant to the terms of the Settlement Agreement, AKBM acknowledged that the CaPre assets were transferred on an “as is” basis, and in connection therewith the Company disclaimed all representations and warranties in connection with the CaPre assets, including any representations with respect to performance or sufficiency. The value of the raw krill oil previously delivered to the Company, the production equipment, and the intellectual property rights related to CaPre were fully impaired in prior reporting periods and had a carrying value of zero as of March 31, 2023. For the three and the nine months ended December 31, 2024, there were $22 and $215, respectively, in expenses recorded by the Company in relation to shipping cost to transport the Company’s production equipment related to the production of CaPre.

Legal proceedings and disputes

In the ordinary course of business, the Company is at times subject to various legal proceedings and disputes. The Company assesses its liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. Where it is probable that the Company will incur a loss and the amount of the loss can be reasonably estimated, the Company records a liability in its unaudited condensed consolidated financial statements. These legal contingencies may be adjusted to reflect any relevant developments on a quarterly basis. Where a loss is not probable or the amount of loss is not estimable, the Company does not accrue legal contingencies. While the outcome of legal proceedings is inherently uncertain, based on information currently available, management believes that it has established appropriate legal reserves. No reserves or liabilities have been accrued at December 31, 2024.

10. Restructuring costs

On May 8, 2023, the Company communicated its decision to terminate a substantial amount of its workforce as part of a plan that intended to align the Company's organizational and management cost structure to prioritize resources to GTx-104, thereby reducing losses to improve cash flow and extend available cash resources. During the nine months ended December 31, 2023, the Company incurred $1,485 in costs primarily consisting of employee severance costs and legal fees. There were no restructuring costs incurred during the three and the nine months ended December 31, 2024.

11. Subsequent events

2025 Private Placement

On February 10, 2025, the Company agreed to offer and sell in a private placement (the "2025 Private Placement") an aggregate of 3,252,132 shares of Common Stock, at a purchase price of $3.395 per share of Common Stock (the "Shares"), and pre-funded warrants to purchase up to 1,166,160 shares of Common Stock, at a purchase price equal to the purchase price per Share less $0.0001 (the "2025 Pre-Funded Warrants"). Each 2025 Pre-Funded Warrant is exercisable for one share of Common Stock at an exercise price of $0.0001 per share, is exercisable immediately and will expire once exercised in full. For each Share and 2025 Pre-Funded Warrant issued, the Company agreed to issue to each purchaser an accompanying common warrant to purchase shares of Common Stock (or Pre-Funded Warrants in lieu thereof), exercisable for an aggregate of 4,418,292 shares of Common Stock (or Pre-Funded Warrants in lieu thereof) (the "2025 Common Warrants"). Each 2025 Common Warrant is exercisable for one share of Common Stock at an exercise price of $3.395 per share, is immediately exercisable and will expire on the earlier of (i) the 60th day after the date the FDA approves the NDA for GTx-104 and (ii) September 25, 2028.

The 2025 Private Placement closed on February 11, 2025. The net proceeds to the Company were approximately $13,800, after deducting fees and expenses.

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

This management's discussion and analysis ("MD&A") is presented in order to provide the reader with an overview of the financial results and changes to our consolidated balance sheet at December 31, 2024. This MD&A also explains the material variations in our results of operations for the three and the nine months ended December 31, 2024 and 2023 and cash flows for the nine months ended December 31, 2024 and 2023.

Market data, and certain industry data and forecasts included in this MD&A were obtained from internal Company surveys and market research conducted by third parties hired by us, publicly available information, reports of governmental agencies and industry publications, and independent third-party surveys. We have relied upon industry publications as our primary sources for third-party industry data and forecasts. Industry surveys, publications and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of that information are not guaranteed. We have not independently verified any of the data from third-party sources or the underlying economic assumptions they have made. Similarly, internal surveys, industry forecasts and market research, which we believe to be reliable based upon our management's or contracted third parties' knowledge of our industry, have not been independently verified. Our estimates involve risks and uncertainties, including assumptions that may prove not to be accurate, and these estimates and certain industry data are subject to change based on various factors, including those discussed in this quarterly report and in our most recently filed Annual Report on Form 10-K, filed with the Securities and Exchange Commission (the "SEC") on June 21, 2024 (the "Annual Report"), our Quarterly Report on Form 10-Q, filed with the SEC on August 9, 2024, and our Quarterly Report on Form 10-Q, filed with the SEC on November 13, 2024. This MD&A contains forward-looking information. You should review our Special Note Regarding Forward-Looking Statements presented at the beginning of this quarterly report.

This MD&A should be read in conjunction with our unaudited condensed consolidated interim financial statements for the three and the nine months ended December 31, 2024 and 2023 included elsewhere in this quarterly report. Our unaudited condensed consolidated financial statements were prepared in accordance with U.S. GAAP.

All amounts appearing in this MD&A for the period-by-period discussions are in thousands of U.S. dollars, except share and per share amounts or unless otherwise indicated.

Business Overview

We are focused on developing and commercializing products for rare and orphan diseases that have the potential to improve clinical outcomes by using our novel drug delivery technologies. We seek to apply new proprietary formulations to approved and marketed pharmaceutical compounds to achieve enhanced efficacy, faster onset of action, reduced side effects, more convenient drug delivery and increased patient compliance; all of which could result in improved patient outcomes. The active pharmaceutical ingredients used in the drug candidates under development by us may be already approved in a target indication or could be repurposed for use in new indications.

The existing well understood efficacy and safety profiles of these marketed compounds provide the opportunity for us to utilize the Section 505(b)(2) regulatory pathway under the Federal Food, Drug and Cosmetic Act ("FDCA") for the development of our reformulated versions of these drugs, and therefore may provide a potentially shorter path to regulatory approval. Under Section 505(b)(2), if sufficient support of a product's safety and efficacy either through previous U.S. Food and Drug Administration ("FDA") experience or sufficiently within the existing and accepted scientific literature, can be established, it may eliminate the need to conduct some of the pre-clinical studies and clinical trials that new drug candidates might otherwise require.

Our therapeutic pipeline consists of three unique clinical-stage drug candidates supported by an intellectual property portfolio of more than 40 granted and pending patents in various jurisdictions worldwide. These drug candidates aim to improve clinical outcomes in the treatment of rare and orphan diseases by applying proprietary formulation and drug delivery technologies to existing pharmaceutical compounds to achieve improvements over the current standard of care, or to provide treatment for diseases with no currently approved therapies.

We believe that rare disorders represent an attractive area for drug development, and there remains an opportunity for us to utilize already approved drugs that have established safety profiles and clinical experience to potentially address significant unmet medical needs. A key advantage of pursuing therapies for rare disorders is the potential to receive orphan drug designation ("ODD") from the FDA. Our three drug candidates have received ODD status, provided certain conditions are met at new drug application ("NDA") approval. ODD provides for seven years of marketing exclusivity in the United States post-launch, provided certain conditions are met, and the potential for faster regulatory review. ODD status can also result in tax credits of up to 50% of clinical development costs conducted in the United States upon marketing approval and a waiver of the NDA fees, which we estimate can translate into savings of approximately $4.3 million for our lead drug candidate, GTx-104. Developing drugs for rare diseases can often allow for clinical trials that are more manageably scaled and may require a smaller, more targeted commercial infrastructure.

The specific diseases targeted for drug development by us are well understood, although the patient populations suffering from such diseases may remain poorly served by available therapies or, in some cases, approved therapies do not yet exist. We aim to effectively treat debilitating symptoms that result from these underlying diseases.

Our management team possesses significant experience in drug formulation and drug delivery research and development, clinical and pharmaceutical development and manufacturing, regulatory affairs, and business development, as well as being well-versed in late-stage drug development and commercialization. Importantly, our team is comprised of industry professionals with deep expertise and knowledge, including a world-renowned practicing neurosurgeon-scientist and respected authority in aneurysmal subarachnoid hemorrhage ("aSAH"), as well as product development, chemistry, manufacturing and controls (CMC), planning, implementation, management, and execution of global Phase 2 and Phase 3 trials for GTx-104, and drug commercialization.

Our Pipeline

- GTx-104 is a clinical-stage, novel, injectable formulation of nimodipine being developed for intravenous ("IV") infusion in aSAH patients to address significant unmet medical needs. The unique nanoparticle technology of GTx-104 facilitates aqueous formulation of insoluble nimodipine for a standard peripheral IV infusion. GTx-104 provides a convenient IV delivery of nimodipine in the intensive care unit eliminating the need for nasogastric tube administration in unconscious or dysphagic patients. IV delivery of GTx-104 also has the potential to lower food effects, drug-to-drug interactions, and eliminate potential dosing errors. Further, GTx-104 has the potential to better manage hypotension in aSAH patients.

- GTx-102 is an oral-mucosal betamethasone spray for the treatment of Ataxia Telangiectasia ("A-T"), a complex orphan pediatric genetic neurodegenerative disorder usually diagnosed in young children, for which no FDA approved treatment currently exists.

- GTx-101 is a topical bio adhesive film-forming bupivacaine spray for Postherpetic Neuralgia ("PHN"), which can be persistent and often causes debilitating pain following infection by the shingles virus. We believe that GTx-101 could be administered to patients with PHN to treat pain associated with the disease.

In May 2023, we announced the strategic decision to prioritize development of GTx-104 with a goal to advance the product candidate to commercialization, while conserving resources as much as possible to complete development efficiently. We estimate that the deferral of GTx-102 and GTx-101 clinical development could be at least three years given the timeline to complete the development and potential commercial launch of GTx-104. Further development of GTx-102 and GTx-101 will occur at such time as we obtain additional funding or enter into strategic partnerships for license or sale with third parties.

Recent Developments

2025 Private Placement

On February 10, 2025, the Company agreed to offer and sell in a private placement (the "2025 Private Placement") an aggregate of 3,252,132 shares of common stock, par value $0.0001 per share ("Common Stock"), at a purchase price of $3.395 per share of Common Stock (the "Shares"), and pre-funded warrants to purchase up to 1,166,160 shares of Common Stock, at a purchase price equal to the purchase price per Share less $0.0001 (the "2025 Pre-Funded Warrants"). Each 2025 Pre-Funded Warrant is exercisable for one share of Common Stock at an exercise price of $0.0001 per share, is exercisable immediately and will expire once exercised in full. For each Share and 2025 Pre-Funded Warrant issued, the Company agreed to issue to each purchaser an accompanying common warrant to purchase shares of Common Stock (or Pre-Funded Warrants in lieu thereof), exercisable for an aggregate of 4,418,292 shares of Common Stock (or Pre-Funded Warrants in lieu thereof) (the "2025 Common Warrants"). Each 2025 Common Warrant is exercisable for one share of Common Stock at an exercise price of $3.395 per share, is immediately exercisable and will expire on the earlier of (i) the 60th day after the date the FDA approves the NDA for GTx-104 and (ii) September 25, 2028.

The 2025 Private Placement closed on February 11, 2025. The net proceeds to the Company were approximately $13.8 million, after deducting fees and expenses.

GTx-104

On September 25, 2024, we announced the completion of enrollment in our Phrase 3 STRIVE-ON trial for GTx-104. On February 10, 2025, we announced that the STRIVE-ON trial met its primary endpoint and provided evidence of clinical benefit for GTx-104 compared to orally administered nimodipine. We plan to submit an NDA to the FDA in the first half of calendar year 2025.

GTx-102

In our GTx-102 program, we received written responses to our End of Phase 1 meeting where the FDA made recommendations on the path toward an NDA. The FDA provided guidance on the design of a single pivotal efficacy and safety trial, including the neurological assessment scale for the primary endpoint, that could, with appropriate confirmatory evidence, support an NDA.

Continuance and Domestication

On October 1, 2024, we changed our jurisdiction of incorporation from the Province of Québec in Canada to the Province of British Columbia in Canada pursuant to a "continuance" effected in accordance with Chapter XII of the Business Corporations Act (Québec) (the "Continuance"). Subsequently on October 7, 2024, we changed our jurisdiction of incorporation from the Province of British Columbia in Canada to the State of Delaware in the United States of America pursuant to a "continuance" effected in accordance with Section 308 of the Business Corporations Act (British Columbia) and a "domestication" (the "Domestication") under Section 388 of the General Corporation Law of the State of Delaware. Both the Continuance and the Domestication were approved by our shareholders at our Annual and Special Meeting of Shareholders held on September 30, 2024.

Prior to the Continuance and Domestication, our Class A common shares, without par value per share ("Common Shares"), were listed on The Nasdaq Stock Market LLC ("Nasdaq") under symbol "ACST." Upon the effectiveness of the Continuance, each of our Common Shares at the time of the Continuance remained issued and outstanding as a common share, without par value per share, of Acasti British Columbia. Upon effectiveness of the Domestication, each outstanding common share of Acasti British Columbia at the time of the Domestication automatically became one outstanding share of common stock, par value $0.0001 per share, of Acasti Delaware. Our Common Stock continues to be listed for trading on Nasdaq.

Corporate Name Change

Effective October 28, 2024, we changed our corporate name to Grace Therapeutics, Inc. and our Common Stock commenced trading under the trading symbol "GRCE" on Nasdaq.

GTx-104 Overview

About aneurysmal Subarachnoid Hemorrhage (aSAH)

aSAH is bleeding over the surface of the brain in the subarachnoid space between the brain and the skull, which contains blood vessels that supply the brain. A primary cause of such bleeding is the rupture of an aneurysm in the brain. The result is a relatively uncommon type of stroke (aSAH) that accounts for about 5% of all strokes and an estimated 42,500 U.S. hospital treated patients.

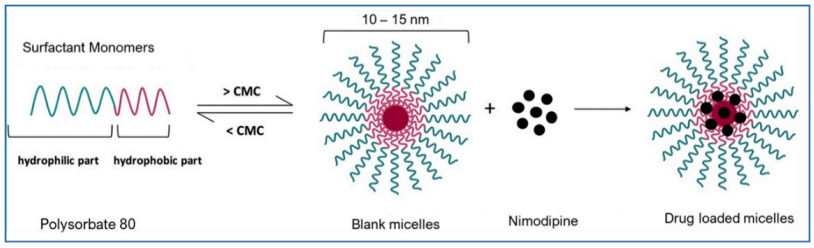
Nimodipine Overview

Nimodipine was granted FDA approval in 1988 and is the only approved drug that has been clinically shown to improve neurological outcomes in aSAH patients. It is only available in the United States as a generic oral capsule and as a branded oral liquid solution called NYMALIZE™, which is manufactured and sold by Arbor Pharmaceuticals (acquired in September 2021 by Azurity Pharmaceuticals). Nimodipine has poor water solubility and high permeability characteristics because of its high lipophilicity. Additionally, orally administered nimodipine has dose-limiting side-effects such as hypotension, poor absorption and low bioavailability resulting from high first-pass metabolism, and a narrow administration window as food effects lower bioavailability significantly. Due to these issues, blood levels of orally administered nimodipine can be highly variable, making it difficult to manage blood pressure in aSAH patients. Nimodipine capsules are also difficult to administer, particularly to unconscious patients or those with impaired ability to swallow. Concomitant use with CYP3A inhibitors is contraindicated (NIMODIPINE Capsule PI).

NIMOTOP™ is an injectable form of nimodipine that is manufactured by Bayer Healthcare. It is approved in the European Union, China and in other regulated markets (but not in the United States). It has limited utility for aSAH patients because of its high organic solvent content, namely 23.7% ethanol and 17% polyethylene glycol 400 (NIMOTOP SmPC).

GTx-104 Overview

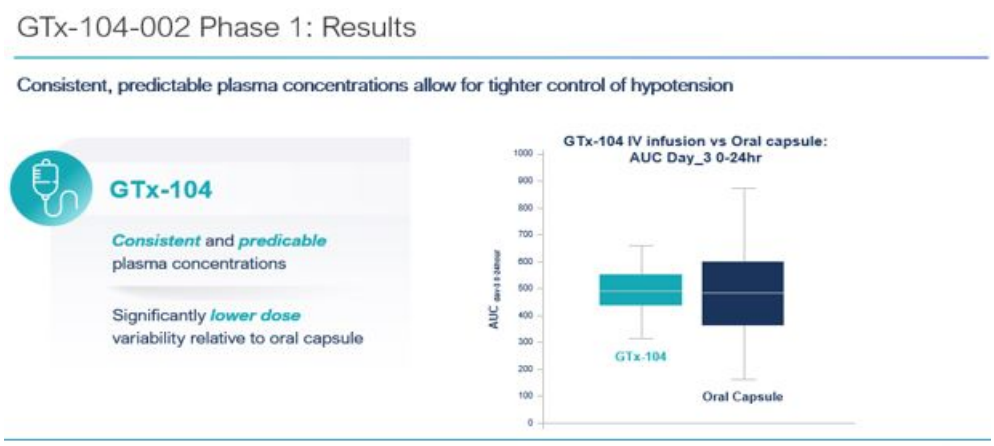
- GTx-104 is a clinical-stage, novel, injectable of nimodipine for IV infusion in aSAH patients. It uses surfactant micelles as the drug carrier to solubilize nimodipine. This unique nimodipine aqueous formulation is composed of a nimodipine base, an effective amount of polysorbate 80, a non-ionic hydrophilic surfactant, and a pharmaceutically acceptable carrier for injection. GTx-104 is supplied as an aqueous concentrate that upon dilution with saline, dextrose, or lactated ringer, is a ready-to-use infusion solution, which is stable and clear.



Key potential benefits of GTx-104 include:

- Novel nanoparticle technology facilitates aqueous formulation of insoluble nimodipine for a safe, standard peripheral IV infusion
- Better control of blood pressure and improved management of hypotension
- 100% bioavailability
- Reduced food effects that impact the absorption of the oral form of nimodipine
- Lower inter and intra-subject variability as compared to oral nimodipine

GTx-104 could provide a more convenient mode of administration as compared to generic nimodipine capsules or NYMALIZE™. GTx-104 is administered as an IV infusion compared to oral administration via a nasogastric tube in unconscious patients every four hours for both nimodipine capsules and NYMALIZE™. Therefore, GTx-104 could make a major contribution to patient care by potentially reducing the dosing associated nursing burden. More convenient, continuous, and consistent dosing may also reduce the risk of medication errors. In addition, as depicted in the charts below, the GTx-140-002 pharmacokinetic ("PK") study conducted by us has shown that GTx-104 has the potential to provide improved bioavailability and show reduced inter- and intra-subject variability compared to oral nimodipine, which is hypothesized to limit the risk of hypotension and to better achieve desired therapeutic concentration. Following the capsule administration, the variability was observed higher as compared to IV infusion administration (nimodipine exposure variability at steady state observed 37.5% following oral capsule administration versus 15.5%, following GTx-104 IV infusion). Because of its IV formulation, we also expect GTx-104 to reduce certain drug-drug interactions and food effects.



Despite the positive impact it has on recovery, physicians often must discontinue their patients from oral nimodipine, primarily due to hypotensive episodes that cannot be controlled by titrating the oral form of the drug. Such discontinuation could potentially be avoided by administering GTx-104, which because of its IV administration, may reduce the complexity associated with the need for careful attention to the timing of nimodipine administration at least one hour before or two hours after a meal. Also, unconscious patients will likely receive more consistent concentrations of nimodipine when delivered via the IV route as compared to oral gavage or a nasogastric tube. More consistent dosing is expected to result in better, more consistent management of hypotension. As summarized in the table below, we also anticipate that reduced use of hospital resources is possible by more effectively managing blood pressure with GTx-104, which could result in shorter length of stay and better outcomes.

GTx-104 Market Opportunity

Approximately 42,500 patients in the United States are affected by aSAH per year, based on market research, but claims analysis suggests incidence may be as high as approximately 70,000. Outside of the United States, annual cases of aSAH are estimated at approximately 60,000 in the European Union, and approximately 150,000 in China.

In contrast to more common types of ischemic stroke in elderly individuals, aSAH often occurs at a relatively young age, with approximately half the affected patients younger than 60 years old. Approximately 10% to 15% of aSAH patients die before reaching the hospital, and those who survive the initial hours post hemorrhage are admitted or transferred to tertiary care centers with high risk of complications, including rebleeding and delayed cerebral ischemia ("DCI"). Systemic manifestations affecting cardiovascular, pulmonary, and renal function are common and often complicate management of DCI.

We estimate that the total addressable market for aSAH is approximately $300 million in the U.S. There are an estimated 150,000 aSAH patients each year in China and approximately 60,000 patients in the European Union. The unmet needs in the treatment of aSAH and the potential of GTx-104 to address the limitations of the current standard of care were the subject of a Key Opinion Leader ("KOL") event we hosted in November 2024. In an independent market research survey we conducted of hospital administrators, critical and neuro intensive care physicians at institutions with Comprehensive or Advanced Stroke Center certification who are involved in purchasing decisions for their institutions/units, respondents reported 80% likelihood of adopting an IV formulation of nimodipine (GTx-104), assuming 100% bioavailability, better safety, no food effects, effective hypotension management, potential hospital value and patient value.

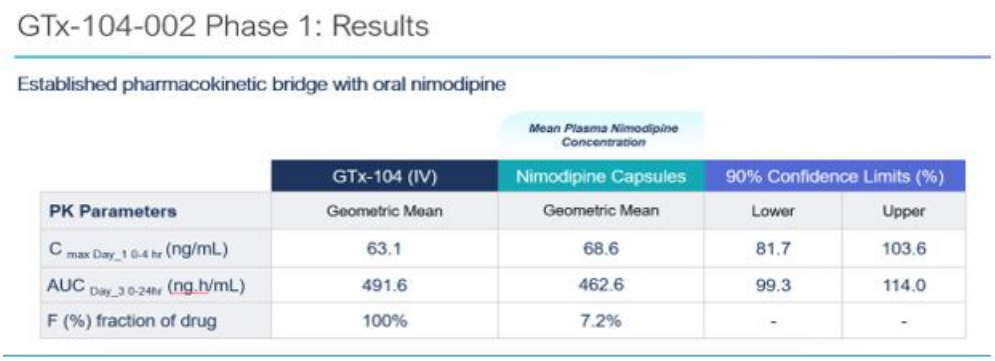
GTx-104 Phase 1 PK Trial

In September 2021, we initiated our pivotal PK bridging trial to evaluate the relative bioavailability of GTx-104 compared to currently marketed oral nimodipine capsules in approximately 50 healthy subjects. The PK trial was the next required step in our proposed 505(b)(2) regulatory pathway for GTx-104.

Final results from this pivotal PK trial were reported in May 2022, and showed that the bioavailability of GTx-104 compared favorably with the oral formulation of nimodipine in all subjects, and no serious adverse events were observed for GTx-104.

All endpoints indicated that statistically there was no difference in exposures between GTx-104 and oral nimodipine over the defined time periods for both maximum exposure and total exposure. Plasma concentrations obtained following IV administration showed significantly less variability between subjects as compared to oral administration of capsules, since IV administration is not as sensitive to some of the physiological processes that affect oral administration, such as taking the drug with and without meals, variable gastrointestinal transit time, variable drug uptake from the gastrointestinal tract into the systemic circulation, and variable hepatic blood flow and hepatic first pass metabolism. Previous studies have shown these processes significantly affect the oral bioavailability of nimodipine, and therefore cause oral administration to be prone to larger inter- and intra-subject variability.

The bioavailability of oral nimodipine capsules observed was only approximately 7% compared to 100% for GTx-104. Consequently, about one-twelfth the amount of nimodipine is delivered with GTx-104 to achieve comparable pharmacokinetics as with the oral capsules. This data is presented in the chart below.



No serious adverse events and no adverse events leading to withdrawal were reported during the trial.

GTx-104 has been administered in over 150 healthy volunteers and was well tolerated with significantly lower inter- and intra-subject PK variability compared to oral nimodipine.

GTx-104 Pivotal Phase 3 STRIVE-ON Randomized Safety Trial

In April 2023, we received a Type C written meeting response and clarifying feedback from the FDA on our proposed pivotal Phase 3 safety trial for GTx-104. The FDA provided additional comments on our development plan that, pending submission of the final clinical protocol and FDA approval, would allow us to proceed with a pivotal Phase 3 safety clinical trial in aSAH patients. On July 5, 2023, we announced the alignment with the FDA on our GTx-104 pivotal Phase 3 safety clinical trial protocol.

The FDA concurred with the suitability of the 505(b)(2) regulatory pathway with the selected Reference Listed Drug NIMOTOP oral capsules ("NDA 018869"), and that our GTx-104-002 PK trial may have met the criteria for a scientific bridge.

The STRIVE-ON trial was a prospective, randomized open-label trial of GTx-104 compared with oral nimodipine in patients hospitalized with aSAH. 50 patients were administered GTx-104 and 52 patients received oral nimodipine. The primary endpoint was the number of patients with at least one episode of clinically significant hypotension reasonably considered to be caused by the drug, and additional endpoints included safety, clinical, and pharmacoeconomic outcomes. Each patient was evaluated for up to 90 days inclusive of the 21-day treatment period. There was a higher proportion of the most severe cases of aSAH (Hunt & Hess Grade V) with the worst prognosis in the GTx-104 arm (8%) compared to the oral nimodipine arm (2%).

The trial met its primary endpoint, with patients receiving GTx-104 observed to have a 19% reduction in at least one incidence of clinically significant hypotension compared to oral nimodipine (28% versus 35%). Other measures also favored or were comparable to GTx-104, including:

- 54% of patients who received GTx-104 had a relative dose intensity (RDI) of 95% or higher of the prescribed dose compared to only 8% on oral nimodipine.
- 29% relative increase in the number of patients receiving GTx-104 compared to oral nimodipine with favorable outcomes at 90 days follow up on the modified Rankin scale. Quality of life as measured by EQ-5D-3L also favored patients receiving GTx-104 versus oral nimodipine.
- Fewer intensive care unit (ICU) readmissions, ICU days, and ventilator days for patients receiving GTx-104 versus oral nimodipine.
- Adverse events were comparable between the two arms and no new safety issues were identified with patients receiving GTx-104. All deaths in both arms of the trial were due to severity of the patient's underlying disease. There were eight deaths on the GTx-104 arm compared to four deaths on the oral nimodipine arm. The survival status of one patient on the oral nimodipine arm was unknown. No deaths were determined to be related to GTx-104 or oral nimodipine.

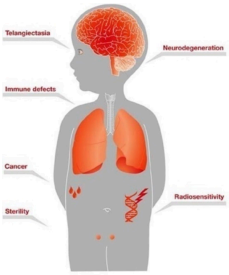
We believe these data validate the GTx-104 value proposition and we plan to submit an NDA to the FDA in the first half of calendar year 2025. If approved, GTx-104 has the potential to address significant challenges with oral nimodipine administration and may transform the standard of care for patients with aSAH.

GTx-102 Overview

GTx-102 is a novel, concentrated oral-mucosal spray of betamethasone intended to improve neurological symptoms of A-T for which there are currently no FDA-approved therapies. GTx-102 is a stable, concentrated oral spray formulation comprised of the gluco-corticosteroid betamethasone that, together with other excipients, can be sprayed conveniently over the tongue of the A-T patient and is rapidly absorbed.

About Ataxia Telangiectasia

A-T is a rare genetic progressive autosomal recessive neurodegenerative disorder that affects children, with the hallmark symptoms of cerebellar ataxia and other motor dysfunction, and dilated blood vessels (telangiectasia) that occur in the sclera of the eyes. A-T is caused by mutations in the ataxia telangiectasia gene, which is responsible for modulating cellular response to stress, including breaks in the double strands of DNA.



Children with A-T begin to experience balance and coordination problems when they begin to walk (toddler age), and ultimately become wheelchair-bound in their second decade of life. In pre-adolescence (between ages 5 and 8), patients experience oculomotor apraxia, dysarthria, and dysphagia. They also often develop compromised immune systems and are at increased risk of developing respiratory tract infections and cancer (typically lymphomas and leukemia).

A-T is diagnosed through a combination of clinical assessment (especially neurologic and oculomotor deficits), laboratory analysis, and genetic testing. There is no known treatment to slow disease progression, and treatments that are used are strictly aimed at controlling the symptoms (e.g., physical, occupational or speech therapy for neurologic issues), or conditions secondary to the disease (e.g., antibiotics for lung infections, chemotherapy for cancer, etc.). There are no FDA-approved therapeutic options currently available. Patients typically die by age 25 from complications of lung disease or cancer. According to a third-party report we commissioned, A-T affects approximately 4,300 patients per year in the United States and has a potential total addressable market of $150 million, based on the number of treatable patients in the United States.

GTx-102 - Research & Development and Clinical Trials to Date

We have licensed the data from the multicenter, double-blinded, randomized, placebo-controlled crossover trial from Azienda Ospedaliera Universitaria Senese, Siena, Italy, where Dr. Zannolli et. al. studied the effect of oral liquid solution of betamethasone to reduce ataxia symptoms in patients with A-T. This oral liquid solution is not marketed in the United States, and therefore is not available for clinical use. Currently, betamethasone is only available in the United States as an injectable or as a topical cream. This license gives us the right to reference the trial's data in our NDA filing. On November 12, 2015, we submitted the data from the Zannolli trial to the FDA's Division of Neurology at a pre-Investigational New Drug ("IND") meeting and received guidance from the agency on the regulatory requirements to seek approval.

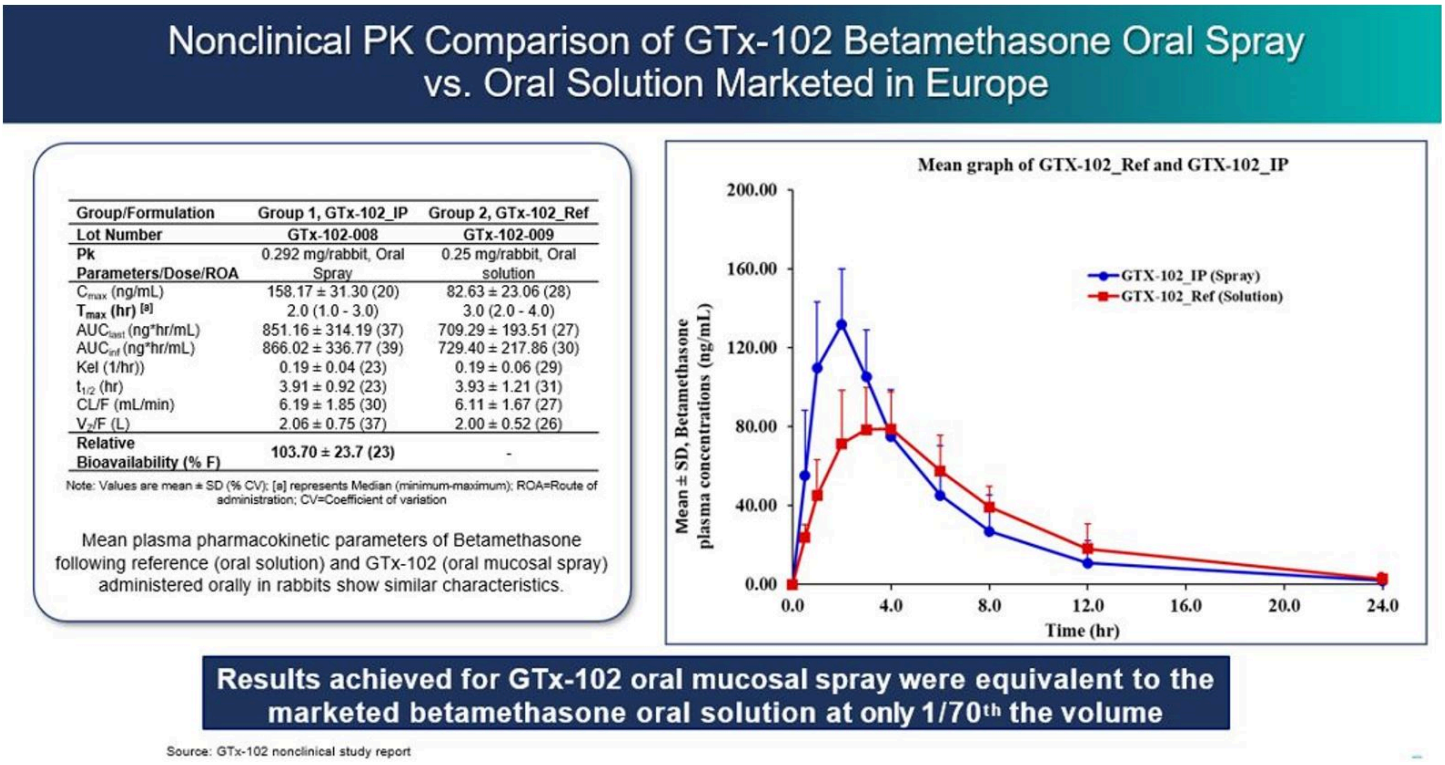
In a multicenter, double-blind, randomized, placebo-controlled crossover trial conducted in Italy, Dr. Zannolli et al. studied the effect of an oral liquid solution of betamethasone on the reduction of ataxia symptoms in 13 children (between ages 2 to 8 years) with A-T. The primary outcome measure was the reduction in ataxia symptoms as assessed by the International Cooperative Ataxia Rating Scale ("ICARS").

In the trial, oral liquid betamethasone reduced the ICARS total score by a median of 13 points in the intent-to-treat population and 16 points in the per-protocol population (the median percent decreases of ataxia symptoms of 28% and 31%, respectively). Adverse events in the trial were minimal, with no compulsory withdrawals and only minor side effects that did not require medical intervention. Clinical trial results in A-T patients administered oral betamethasone indicated that betamethasone significantly reduced ICARS total score relative to placebo ($P = 0.01$). The median ICARS change score (change in score with betamethasone minus change in score with placebo) was -13 points (95% confidence interval for the difference in medians was -19 to -5.5 points).

Based on the Zannolli data, we believe that our GTx-102 concentrated oral spray has the potential to provide clinical benefits in decreasing A-T symptoms, including assessments of posture and gait disturbance and kinetic, speech and oculomotor functions. In addition, GTx-102 may ease drug administration for patients experiencing A-T given its application of 1-3x/day of 140µL of concentrated betamethasone liquid sprayed onto the tongue using a more convenient metered dose delivery system, as these A-T patients typically have difficulty swallowing.

GTx-102 PK Data to Date

GTx-102 administered as a concentrated oral spray achieves similar blood levels at only 1/70th the volume of an oral solution of betamethasone. This more convenient mode of administration will be important for A-T patients who have difficulties swallowing large volumes of liquids.



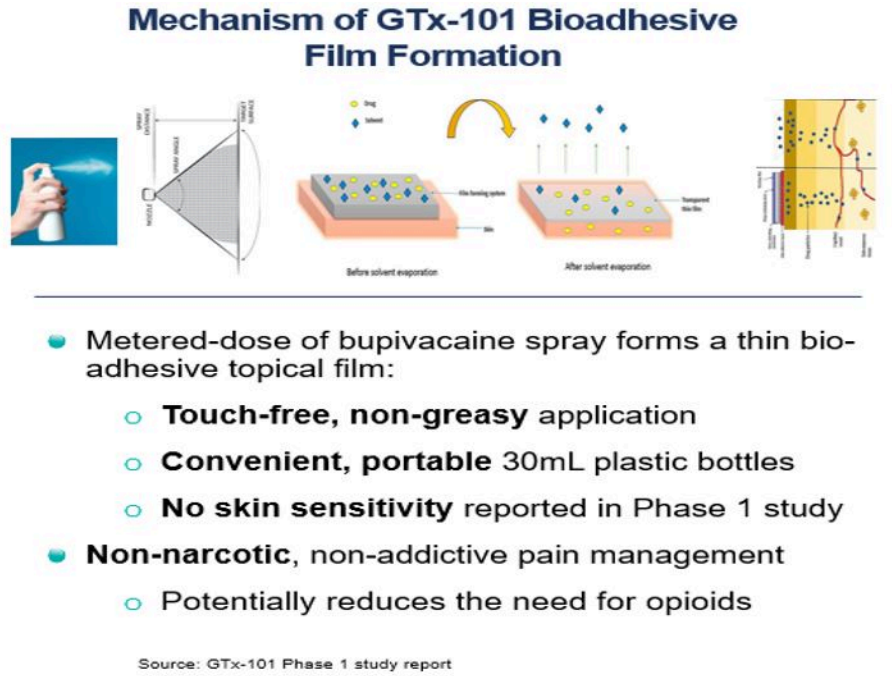
We initiated a PK bridging trial of GTx-102 as compared to the oral liquid solution of betamethasone used in the Zannolli trial and against the injectable form of betamethasone that is approved in the U.S. in the third calendar quarter of 2022. The primary objectives of the PK bridging trial were to evaluate the bioavailability, pharmacokinetics, and safety of GTx-102. In December 2022, we reported that the topline results of this trial met all primary outcome measures.

Results showed that GTx-102 betamethasone blood concentrations were highly predictable and consistent based on AUC (the area under the concentration time curve up to 72 hours post-dose, extrapolated to infinity) and Cmax (the maximum concentration occurring between 0 hour to 72 hours after trial drug administration), indicating good linearity and dose-proportionality. GTx-102 betamethasone blood concentrations were within the same range of exposure as IM betamethasone, based on AUC. This IM formulation will serve as a bridge for GTx-102 in the context of the proposed 505(b)(2) regulatory pathway. GTx-102 betamethasone blood concentrations were also within the same range of exposure as Oral Solution ("OS"), based on AUC. This OS formulation was used by Zannolli and may serve as a clinical comparator for further clinical development. Furthermore, statistically there was no significant difference ($p>0.05$) between GTx-102 administered at a fast rate (each spray immediately following the preceding one) versus a slow rate (1 spray/minute), as indicated by Cmax and AUC. We believe this result is important because being able to use the fast or the slow rate of administration may provide greater flexibility for patients and caregivers. The Cmax of GTx-102 was within the same range of exposure as the OS, but the Cmax for the IM formulation was lower than both GTx-102 and the OS, as well as what has been reported previously for the IM in industry publications. It is important to note that achieving bioequivalence with the IM was not an objective of this trial, nor was it expected. Finally, of the 48 healthy adult subjects, no serious adverse events were reported, and the most frequent drug-related adverse effect was mild headache (4 cases).

The further clinical development of GTx-102 has been deprioritized in favor of our focus on development of GTx-104. However, we received FDA's written responses to our GTx-102 End of Phase 1 meeting request where FDA made recommendations on the path toward an NDA. They provided guidance on the design of a single pivotal efficacy and safety trial, including the neurological assessment scale for the primary endpoint, that could, with appropriate confirmatory evidence, support an NDA. We plan to collaborate with our scientific advisory board and FDA (via Type C meeting) on the design of a potential pivotal efficacy and safety trial and will determine the next steps after that time. Further clinical development work will be contingent on additional funding for GTx-102 or the signing of a strategic partnership. It is also possible that we may license or sell our GTx-102 drug candidate.

GTx-101 Overview

GTx-101 is a non-narcotic, topical bio-adhesive film-forming bupivacaine spray designed to ease the symptoms of patients suffering with postherpetic neuralgia ("PHN"). GTx-101 is administered via a metered-dose of bupivacaine spray and forms a thin bio-adhesive topical film on the surface of the patient's skin, which enables a touch-free, non-greasy application. It also comes in convenient, portable 30 ml plastic bottles. Unlike oral gabapentin and lidocaine patches which are used for the treatment of PHN, we believe that the biphasic delivery mechanism of GTx-101 has the potential for rapid onset of action and continuous pain relief for up to eight hours. No skin sensitivity was reported in a Phase 1 trial.



About Postherpetic Neuralgia (PHN)

PHN is neuropathic pain due to damage caused by the varicella zoster virus ("VZV"). Infection with VZV causes two distinct clinical conditions. Primary VZV infection causes varicella (i.e., chickenpox), a contagious rash illness that typically occurs among young children. Secondary VZV can reactivate clinically, decades after initial infection, to cause herpes zoster ("HZ"), otherwise known as shingles. Acute HZ arises when dormant virus particles, persisting within an affected sensory ganglion from the earlier, primary infection with VZV become reactivated when cellular immunity to varicella decreases. Viral particles replicate and may spread to the dorsal root, into the dorsal horn of the spinal cord, and through peripheral sensory nerve fibers down to the level of the skin. Viral particles also may circulate in the blood. This reactivation is accompanied by inflammation of the skin, immune response, hemorrhage, and destruction of peripheral and central neurons and their fibers. Following such neural degeneration, distinct types of pathophysiological mechanisms involving both the central and peripheral nervous systems may give rise to the severe nerve pain associated with PHN.

While the rash associated with HZ typically heals within two to four weeks, the pain may persist for months or even years, and this PHN manifestation is the most common and debilitating complication of HZ. There is currently no consensus definition for PHN, but it has been suggested by the Centers for Disease Control and Prevention that PHN is best defined as pain lasting at least three months after resolution of the rash.

PHN is associated with significant loss of function and reduced quality of life, particularly in the elderly. It has a detrimental effect on all aspects of a patient's quality of life. The nature of PHN pain varies from mild to severe, constant, intermittent, or triggered by trivial stimuli. Approximately half of patients with PHN describe their pain as "horrible" or "excruciating," ranging in duration from a few minutes to constant on a daily or almost daily basis. The pain can disrupt sleep, mood, work, and activities of daily living, adversely impacting the quality of life and leading to social withdrawal and depression. PHN is the foremost cause of intractable, debilitating pain in the elderly, and has been cited as the leading cause of suicide in chronic pain patients over the age of 70.

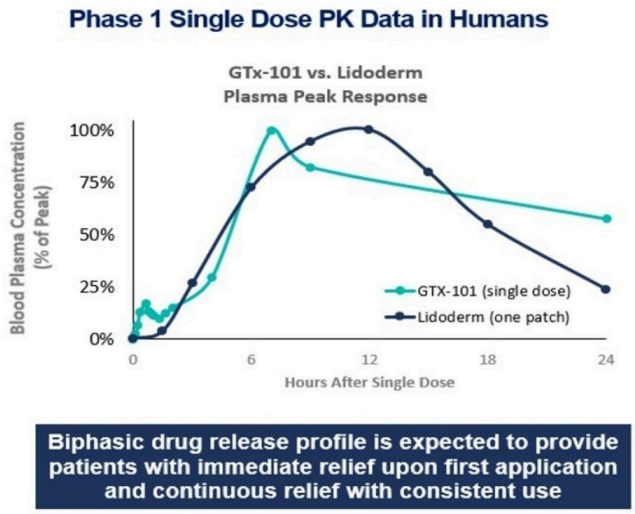
Current treatment of PHN most often consists of oral gabapentin (first line) and prescription lidocaine patches or antidepressants (second line), and refractory cases may be prescribed opioids to address persistent pain. Gabapentin and opioid abuse have continued to proliferate, and lidocaine patches are suboptimal for many reasons. An independent third-party market research firm we commissioned interviewed more than 250 physicians who regularly treat PHN patients and found that approximately 40% of patients using lidocaine patches experience insufficient pain relief. Lidocaine patches are difficult to use, fall off, and look unsightly with possible skin sensitivity and irritation. Additionally, lidocaine patches can only be used for 12 hours and then need to be removed for 12 hours before being reapplied. Prescription lidocaine patches are only approved for PHN, and the market is currently made up of both branded and generic offerings. It is estimated that PHN affects approximately 120,000 patients per year in the United States. According to a third-party report, the total addressable market for GTx-101 could be as large as $2.5 billion, consisting of approximately $200 million for PHN pain and $2.3 billion for non-PHN pain indications.

GTx-101 Research & Development History and Clinical Trials Completed to Date

To date, we have conducted four Phase I trials in healthy volunteers to assess the PK, safety, and tolerability of GTx-101 and to determine the plasma levels of bupivacaine HCl administered as a single dose in various concentrations between 30 mg (three sprays) and 2100 mg (twenty sprays).

These trials confirmed that bupivacaine delivered as a topical spray (GTx-101) is well absorbed through the skin, as demonstrated in the graph below, while very little is absorbed systemically.

In all four trials, the administration of GTx-101 to healthy volunteers was safe and well tolerated. In addition, no evidence of skin irritation was observed at the application site following the spray administrations. The data below is from two separate trials of GTx-101 and the Lidoderm patch superimposed on each other.



GTx-101 activities:

The data from the single dose Phase 1 clinical trial for GTx-101 was submitted to the FDA's Division of Anesthesiology and feedback was received at a pre-IND meeting that informed the design of pre-clinical toxicology studies and a clinical and regulatory pathway to approval under section 505(b)(2). We completed a minipig skin sensitivity study in the second calendar quarter of 2022, and we initiated a single dose PK trial in healthy human volunteers in July 2022. Topline results from this single dose PK trial were reported in December 2022, and the results met all primary outcome measures.

The median Tmax (the time of maximum concentration between 0 hour and 240 hours after study drug administration) of bupivacaine in plasma following GTx-101 single-dose topical applications ranged between 18 to 24 hours depending on dose, while the median Tmax following the subcutaneous injection of 10 mg of bupivacaine was only 23 minutes. This result suggests that bupivacaine delivered by GTx-101 remains in the skin for a long period of time, potentially inducing prolonged analgesic effects in the sprayed area. The exposure to bupivacaine based on Cmax (the maximum concentration occurring at Tmax between 0 hour and 240 hours after study drug administration) and AUC (the area under the concentration time curve, extrapolated to infinity) following GTx-101 topical application as a single-dose increased with increasing dose.

The systemic exposure to bupivacaine following a 200mg dose of GTx-101 was approximately 29-fold less than a single subcutaneous dose of 10mg of bupivacaine based on Cmax and approximately 6-fold less than a single subcutaneous dose of 10mg of bupivacaine based on AUC. We predict these lower blood levels will correspond to an increased safety margin for GTx-101 with regards to toxicity risk. Mean half-life ("T half") following GTx-101 single-dose topical applications ranged between 24 to 37 hours depending on dose, suggesting a slow elimination and potentially long duration of effect, while mean Tmax following the subcutaneous injection of 10 mg of bupivacaine was only 8 hours.

There were only two adverse events judged as related to the study drug by the investigator for each of GTx-101 and the bupivacaine subcutaneous injection. Following GTx-101 topical application: headache (1 event = 3%) and numbness (1 event = 3%) at the sprayed area following bupivacaine subcutaneous injection: dizziness (1 event = 8%) and nausea (1 event = 8%).

The further development of GTx-101 has been deprioritized in favor of our focus on development of GTx-104. Pending additional funding for GTx-101 or the signing of a strategic partnership, we plan to follow this successful PK trial with the next step of the clinical development plan including a multiple ascending dose trial. Results from these non-clinical studies and clinical trials are required before the initiation of our Phase 2 program in PHN patients. It is also possible that we may license or sell our GTx-101 drug candidate.

Overall Commercialization Strategy

We have worldwide commercialization rights for all our pipeline drug candidates and plan to maximize the value of each of our drug candidates over time. Currently, we have prioritized the development of GTx-104 over that of GTx-102 and GTx-101. If we receive regulatory approval for GTx-104 in the U.S., we plan to commercialize GTx-104 with a highly experienced and targeted hospital-based sales force. We may further seek commercial partnerships to fully exploit the market potential of GTx-104 in territories outside the U.S. It is possible that we out-license or sell GTx-102 and/or GTx-101 for the U.S. and/or global markets.

Basis of Presentation of the Financial Statements

Our unaudited condensed consolidated financial statements, which include the accounts of our wholly owned subsidiary, have been prepared in accordance with U.S. GAAP and the rules and regulations of the SEC related to quarterly reports filed on Form 10-Q. All intercompany transactions and balances are eliminated on consolidation.

Our assets as of December 31, 2024, include cash and cash equivalents totaling $11.1 million and intangible assets and goodwill totaling $49.3 million. Our current liabilities total $2.0 million as of December 31, 2024 and are comprised primarily of amounts due to or accrued for creditors.

In February 2025, we completed a private placement of Company securities with certain institutional and accredited investors. Net proceeds to the Company were approximately $13.8 million. Refer to Note 11, Subsequent events, in the accompanying unaudited condensed consolidated financial statements elsewhere in this document for additional information. We believe our existing cash and cash equivalents will be sufficient to sustain planned operations through at least 12 months from the issuance date of these unaudited condensed consolidated financial statements.

Results of Operations for the three and the nine months ended December 31, 2024 and 2023

	Three months ended			Nine months ended		
	December 31, 2024 $	December 31, 2023 $	Increase (Decrease) $	December 31, 2024 $	December 31, 2023 $	Increase (Decrease) $
Operating expenses						
Research and development expenses, net of government assistance	2,194	1,443	751	7,877	2,998	4,879
General and administrative expenses	1,510	1,600	(90)	5,619	5,106	513
Restructuring costs	—	—	—	—	1,485	(1,485)
Loss from operating activities	**(3,704)**	**(3,043)**	**661**	**(13,496)**	**(9,589)**	**3,907**
Foreign exchange (loss) gain	(16)	3	(19)	(11)	(2)	(9)
Change in fair value of derivative warrant liabilities	(1,178)	125	(1,303)	578	(1,701)	2,279
Interest and other income, net	138	316	(178)	544	662	(118)
Income tax benefit	605	208	397	2,181	943	1,238
Net loss	**(4,155)**	**(2,391)**	**1,764**	**(10,204)**	**(9,687)**	**517**

Net loss

The net loss of $4.2 million, or $0.36 per share, for the three months ended December 31, 2024, increased by $1.8 million from the net loss of $2.4 million, or $0.21 per share, for the three months ended December 31, 2023. The increase in net loss was primarily due to a $1.3 million difference in the change in fair value of derivative warrant liabilities, an increase in research and development expenses of $751 and a decrease in our interest income of $178, offset in part by a $397 increase in our income tax benefit.

The net loss of $10.2 million, or $0.89 per share, for the nine months ended December 31, 2024, increased by $517 from the net loss of $9.7 million, or $1.09 per share, for the nine months ended December 31, 2023. The increase in net loss was primarily due to a $4.9 million increase in research and development expenses, a $513 increase in general and administrative expenses, and a decrease in our interest income of $118, offset in part by a $2.3 million difference in the change in fair value of derivative warrant liabilities, a $1.2 million increase in our income tax benefit, and a $1.5 million decrease in restructuring costs.

Research and development expenses, net of government assistance

Research and development expenses consist primarily of:

- fees paid to external service providers such as CROs and CMOs related to clinical trials, including contractual obligations for clinical development, clinical sites, manufacturing and scale-up, and formulation of clinical drug supplies;
- fees paid to contract service providers related to drug discovery efforts including chemistry and biology services; and
- salaries and related expenses for research and development personnel, including expenses related to stock options.

We record research and development expenses as incurred.

Our research and development during the three and the nine months ended December 31, 2024 and 2023 was focused primarily on our clinical development program for our GTx-104 drug candidate.

The following table summarizes our research and development expenses:

Research and development expenses

	Three months ended			Nine months ended		
	December 31, 2024 $	December 31, 2023 $	Increase (Decrease) $	December 31, 2024 $	December 31, 2023 $	Increase (Decrease) $
Total third-party research and development expenses[1]	1,973	1,219	754	7,123	2,196	4,927
Government grants & tax credits	—	—	—	—	55	(55)
Salaries and benefits	171	163	8	578	597	(19)
Research and development expense before stock-based compensation and depreciation	2,144	1,382	762	7,701	2,848	4,853
Stock-based compensation	50	61	(11)	176	145	31
Depreciation and loss on disposal of equipment	—	—	—	—	5	(5)
Total	2,194	1,443	751	7,877	2,998	4,879

[1] Total third-party research and development expenses are calculated before salaries and benefits, depreciation, write-off of equipment and stock-based compensation.

Total research and development expenses for the three and the nine months ended December 31, 2024 were $2.2 million and $7.9 million, respectively, compared to $1.4 million and $3.0 million for the three and the nine months ended December 31, 2023, respectively. The increase of $751 and $4.9 million for the three and the nine months period then ended, respectively, was primarily due to the increase in research activities for the GTx-104 pivotal Phase 3 safety clinical trial.

There were no government grants and tax credits for the three and the nine months ended December 31, 2024, compared to nil and $55 for the three and the nine months ended December 31, 2023, respectively. The changes within government grants and tax credits were due to adjustments of provisions regarding the estimated realizability of credits receivable after assessments and correspondence from tax authorities.

Stock-based compensation of $50 for the three months ended December 31, 2024, decreased by $11 compared to $61 for the three months ended December 31, 2023. Stock-based compensation of $176 for the nine months ended December 31, 2024, increased by $31 compared to $145 for the nine months ended December 31, 2023. The decrease for the three months ended and the increase for the nine months ended, were primarily due to the timing of the issuance of new grants and award vesting schedules.

General and administrative expenses

General and administrative expenses consist primarily of salaries and related benefits, including stock-based compensation, related to our executive, finance, legal, and support functions, including professional fees for auditing, tax, consulting, rent and utilities and insurance.

General and administrative expenses

	Three months ended			Nine months ended		
	December 31, 2024 $	December 31, 2023 $	Increase (Decrease) $	December 31, 2024 $	December 31, 2023 $	Increase (Decrease) $
Salaries and benefits	521	237	284	1,406	823	583
Professional fees	518	764	(246)	2,949	2,593	356
Other	360	334	26	835	1,146	(311)
General and administrative expense before stock-based compensation and depreciation[1]	1,399	1,335	64	5,190	4,562	628
Stock-based compensation	110	265	(155)	424	539	(115)
Depreciation	1	—	1	5	5	—
Total	1,510	1,600	(90)	5,619	5,106	513

[1] General and administrative sub-total expenses are calculated before stock-based compensation and depreciation.

General and administrative expenses were $1.5 million and $5.6 million for the three and the nine months ended December 31, 2024, respectively, compared to $1.6 million and $5.1 million for the three and the nine months ended December 31, 2023, respectively. The decrease of $90 for the three months ended December 31, 2024 was primarily a result of a decrease in professional fees of $246 and stock-based compensation of $155, offset in part by higher salaries and benefits. The increase of $513 for the nine months ended was primarily a result of increased legal, tax, accounting, audit and other professional fees primarily related to the Continuance and the Domestication, increased salaries and benefits due to merit increases and hiring of new employee, offset in part by a decrease in other expenses due primarily to adjustments for claims for Canadian goods and services tax and decrease in miscellaneous expenses as a result of restructuring. Stock-based compensation of $110 and $424 for the three and the nine months ended December 31, 2024, respectively, decreased by $155 and $115, respectively, compared to $265 and $539 for the three and the nine months ended December 31, 2023, respectively. The decrease for the three and nine months ended was primarily due to the timing of the issuance of new grants and award vesting schedules.

Restructuring Costs

On May 8, 2023, we announced our decision to terminate a substantial amount of our workforce as part of a plan intended to align our organizational and management cost structure to prioritize resources to GTx-104, thereby reducing losses to improve cash flow and extend available cash resources. We incurred $1.5 million of related costs primarily consisting of employee severance costs. There were no restructuring costs during the three and the nine months ended December 31, 2024.

Change in fair value of derivative warrant liabilities

For the three months ended December 31, 2024, the increase in the fair value of derivative warrant liabilities of $1.2 million primarily due to an increase in our stock price. For the three months ended December 31, 2023, the decrease in the fair value of derivative warrant liabilities of $125 was primarily due to a decrease in our stock price.

For the nine months ended December 31, 2024, the decrease in the fair value of derivative warrant liabilities of $578 was primarily due to a decrease in our stock price. The increase in the fair value of derivative warrant liabilities of $1.7 million for the nine months ended December 31, 2023, was primarily attributable to an increase in our stock price.

Interest and other income, net

For the three months ended December 31, 2024, interest and other income was $138, a decrease by $178 compared to $316 for the three months ended December 31, 2023, primarily due to withdrawals of short-term investments upon their maturity used to fund operations, as well as a decrease in interest rates.

For the nine months ended December 31, 2024, interest and other income was $544, a decrease by $118 compared to $662 for the nine months ended December 31, 2023, primarily due to withdrawals of short-term investments upon their maturity used to fund operations, as well as a decrease in interest rates.

Income tax benefit

For the three and the nine months ended December 31, 2024, income tax benefit was $605 and $2.2 million, respectively, an increase of $397 and $1.2 million, respectively, from $208 and $943 for the three and the nine months ended December 31, 2023, respectively, due to net losses recognized by our subsidiary, Grace Therapeutics U.S., Inc., which are deemed to be recoverable to us and can be taken as a benefit over time.

Liquidity and Capital Resources

Cash flows and financial condition for the nine months ended December 31, 2024 and 2023

Summary

As of December 31, 2024, cash and cash equivalents were $11.1 million, a net decrease of $11.9 million compared to cash and cash equivalents of $23.0 million at March 31, 2024.

In February 2025, we completed a private placement of Company securities with certain institutional and accredited investors. Net proceeds to the Company were approximately $13.8 million. Refer to Note 11, Subsequent events, in the accompanying unaudited condensed consolidated financial statements elsewhere in this document for additional information. We believe our existing cash and cash equivalents will be sufficient to sustain planned operations through at least 12 months after the filing of this Form 10-Q.

We will require additional capital to fund our daily operating needs beyond that time. We do not expect to generate revenue from product sales unless and until we successfully complete drug development and obtain regulatory approval, which is subject to significant uncertainty. To date, we have financed our operations primarily through public offerings and private placements of our common equity, warrants and convertible debt and the proceeds from research tax credits. Until such time that we can generate significant revenue from drug product sales, if ever, we will require additional financing, which is expected to be sourced from a combination of public or private equity or debt financing or other non-dilutive sources, which may include fees, milestone payments and royalties from collaborations with third parties. Arrangements with collaborators or others may require us to relinquish certain rights related to our technologies or drug product candidates. Adequate additional financing may not be available to us on acceptable terms, or at all. Our inability to raise capital as and when needed could have a negative impact on our financial condition and our ability to pursue our business strategy. We plan to raise additional capital in order to maintain adequate liquidity. Negative results from studies or trials, if any, or depressed prices of our Common Stock could impact our ability to raise additional financing. Raising additional equity capital is subject to market conditions that are not within our control. If we are unable to raise additional funds, we may not be able to realize our assets and discharge our liabilities in the normal course of business.

Net cash used in operating activities

Net cash used in operating activities for the nine months ended December 31, 2024 was $12.0 million, compared to $10.2 million for the nine months ended December 31, 2023, an increase of $1.8 million. The increase in net cash used in operating activities was primarily due to a $4.9 million increase in research and development activities for our GTx-104 pivotal Phase 3 STRIVE-ON trial, a $513 increase in general and administrative expenses for legal, tax, accounting and other professional fees related to the Continuance and Domestication, offset in part by a $1.5 million decrease in restructuring costs, change in receivables of $578 and change in trade and other payables of $1.9 million.

Net cash used in investing activities

Net cash used in investing activities for the nine months ended December 31, 2024, was from our purchase of short-term investments of $15 and maturity of short-term investments of $15. Net cash used in investing activities for the nine months ended December 31, 2023, was from the purchase of short-term investments of $6.6 million, offset by proceeds from the sale of equipment of $110.

Net cash provided by financing activities

There were no financing activities for the nine months ended December 31, 2024. Net cash provided by financing activities for the nine months ended December 31, 2023, was primarily attributable to the $7.3 million net proceeds received from the September 2023 private placement offering of our securities.

2023 Private Placement

In September 2023, we entered into a securities purchase agreement (the "Purchase Agreement") with certain institutional and accredited investors in connection with a private placement offering of our securities (the "2023 Private Placement"). Pursuant to the Purchase Agreement, we sold 1,951,371 Common Shares, at a purchase price of $1.848 per Common Share and pre-funded warrants (the "Pre-funded Warrants") to purchase up to 2,106,853 Common Shares at a purchase price equal to the purchase price per Common Share less $0.0001. Each Pre-funded Warrant is exercisable for one Common Share at an exercise price of $0.0001 per Common Share, is immediately exercisable, and will expire once exercised in full. Pursuant to the Purchase Agreement, we also issued to such institutional and accredited investors common warrants (the "Common Warrants", and together with the Pre-funded Warrants, the "Warrants") to purchase Common Shares, exercisable for an aggregate of 2,536,391 Common Shares. Under the terms of the Purchase Agreement, for each Common Share and each Pre-funded Warrant issued in the 2023 Private Placement, an accompanying five-eighths (0.625) of a Common Warrant was issued to the purchaser thereof. Each whole Common Warrant is exercisable for one Common Share at an exercise price of $3.003 per Common Share, is immediately exercisable, and will expire on the earlier of (i) the 60th day after the date of the acceptance by the FDA of an NDA for our product candidate GTx-104 and (ii) five years from the date of issuance. The 2023 Private Placement closed on September 25, 2023. The net proceeds to us from the 2023 Private Placement were approximately $7.3 million, after deducting fees and expenses.

Contractual Obligations and Commitments

Our contractual obligations and commitments include trade payables, CMO and CRO agreements, and the raw krill oil supply agreement, as described below.

Research and development contracts and contract research organizations agreements

We utilize CMOs for the development and production of clinical materials, and CROs to perform services related to our clinical trials. Pursuant to the agreements with CMOs and CROs, we have either the right to terminate the agreements without penalties or under certain penalty conditions. At December 31, 2024, we had $230 of commitments to CMOs and $1.5 million of commitments to CROs for the next twelve months.

Raw krill oil supply contract

On October 25, 2019, we entered into a supply agreement with Aker BioMarine Antarctic AS. ("AKBM") to purchase raw krill oil product for a committed volume of commercial starting material for CaPre, one of our former drug candidates, for a total fixed value of $3.1 million based on the value of krill oil at that time. As of March 31, 2022, the remaining balance of commitment amounted to $2.8 million. During the second calendar quarter of 2022, AKBM informed us that AKBM believed it had satisfied the terms of the supply agreement as to their obligation to deliver the remaining balance of raw krill oil product, and that we were therefore required to accept the remaining product commitment. We disagreed with AKBM's position and believed that AKBM was not entitled to further payment under the supply agreement. Accordingly, no liability was recorded by us. The dispute remained unresolved as of both March 31, 2023 and 2022. On October 18, 2023, we entered into an agreement with AKBM to settle any and all potential claims regarding amounts due under the supply agreement (the "Settlement Agreement"). Pursuant to the terms of the Settlement Agreement, in exchange for a release and waiver of claims arising out of the supply agreement by AKBM and any of AKBM's affiliates, we agreed to the following: (a) AKBM retained ownership of all raw krill oil product, including amounts previously delivered to us; (b) AKBM acquired and took ownership of all of our production equipment related to the production of CaPre; (c) AKBM acquired and took ownership of all of our data from research, clinical trials and pre-clinical studies with respect to CaPre; and (d) AKBM acquired and took ownership over all of our rights, title and interest in and to all intellectual property rights, including all patents and trademarks, related to CaPre owned by us. Further, AKBM acknowledged that the CaPre assets were transferred on an "as is" basis, and in connection therewith we disclaimed all representations and warranties in connection with the CaPre assets, including any representations with respect to performance or sufficiency. The value of the raw krill oil previously delivered to us, the production equipment, and the intellectual property rights related to CaPre were fully impaired in prior reporting periods and had a carrying value of nil as of March 31, 2023. For the three and the nine months ended December 31, 2024, there were $22 and $215, respectively, in expenses recorded by us in relation to shipping cost to transport our production equipment related to the production of CaPre.

Contingencies

We evaluate contingencies on an ongoing basis and establish loss provisions for matters in which losses are probable and the amount of the loss can be reasonably estimated.

Use of Estimates and Measurement of Uncertainty

The preparation of these unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates are based on management's best knowledge of current events and actions that management may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Estimates and assumptions include the measurement of stock-based compensation, derivative warrant liabilities, accruals for research and development contracts and contract organization agreements, and valuation of intangibles and goodwill. Estimates and assumptions are also involved in determining which research and development expenses qualify for research and development tax credits and in what amounts. We recognize the tax credits once we have reasonable assurance that they will be realized.

Critical Accounting Policies

During the nine months ended December 31, 2024, there were no material changes to our critical accounting policies from those described in our Annual Report for the year ended March 31, 2024.

Recent Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, "Improvements to Reportable Segment Disclosures" ("ASU 2023-07"). The ASU includes enhanced disclosure requirements, primarily related to significant segment expenses that are regularly provided to and used by the chief operating decision maker ("CODM"). The amendments are to be applied retrospectively to all prior periods presented in the financial statements. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the effect of adopting this pronouncement on its consolidated financial statements and disclosures, and will reflect the effect on the fiscal year consolidated financial statements ending March 31, 2025. The Company does not expect that the adoption of ASU 2023-07 will have a material impact on its consolidated financial statements and disclosures

We have considered all other recent accounting pronouncements and concluded that they are either not applicable to our business or that the effect is not expected to be material to our unaudited condensed consolidated financial statements as a result of future adoption.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

A smaller reporting company is not required to provide the information required by this Item.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of the end of the period covered by this quarterly report, our management, with the participation of our Chief Executive Officer and Principal Financial Officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures within the meaning of Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon this evaluation, our management has concluded that, as of December 31, 2024, our existing disclosure controls and procedures were effective. It should be noted that while our Chief Executive Officer and Principal Financial Officer believe that our disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect the disclosure controls and procedures to be capable of preventing all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, but not absolute, assurance that the objectives of the control system are met.

Changes in Internal Control over Financial Reporting

No changes were made to our internal controls over financial reporting that occurred during the quarter ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of business, we are at times subject to various legal proceedings and disputes. We assess our liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. Where it is probable that we will incur a loss and the amount of the loss can be reasonably estimated, we record a liability in our unaudited condensed consolidated financial statements. These legal contingencies may be adjusted to reflect any relevant developments on a quarterly basis. Where a loss is not probable or the amount of loss is not estimable, we do not accrue legal contingencies. While the outcome of legal proceedings is inherently uncertain, based on information currently available, our management believes that it has established appropriate legal reserves. However, it is possible that the ultimate resolution of these matters, if unfavorable, may be material to our financial position, results of operations, or cash flows. We are not currently a party to any legal proceedings that, in the opinion of management, are likely to have a material adverse effect on our business.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in our Annual Report.

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

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the three months ended December 31, 2024, no director or officer of the Company adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit No.	Description
3.1	Certificate of Incorporation of Grace Therapeutics, Inc. (incorporated by referenced to Exhibit 3.1 on the Current Report on Form 8-K filed with the Commission on October 7, 2024)
3.2	Certificate of Amendment to the Certificate of Incorporation of Grace Therapeutics, Inc. (incorporated by referenced to Exhibit 3.1 on the Current Report on Form 8-K filed with the Commission on October 28, 2024)
3.3	Bylaws of Grace Therapeutics, Inc. (incorporated by reference to Exhibit 3.2 on the Current Report on Form 8-K filed with the Commission on October 28, 2024)
10.1†#	Grace Therapeutics, Inc. 2024 Equity Incentive Plan
10.2†#	Form of 2024 Incentive Stock Option Award Agreement under the Grace Therapeutics, Inc. 2024 Equity Incentive Plan
10.3†#	Form of 2024 Non-Qualified Stock Option Award Agreement under Grace Therapeutics, Inc. 2024 Equity Incentive Plan
10.4†	Form of Indemnification Agreement between Acasti Pharma Inc. and its directors and officers (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-4 filed with the Commission on June 27, 2024)
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934

32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
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 Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed or furnished herewith
† Indicates a management contract or compensatory plan.
# Filed herewith solely to reflect the name change of the Company from Acasti Pharma Inc. to Grace Therapeutics, Inc.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Dated: February 13, 2025

GRACE THERAPEUTICS, INC.

By: /s/ Prashant Kohli

Name: Prashant Kohli

Title: Chief Executive Officer (Principal Executive Officer)

By: /s/ Robert DelAversano

Name: Robert DelAversano

Title: Principal Financial Officer (Principal Financial Officer)

GRACE THERAPEUTICS, INC.
2024 EQUITY INCENTIVE PLAN

1. PURPOSE

The Plan is intended to (a) provide eligible persons with an incentive to contribute to the success of the Company and to operate and manage the Company's business in a manner that will provide for the Company's long-term growth and profitability to benefit its stockholders and other important stakeholders, including its employees and customers, and (b) provide a means of obtaining, rewarding and retaining key personnel. To this end, the Plan provides for the grant of awards of stock options, stock appreciation rights, restricted stock, restricted stock units, deferred stock units, unrestricted stock, dividend equivalent rights, performance-based awards, and other equity-based awards. Any of these awards may, but need not, be made as performance incentives to reward the holders of such awards for the achievement of performance goals in accordance with the terms of the Plan. Stock options granted under the Plan may be nonqualified stock options or incentive stock options, as provided in the Plan.

2. DEFINITIONS

For purposes of interpreting the Plan documents (including the Plan and Award Agreements), the following definitions will apply:

2.1 "**Affiliate**" means any company or other entity that controls, is controlled by or is under common control with the Company within the meaning of Rule 405 of Regulation C under the Securities Act, including any Subsidiary. For purposes of grants of Options and Stock Appreciation Rights, an entity may not be considered an Affiliate unless the Company holds a "controlling interest" in such entity within the meaning of Treasury Regulations Section 1.414(c)-2(b)(2)(i); provided that (a) except as specified in clause (b) below, an interest of "at least 50 percent" shall be used instead of an interest of "at least 80 percent" in each case where "at least 80 percent" appears in Treasury Regulations Section 1.414(c)-2(b)(2)(i), and (b) where the grant of Options or Stock Appreciation Rights is based upon a legitimate business criterion, an interest of "at least 20 percent" shall be used instead of an interest of "at least 80 percent" in each case where "at least 80 percent" appears in Treasury Regulations Section 1.414(c)-2(b)(2)(i).

2.2 "**Applicable Laws**" means the legal requirements relating to the Plan and the Awards under (a) applicable provisions of the Code, the Securities Act, the Exchange Act, any rules or regulations thereunder, and any other laws, rules, regulations, and government orders of any jurisdiction applicable to the Company or its Affiliates, (b) applicable provisions of the corporate, securities, tax, and other laws, rules, regulations, and government orders of any jurisdiction applicable to Awards granted to residents thereof, and (c) the rules of any Stock Exchange or Securities Market on which the Common Stock is listed or publicly traded.

2.3 "**Award**" means a grant under the Plan of an Option, a Stock Appreciation Right, Restricted Stock, a Restricted Stock Unit, a Deferred Stock Unit, Unrestricted Stock, a Dividend Equivalent Right, a Performance-Based Award, or an Other Equity-Based Award.

2.4 "**Award Agreement**" means the written agreement between the Company and a Grantee that evidences and sets out the terms and conditions of an Award.

2.5 "**Award Shares**" will have the meaning set forth in Section 17.3

2.6 "**Benefit Arrangement**" will have the meaning set forth in Section 15.

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

2.8 "**Cause**" means, (a) conviction of, or the entry of a plea of guilty or no contest to, any criminal or quasi-criminal offence that causes the Company or its Affiliates public disgrace or disrepute, or adversely affects the Company's or its Affiliate's operations or financial performance; (b) gross negligence or willful misconduct with respect to the Company or any of its Affiliates in the course of his or her service to the Company or any of its Affiliates; (c) refusal, failure or inability to perform any material obligation or fulfil any duty (other than any duty or obligation of the type described in clause (e) below) to the Company or any of its Affiliates (other than due to Disability), which failure, refusal or inability is not cured within 10 days after delivery of notice thereof; (d) material breach of any agreement with or duty owed to the Company or any of its Affiliates; (e) any breach of any obligation or duty to the Company or any of its Affiliates (whether arising by statute, common law, contract or otherwise) relating to confidentiality, non-competition, non-solicitation or proprietary rights; or (f) any other conduct that constitutes "cause" at common law. Notwithstanding the foregoing, if a Grantee and the Company (or any of its Affiliates) have entered into an employment agreement, consulting agreement or other similar agreement that specifically defines "cause", then, with respect to such Grantee, "Cause" shall have the meaning defined in that employment agreement, consulting agreement or other agreement. Any determination by the Committee whether an event constituting Cause has occurred will be final, binding, and conclusive.

2.9 "**Change in Control**" means, subject to **Section 18.10**, the occurrence of any of the following events:

(a) a change in the ownership of the Company which occurs on the date that any Person or Persons acting as a group, acquires ownership of the stock of the Company that, together with the stock held by such Person(s), constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided that for purposes of this Plan, the following acquisitions shall not constitute a Change in Control (i) any change in the ownership of the stock of the Company as a result of a private financing of the Company that is approved by the Board will not be considered a Change in Control, (ii) any acquisition by the Company or any Affiliate, (iii) any acquisition by any employee benefit plan sponsored or maintained by the Company or any subsidiary, or (iv) the acquisition of securities pursuant to an offer made to the general public through a registration statement filed with the Securities and Exchange Commission; or

(b) there is consummated a merger, consolidation, or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation, or similar transaction, the stockholders of the Company immediately prior thereto do not hold, directly or indirectly, either (i) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving entity in such merger, consolidation or similar transaction or (ii) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving entity in such merger, consolidation, or similar transaction, in each case in substantially the same proportions as their ownership of the outstanding voting securities of the Company immediately prior to such transaction; or

(c) a change in the ownership of a substantial portion of the Company's assets, which occurs on the date that any Person or group of Persons acquires (or has acquired during the twelve (12)-month period ending on the date of the most recent acquisition by such Person or Persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For purposes of this subsection (c), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

Notwithstanding the foregoing, a transaction shall not constitute a Change in Control if: (i) its sole purpose is to change the jurisdiction of incorporation or domicile of the Company, (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the stockholders of the Company immediately before the transaction, or (iii) its sole purpose is to perform an internal restructuring of the Company, as determined by the Board, in its sole discretion.

The Board shall have full and final authority, in its sole discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control, and any incidental matters relating thereto.

2.10 "**Code**" means the Internal Revenue Code of 1986, as amended, as now in effect or as hereafter amended, and any successor thereto. References in the Plan to any Code Section will be deemed to include, as applicable, regulations promulgated under such Code Section.

2.11 "**Committee**" means a committee of, and designated from time to time by resolution of, the Board, which will be constituted as provided in **Section 3.1(b)** and **Section 3.1(c)** (or, if no Committee has been so designated, the Board).

2.12 "**Common Stock**" means the common stock of the Company, par value $0.0001 per share, or any security that shares of Common Stock may be changed into or for which shares of Common Stock may be exchanged as provided in **Section 17.1**.

2.13 "**Company**" means Grace Therapeutics, Inc., a Delaware corporation, and any successor thereto.

2.14 "**Deferred Stock Unit**" means a Restricted Stock Unit, the terms of which provide for delivery of the underlying shares of Common Stock subsequent to the date of vesting, at a time or times consistent with the requirements of Code Section 409A.

2.15 "**Determination Date**" means the Grant Date or such other date as of which the Fair Market Value of a share of Common Stock is required to be established for purposes of the Plan.

2.16 "**Disability**" means the inability of a Grantee to perform each of the essential duties of such Grantee's position by reason of a medically determinable physical or mental impairment that is potentially permanent in character or that can be expected to last for a continuous period of not less than 12 months; *provided* that, with respect to rules regarding expiration of an Incentive Stock Option following termination of a Grantee's Service, Disability will mean the inability of such Grantee to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months.

2.17 "**Dividend Equivalent Right**" means a right, granted to a Grantee pursuant to **Section 13**, to receive cash, Common Stock, other Awards or other property equal in value to dividends or other periodic payments paid or made with respect to a specified number of shares of Common Stock.

2.18 "**Effective Date**" means the date of the Company's domestication as a Delaware corporation, the Plan having been adopted by the Board on June 20, 2024 and approved by the Company's stockholders on September 30, 2024.

2.19 "**Employee**" means, as of any date of determination, an employee (including an officer) of the Company or an Affiliate.

2.20 "**Exchange Act**" means the Securities Exchange Act of 1934, as amended, as now in effect or as hereafter amended.

2.21 "**Fair Market Value**" means the fair market value of a share of Common Stock for purposes of the Plan, which will be determined as of any Determination Date as follows:

(a) If on such Determination Date the shares of Common Stock are listed on a Stock Exchange, or is publicly traded on another established securities market (a "**Securities Market**"), the Fair Market Value of a share of Common Stock will be the closing price of the Common Stock on such Determination Date as reported on such Stock Exchange or such Securities Market (*provided* that, if there is more than one such Stock Exchange or Securities Market, the Committee will designate the appropriate Stock Exchange or Securities Market for purposes of the Fair Market Value determination). If there is no such reported closing price on such Determination Date, the Fair Market Value of a share of Common Stock will be the closing price of the Common Stock on the immediately preceding day on which any sale of Common Stock will have been reported on such Stock Exchange or such Securities Market.

(b) If on such Determination Date the shares of Common Stock are not listed on a Stock Exchange or publicly traded on a Securities Market, the Fair Market Value of a share of Common Stock will be the value of the Common Stock on such Determination Date as determined by the Committee by the reasonable application of a reasonable valuation method, in a manner consistent with Code Section 409A.

Notwithstanding this **Section 2.21** or **Section 18.3**, for purposes of determining taxable income and the amount of the related tax withholding obligation pursuant to **Section 18.3**, the Fair Market Value shall be determined by the Committee in good faith using any reasonable method it deems appropriate.

2.22 "**Family Member**" means, with respect to any Grantee as of any date of determination, (a) a person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of such Grantee, (b) any person sharing such Grantee's household (other than a tenant or employee), (c) a trust in which any one or more of the persons specified in clauses (a) and (b) above (and such Grantee) own more than 50% of the beneficial interest, (d) a foundation in which any one or more of the persons specified in clauses (a) and (b) above (and such Grantee) control the management of assets, and (e) any other entity in which one or more of the persons specified in clauses (a) and (b) above (and such Grantee) own more than 50% of the voting interests.

2.23 "**Grant Date**" means, as determined by the Committee, the latest to occur of (a) the date as of which the Committee approves the Award, (b) the date on which the recipient of an Award first becomes eligible to receive an Award under **Section 6**, or (c) such subsequent date specified by the Committee in the corporate action approving the Award.

2.24 "**Grantee**" means a person who receives or holds an Award under the Plan.

2.25 "**Incentive Stock Option**" means an "incentive stock option" within the meaning of Code Section 422, or the corresponding provision of any subsequently enacted tax statute, as amended from time to time.

2.26 "**Non-Employee Director**" means a director of the Company who is not an Employee.

2.27 "**Nonqualified Stock Option**" means an Option that is not an Incentive Stock Option.

2.28 "**Option**" means an option to purchase one or more shares of Common Stock pursuant to the Plan.

2.29 "**Option Price**" means the exercise price for each share of Common Stock subject to an Option.

2.30 "**Other Agreement**" will have the meaning set forth in Section 15.

2.31 "**Other Equity-Based Award**" means an Award representing a right or other interest that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, shares of Common Stock, other than an Option, a Stock Appreciation Right, Restricted Stock, a Restricted Stock Unit, a Deferred Stock Unit, Unrestricted Stock, or a Dividend Equivalent Right.

2.32 "**Parachute Payment**" will have the meaning set forth in **Section 15(a)**.

2.33 "**Performance-Based Award**" means an Award made subject to the achievement of performance goals (as provided in **Section 14**) over a Performance Period specified by the Committee.

2.34 "**Performance Measures**" means performance criteria on which performance goals under Performance-Based Awards are based other than the mere continuation of Service or the mere passage of time, the satisfaction of which is a condition for the grant, exercisability, vesting or full enjoyment of a Performance-Based Award. A Performance Measure and any targets with respect thereto need not be based upon an increase, a positive or improved result or avoidance of loss. A Performance Measure will mean an objectively determinable measure or objectively determinable measures of performance including but not limited to any, or any combination of, the following (measured either absolutely or comparatively (including, without limitation, by reference to an index or indices or the performance of one or more companies) and determined either on a consolidated basis or, as the context permits, on a divisional, subsidiary, line of business, project or geographical basis or in combinations thereof and subject to such adjustments, if any, as the Committee specifies: attainment of research and development milestones; sales bookings; business divestitures and acquisitions; capital raising; cash flow; cash position; contract awards or backlog; corporate transactions; customer renewals; customer retention rates from an acquired company, subsidiary, business unit or division; earnings (which may include any calculation of earnings, including but not limited to earnings before interest and taxes, earnings before taxes, earnings before interest, taxes, depreciation and amortization and net taxes); earnings per share; expenses; financial milestones; gross margin; growth in stockholder value relative to the moving average of the S&P 500 Index or another index; internal rate of return; leadership development or succession planning; license or research collaboration arrangements; market share; net income; net profit; net sales; new product or business development; new product invention or innovation; number of customers; operating cash flow; operating expenses; operating income; operating margin; overhead or other expense reduction; patents; procurement; product defect measures; product release timelines; productivity; profit; regulatory milestones or regulatory-related goals; retained earnings; return on assets; return on capital; return on equity; return on investment; return on sales; revenue; revenue growth; sales results; sales growth; savings; stock price; time to market; total stockholder return; working capital; unadjusted or adjusted actual contract value; unadjusted or adjusted total contract value; and individual objectives such as peer reviews or other subjective or objective criteria. The Administrator may provide in the case of any Performance-Based Award that one or more of the Performance Measures applicable to such Performance-Based Award will be adjusted in an objectively determinable manner to reflect events (for example, but without limitation, acquisitions or dispositions) occurring during the performance period that affect the applicable Performance Measures.

2.35 "**Performance Period**" means the period of time during which the performance goals under Performance-Based Awards must be met to determine the degree of payout and/or vesting with respect to any such Performance-Based Awards.

2.36 "**Person**" means any individual, entity, or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

2.37 "**Plan**" means this Grace Therapeutics, Inc. 2024 Equity Incentive Plan, as amended and/or restated from time to time.

2.38 "**Prior Plans**" means the Acasti Pharma Inc. Stock Option Plan and the Acasti Pharma Inc. Equity Incentive Plan.

2.39 "**Restricted Period**" will have the meaning set forth in **Section 10.2**.

2.40 "**Restricted Stock**" means shares of Common Stock awarded to a Grantee pursuant to **Section 10**.

2.41 "**Restricted Stock Unit**" means a bookkeeping entry representing the equivalent of one share of Common Stock awarded to a Grantee pursuant to **Section 10**.

2.42 "**SAR Price**" will have the meaning set forth in **Section 9.1**.

2.43 "**Securities Act**" means the Securities Act of 1933, as amended, as now in effect or as hereafter amended.

2.44 "**Service**" means service qualifying a Grantee as a Service Provider to the Company or an Affiliate. Unless otherwise provided in the applicable Award Agreement, a Grantee's change in position or duties will not result in interrupted or terminated Service, so long as such Grantee continues to be a Service Provider to the Company or an Affiliate. Subject to the preceding sentence, any determination by the Committee whether a termination of Service will have occurred for purposes of the Plan will be final, binding and conclusive. If a Service Provider's employment or other service relationship is with an Affiliate and the applicable entity ceases to be an Affiliate, a termination of Service will be deemed to have occurred when such entity ceases to be an Affiliate unless the Service Provider transfers his or her employment or other service relationship to the Company or any other Affiliate.

2.45 "**Service Provider**" means an Employee, officer or director of the Company or an Affiliate, or any other service provider to the Company or an Affiliate (including a consultant or advisor) who is a natural person, provided such person is currently providing direct services to the Company or an Affiliate.

2.46 "**Stock Appreciation Right**" or "**SAR**" means a right granted to a Grantee pursuant to **Section 9**.

2.47 "**Stock Exchange**" means the Nasdaq Stock Market or another established national or regional stock exchange.

2.48 "**Subsidiary**" means any corporation (other than the Company) or non-corporate entity with respect to which the Company owns, directly or indirectly, 50% or more of the total combined voting power of all classes of stock, membership interests or other ownership interests of any class or kind ordinarily having the power to vote for the directors, managers or other voting members of the governing body of such corporation or non-corporate entity. In addition, any other entity may be designated by the Committee as a Subsidiary, *provided* that (a) such entity could be considered as a subsidiary according to U.S. generally accepted accounting principles, (b) in the case of an Award of an Option or a Stock Appreciation Right, such Award would be considered to be granted in respect of "service recipient stock" under Code Section 409A and (c) purposes of Incentive Stock Options, "Subsidiary" means any "subsidiary corporation" of the Company within the meaning of Code Section 424(f).

2.49 "**Substitute Award**" means an Award granted upon assumption of, or in substitution for, outstanding awards previously granted under a compensatory plan by a business entity acquired or to be acquired by the Company or an Affiliate or with which the Company or an Affiliate has combined or will combine.

2.50 "**Ten Percent Stockholder**" means a natural person who owns more than ten percent of the total combined voting power of all classes of outstanding voting securities of the Company, the Company's parent (if any) or any of the Company's Subsidiaries. In determining share ownership, the attribution rules of Code Section 424(d) will be applied.

2.51 "**Unrestricted Stock**" will have the meaning set forth in **Section 11**.

3. ADMINISTRATION OF THE PLAN

3.1 Committee.

(a) Powers and Authorities.

The Committee will administer the Plan and will have such powers and authorities related to the administration of the Plan as are consistent with the Company's certificate of incorporation and bylaws and Applicable Laws. Without limiting the generality of the foregoing, the Committee will have full power and authority to take all actions and to make all determinations required or provided for under the Plan, any Award or any Award Agreement, and will have full power and authority to take all such other actions and make all such other determinations not inconsistent with the specific terms and provisions of the Plan that the Committee deems to be necessary or appropriate to the administration of the Plan, any Award or any Award Agreement. All such actions and determinations will be made by (a) the affirmative vote of a majority of the members of the Committee present at a meeting at which a quorum is present, or (b) the unanimous consent of the members of the Committee executed in writing in accordance with the Company's certificate of incorporation and bylaws and Applicable Laws. Unless otherwise expressly determined by the Board, the Committee will have the authority to interpret and construe all provisions of the Plan, any Award and any Award Agreement, and any such interpretation or construction, and any other determination contemplated to be made under the Plan or any Award Agreement, by the Committee will be final, binding and conclusive whether or not expressly provided for in any provision of the Plan, such Award or such Award Agreement.

In the event that the Plan, any Award or any Award Agreement provides for any action to be taken by the Board or any determination to be made by the Board, such action may be taken or such determination may be made by the Committee constituted in accordance with this **Section 3.1** if the Board has delegated the power and authority to do so to such Committee.

(b) Composition of Committee.

The Committee will be a committee composed of not fewer than two members of the Board designated by the Board to administer the Plan. During any time when the Company has a class of equity security registered under Section 12 of the Exchange Act, each member of the Committee will be a "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act and an independent director in accordance with the rules of any Stock Exchange on which the Common Stock is listed; *provided* that any action taken by the Committee will be valid and effective whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this **Section 3.1(b)** or otherwise provided in any charter of the Committee. Without limiting the generality of the foregoing, the Committee may be the Governance and Human Resources Committee of the Board or similar compensation committee of the Board or, in either case, a subcommittee thereof if the Governance and Human Resources Committee or other such committee of the Board or such subcommittee satisfies the foregoing requirements.

(c) Other Committees.

The Board also may appoint one or more committees of the Board, each composed of one or more directors of the Company who need not be Non-Employee Directors, which committee may administer the Plan with respect to Grantees who are not "officers" as defined in Rule 16a-1(f) under the Exchange Act or members of the Board, may grant Awards under the Plan to such Grantees, and may determine all terms of such Awards, subject to the requirements of Rule 16b-3 under the Exchange Act and the rules of the Stock Exchange on which the Common Stock is listed.

(d) Delegation by Committee.

To the extent permitted by Applicable Laws, the Committee may by resolution delegate some or all of its authority with respect to the Plan and Awards to the Chief Executive Officer of the Company and/or any other officer of the Company designated by the Committee, *provided* that the Committee may not delegate its authority hereunder (i) to make Awards to members of the Board, (ii) to make Awards to Employees who are (A) "officers" as defined in Rule 16a-1(f) under the Exchange Act or (B) officers of the Company who are delegated authority by the Committee pursuant to this **Section 3.1(d)**, or (iii) to interpret the Plan or any Award. Any delegation hereunder will be subject to the restrictions and limits that the Committee specifies at the time of such delegation or thereafter. Nothing in the Plan will be construed as obligating the Committee to delegate authority to any officer of the Company, and the Committee may at any time rescind the authority delegated to an officer of the Company appointed hereunder and delegate authority to one or more other officers of the Company. At all times, an officer of the Company delegated authority pursuant to this **Section 3.1(d)** will serve in such capacity at the pleasure of the Committee. Any action undertaken by any such officer of the Company in accordance with the Committee's delegation of authority will have the same force and effect as if undertaken directly by the Committee, and any reference in the Plan to the "Committee" will, to the extent consistent with the terms and limitations of such delegation, be deemed to include a reference to each such officer.

3.2 Board.

The Board from time to time may exercise any or all of the powers and authorities related to the administration and implementation of the Plan, as set forth in **Section 3.1** and other applicable provisions of the Plan, as the Board will determine, consistent with the Company's certificate of incorporation and bylaws and Applicable Laws.

3.3 Terms of Awards.

(a) Committee Authority.

Subject to the other terms and conditions of the Plan, the Committee will have full and final authority to:

(i) designate Grantees;

(ii) determine the type or types of Awards to be made to a Grantee;

(iii) determine the number of shares of Common Stock to be subject to an Award;

(iv) establish the terms and conditions of each Award (including the Option Price of any Option or the purchase price for Restricted Stock), the nature and duration of any restriction or condition (or provision for lapse thereof) relating to the vesting, exercise, transfer, or forfeiture of an Award or the shares of Common Stock subject thereto, the treatment of an Award in the event of a Change in Control (subject to applicable agreements), and any terms or conditions that may be necessary to qualify Options as Incentive Stock Options;

(v) accelerate the exercisability or vesting of an Award or a portion thereof;

(vi) prescribe the form of each Award Agreement evidencing an Award;

(vii) subject to the limitation on repricing in **Section 3.4**, amend, modify or supplement the terms of any outstanding Award, which authority will include the authority, in order to effectuate the purposes of the Plan but without amending the Plan, to make Awards or to modify outstanding Awards made to eligible natural persons who are foreign nationals or are natural persons who are employed outside the United States to reflect differences in local law, tax policy, or custom, provided that, notwithstanding the foregoing, no amendment, modification or supplement of the terms of any outstanding Award will, without the consent of the Grantee thereof, impair such Grantee's rights under such Award;

(viii) make Substitute Awards; and

(ix) adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Service Providers who are foreign nationals or employed outside the United States (provided that approval will not be necessary for immaterial modifications to the Plan or any Award Agreement that are required for compliance with the laws of the relevant foreign jurisdiction).

(b) Forfeiture; Recoupment.

The Committee may reserve the right in an Award Agreement to cause a forfeiture of the gain realized by a Grantee with respect to an Award thereunder on account of actions taken by, or failed to be taken by, such Grantee in violation or breach of or in conflict with any (i) employment agreement, (ii) non-competition agreement, (iii) agreement prohibiting solicitation of Employees or clients of the Company or an Affiliate, (iv) confidentiality obligation with respect to the Company or an Affiliate, (v) Company policy or procedure, (vi) other agreement, or (vii) any other obligation of such Grantee to the Company or an Affiliate, as and to the extent specified in such Award Agreement. The Committee may annul an outstanding Award if the Grantee is an Employee of the Company or an Affiliate and is terminated for Cause as defined in the Plan or the applicable Award Agreement or for "cause" as defined in any other agreement between the Company or such Affiliate and the Grantee, as applicable.

Any Award granted pursuant to the Plan will be subject to mandatory repayment by the Grantee to the Company to the extent the Grantee is, or in the future becomes, subject to (i) any Company "clawback" or recoupment policy that is adopted to comply with the requirements of any Applicable Law, rule or regulation, or otherwise, or (ii) any law, rule or regulation that imposes mandatory recoupment, under circumstances set forth in such law, rule or regulation.

3.4 Repricing.

Except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, distribution (whether in the form of cash, shares of Common Stock, other securities or other property), stock split, extraordinary cash dividend, recapitalization, change in control, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares of Common Stock or other securities or similar transaction), the Company may not, without obtaining stockholder approval: (a) amend the terms of outstanding Options or SARs to reduce the exercise price of such outstanding Options or the strike price of such outstanding SARs; (b) cancel outstanding Options or SARs in exchange for or substitution of Options or SARs with an exercise price or strike price, as applicable, that is less than the exercise price or strike price, as applicable, of the original Options or SARs; (c) cancel outstanding Options or SARs with an exercise price or strike price, as applicable, above the current stock price in exchange for cash or other securities; or (d) take any other action that is treated as a repricing under U.S. generally accepted accounting principles.

3.5 Deferral Arrangement.

The Committee may permit or require the deferral of any payment pursuant to any Award into a deferred compensation arrangement, subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest or Dividend Equivalent Rights and, in connection therewith, provisions for converting such credits into Deferred Stock Units and for restricting deferrals to comply with hardship distribution rules affecting tax-qualified retirement plans subject to Code Section 401(k)(2)(B)(IV), *provided* that no Dividend Equivalent Rights may be granted in connection with, or related to, an Award of Options or SARs. Any such deferrals will be made in a manner that complies with Code Section 409A, including, if applicable, with respect to when a "separation from service" (as defined for purposes of Code Section 409A) occurs.

3.6 No Liability.

No member of the Board or the Committee will be liable for any action or determination made in good faith with respect to the Plan or any Award or Award Agreement.

3.7 Registration; Share Certificates.

Notwithstanding any provision of the Plan to the contrary, the ownership of the shares of Common Stock issued under the Plan may be evidenced in such a manner as the Committee, in its sole discretion, deems appropriate, including by book-entry or direct registration (including transaction advices) or the issuance of one or more share certificates.

4. COMMON STOCK SUBJECT TO THE PLAN

4.1 Number of Shares of Common Stock Available for Awards.

Subject to such additional shares of Common Stock as will be available for issuance under the Plan pursuant to **Section 4.2**, and subject to adjustment pursuant to **Section 16**, the maximum number of shares of Common Stock available for issuance under the Plan will be equal to 1,350,000 shares of Common Stock. Such shares of Common Stock may be authorized and unissued shares of Common Stock or treasury shares of Common Stock or any combination of the foregoing, as may be determined from time to time by the Board or by the Committee. Any of the shares of Common Stock available for issuance under the Plan may be used for any type of Award under the Plan, and any or all of the shares of Common Stock available for issuance under the Plan will be available for issuance pursuant to Incentive Stock Options.

4.2 Adjustments in Authorized Shares of Common Stock.

In connection with mergers, reorganizations, separations, or other transactions to which Code Section 424(a) applies, the Committee will have the right to cause the Company to assume awards previously granted under a compensatory plan by another business entity that is a party to such transaction and to substitute Awards under the Plan for such awards. The number of shares of Common Stock available for issuance under the Plan pursuant to **Section 4.1** will be increased by the number of shares of Common Stock subject to any such assumed Awards and substitute Awards. Shares available for issuance under a stockholder-approved plan of a business entity that is a party to such transaction (as appropriately adjusted, if necessary, to reflect such transaction) may be used for Awards under the Plan and will not reduce the number of shares of Common Stock otherwise available for issuance under the Plan, subject to applicable rules of any Stock Exchange on which the shares of Common Stock are listed.

4.3 Share Usage.

(a) Shares of Common Stock subject to an Award will be counted as used as of the Grant Date.

(b) Any shares of Common Stock that are subject to Awards, including shares of Common Stock acquired through dividend reinvestment pursuant to **Section 10.4**, will be counted against the share issuance limit set forth in **Section 4.1** as one share of Common Stock for every one share of Common Stock subject to such Award. Any shares of Common Stock that are subject to an Award of a SAR will be counted against the share issuance limit set forth in **Section 4.1** as one share of Common Stock for every one share of Common Stock subject to such Award regardless of the number of shares of Common Stock actually issued to settle such SARs upon the exercise thereof. The target number of shares issuable under a Performance-Based Award will be counted against the share issuance limit set forth in **Section 4.1** as of the Grant Date, but such number will be adjusted to equal the actual number of shares issued upon settlement of the Performance-Based Award to the extent different from such target number of shares.

(c) Notwithstanding anything to the contrary in **Section 4.1**, any shares of Common Stock related to Awards under the Plan that thereafter terminate by expiration, forfeiture, cancellation, or otherwise without the issuance of such shares will be available again for issuance under the Plan in the same amount as such shares were counted against the limit set forth in **Section 4.1**. Shares of Common Stock tendered or withheld or subject to an Award other than an Option or SAR surrendered in connection with the purchase of shares of Common Stock or deducted or delivered from payment of an Award other than an Option or SAR in connection with the Company's tax withholding obligations as provided in **Section 18.3** will not be available again for issuance under the Plan.

(d) The number of shares of Common Stock available for issuance under the Plan will not be increased by the number of shares of Common Stock (i) tendered or withheld or subject to an Award surrendered in connection with the purchase of shares of Common Stock upon exercise of an Option as provided in **Section 12.2**, (ii) deducted or delivered from payment of an Award of an Option or SAR in connection with the Company's tax withholding obligations as provided in **Section 18.3** or (iii) purchased by the Company with proceeds from Option exercises.

4.4 Non-Employee Director Limit.

The maximum number of shares of Common Stock that may be granted to any Non-Employee Director pursuant to Awards in any calendar year shall be limited to a number that, combined with any cash fees or other compensation paid to such Non-Employee Director during such calendar year, shall not exceed $750,000 in total value, with the value of any such Non-Employee Director Awards based on the grant date fair value of such Awards for financial reporting purposes; provided, however, that in the calendar year in which a Nonemployee Director first joins the Board, the aggregate limit for services as a member of the Board or a committee of the Board shall not exceed $1,000,000; provided, further, however, that the foregoing limitations shall not apply to the extent that the Non-Employee Director has been or becomes an Employee during the calendar year. For the avoidance of doubt, the limits in this subsection do not apply to compensation to a Non-Employee Director for service to the Company other than service as a member of the Board or a committee of the Board.

5. EFFECTIVE DATE; TERM; AMENDMENT AND TERMINATION

5.1 Effective Date.

The Plan will be effective as of the Effective Date, subject to the prior approval of the Plan by the Company's stockholders. Following the Effective Date, no awards shall be made under the Prior Plans. Notwithstanding the foregoing, shares of Common Stock reserved under the Prior Plans to settle awards which are made under the Prior Plans prior to the Effective Date may be issued and delivered following the Effective Date to settle such awards.

5.2 Term.

The Plan will terminate automatically ten years after the Effective Date and may be terminated on any earlier date as provided in **Section 5.3;** provided, that Incentive Stock Options may not be granted under the Plan after the tenth (10th) anniversary of the date of the Board's adoption of the Plan.

5.3 Amendment and Termination.

The Board may, at any time and from time to time, amend, suspend or terminate the Plan as to any shares of Common Stock as to which Awards have not been made. The effectiveness of any amendment to the Plan will be contingent on approval of such amendment by the Company's stockholders to the extent provided by the Board or required by Applicable Laws (including the rules of any Stock Exchange on which the shares of Common Stock are then listed), *provided* that no amendment will be made to the no-repricing provisions of **Section 3.4** or the Option pricing provisions of **Section 8.1** without the approval of the Company's stockholders. No amendment, suspension or termination of the Plan will impair rights or obligations under any outstanding Award made under the Plan without the Grantee's consent.

6. AWARD ELIGIBILITY AND LIMITATIONS

6.1 Eligible Grantees.

Subject to this **Section 6**, Awards may be made under the Plan to (a) any Service Provider, as the Committee will determine and designate from time to time and (b) any other individual whose participation in the Plan is determined to be in the best interests of the Company by the Committee.

6.2 Stand-Alone, Additional, Tandem and Substitute Awards.

Subject to **Section 3.4**, Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, (a) any other Award, (b) any award granted under another plan of the Company, an Affiliate, or any business entity that has been a party to a transaction with the Company or an Affiliate, or (c) any other right of a Grantee to receive payment from the Company or an Affiliate. Such additional, tandem and substitute or exchange Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award, or for an award granted under another plan of the Company, an Affiliate, or any business entity that has been a party to a transaction with the Company or an Affiliate, the Committee will require the surrender of such other Award or award under such other plan in consideration for the grant of such substitute or exchange Award. In addition, Awards may be granted in lieu of cash compensation, including in lieu of cash payments under other plans of the Company or an Affiliate. Notwithstanding **Section 8.1** and **Section 9.1**, but subject to **Section 3.4**, the Option Price of an Option or the SAR Price of a SAR that is a Substitute Award may be less than 100% of the Fair Market Value of a share of Common Stock on the original Grant Date; *provided* that such Option Price or SAR Price is determined in accordance with the principles of Code Section 424 for any Incentive Stock Option and consistent with Code Section 409A for any other Option or SAR.

7. AWARD AGREEMENT

Each Award granted pursuant to the Plan will be evidenced by an Award Agreement, which will be in such form or forms as the Committee will from time to time determine. Award Agreements utilized under the Plan from time to time or at the same time need not contain similar provisions, but will be consistent with the terms of the Plan. Each Award Agreement evidencing an Award of an Option will specify whether the Option is intended to be a Nonqualified Stock Option or an Incentive Stock Option, and, in the absence of such specification, the Option will be deemed to constitute Nonqualified Stock Options.

8. TERMS AND CONDITIONS OF OPTIONS

8.1 Option Price.

The Option Price of each Option will be fixed by the Committee and stated in the Award Agreement evidencing such Option. Except in the case of Substitute Awards, the Option Price of each Option will be at least the Fair Market Value of one share of Common Stock on the Grant Date; *provided* that in the event that a Grantee is a Ten Percent Stockholder, the Option Price of an Option granted to such Grantee that is intended to be an Incentive Share Option will be not less than 110% of the Fair Market Value of one share of Common Stock on the Grant Date. In no case will the Option Price of any Option be less than the par value of a share of Common Stock.

8.2 Vesting.

Subject to **Sections 8.3** and **17.3**, each Option granted under the Plan will become exercisable at such times and under such conditions as will be determined by the Committee and stated in the Award Agreement, in another agreement with the Grantee or otherwise in writing, provided that, except as otherwise determined by the Committee, no Option will be granted to persons who are entitled to overtime under Applicable Laws, that will vest or be exercisable within a six-month period starting on the Grant Date.

8.3 Term.

Each Option granted under the Plan will terminate, and all rights to purchase shares of Common Stock thereunder will cease, upon the expiration of ten years from the Grant Date of such Option, or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Committee and stated in the Award Agreement relating to such Option; *provided* that in the event that the Grantee is a Ten Percent Stockholder, an Option granted to such Grantee that is intended to be an Incentive Stock Option will not be exercisable after the expiration of five years from its Grant Date; and *provided further,* that, to the extent deemed necessary or appropriate by the Committee to reflect differences in local law, tax policy, or custom with respect to any Option granted to a Grantee who is a foreign national or is a natural person who is employed outside the United States, such Option may terminate, and all rights to purchase shares of Common Stock thereunder may cease, upon the expiration of such period longer than ten years from the Grant Date of such Option as the Committee will determine. The Company will deduct from the shares of Common Stock deliverable to the Grantee upon such exercise the number of shares of Common Stock necessary to satisfy payment of the Option Price and all withholding obligations.

8.4 Termination of Service.

Each Award Agreement with respect to the grant of an Option may set forth the extent to which the Grantee thereof, if at all, will have the right to exercise such Option following termination of such Grantee's Service. Such provisions will be determined in the sole discretion of the Committee, need not be uniform among all Options issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of Service.

8.5 Limitations on Exercise of Option.

Notwithstanding any other provision of the Plan, in no event may any Option be exercised, in whole or in part, after the occurrence of an event referred to in **Section 17** that results in the termination of such Option.

8.6 Method of Exercise.

Subject to the terms of **Section 12** and **Section 18.3**, an Option that is exercisable may be exercised by the Grantee's delivery to the Company or its designee or agent a notice of exercise on any business day, at the Company's principal office or the office of such designee or agent, on the form specified by the Company and in accordance with any additional procedures specified by the Committee. The notice of exercise will specify the number of shares of Common Stock with respect to which such Option is being exercised and will be accompanied by payment in full of the Option Price of the shares of Common Stock for which such Option is being exercised plus the amount (if any) of federal and/or other taxes that the Company may, in its discretion, be required to withhold with respect to the exercise of such Option.

8.7 Rights of Holders of Options.

Unless otherwise stated in the applicable Award Agreement, a Grantee or other person holding or exercising an Option will have none of the rights of a stockholder of the Company (for example, the right to receive cash or dividend payments or distributions attributable to the shares of Common Stock subject to such Option, to direct the voting of the shares of Common Stock subject to such Option, or to receive notice of any meeting of the Company's stockholders) until the shares of Common Stock subject thereto are fully paid and issued to such Grantee or other person. Except as provided in **Section 17**, no adjustment will be made for dividends, distributions or other rights with respect to any shares of Common Stock subject to an Option for which the record date is prior to the date of issuance of such shares of Common Stock.

8.8 Delivery of Shares of Common Stock.

Promptly after the exercise of an Option by a Grantee and the payment in full of the Option Price with respect thereto, such Grantee will be entitled to receive such evidence of such Grantee's ownership of the shares of Common Stock subject to such Option as will be consistent with **Section 3.7**.

8.9 Transferability of Options.

Except as provided in **Section 8.10**, during the lifetime of a Grantee of an Option, only such Grantee (or, in the event of such Grantee's legal incapacity or incompetency, such Grantee's guardian or legal representative) may exercise such Option. Except as provided in **Section 8.10**, no Option will be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution.

8.10 Family Transfers.

If authorized in the applicable Award Agreement and by the Committee, in its sole discretion, a Grantee may transfer, not for value, all or part of an Option that is not an Incentive Stock Option to any Family Member. For the purpose of this **Section 8.10**, a transfer "not for value" is a transfer that is (a) a gift, (b) a transfer under a domestic relations order in settlement of marital property rights or (c) unless Applicable Laws do not permit such transfer, a transfer to an entity in which more than 50% of the voting interests are owned by Family Members (and/or the Grantee) in exchange for an interest in such entity. Following a transfer under this **Section 8.10**, any such Option will continue to be subject to the same terms and conditions as were applicable immediately prior to such transfer, and the shares of Common Stock acquired pursuant to such Option will be subject to the same restrictions with respect to transfers of such shares of Common Stock as would have applied to the Grantee thereof. Subsequent transfers of transferred Options will be prohibited except to Family Members of the original Grantee in accordance with this **Section 8.10** or by will or the laws of descent and distribution. The provisions of **Section 8.4** relating to termination of Service will continue to be applied with respect to the original Grantee of the Option, following which such Option will be exercisable by the transferee only to the extent, and for the periods specified, in **Section 8.4**.

8.11 Limitations on Incentive Stock Options.

An Option will constitute an Incentive Stock Option only (a) if the Grantee of such Option is an Employee of the Company or any corporate Subsidiary, (b) to the extent specifically provided in the related Award Agreement and (c) to the extent that the aggregate Fair Market Value (determined at the time such Option is granted) of the shares of Common Stock with respect to which all Incentive Stock Options held by such Grantee become exercisable for the first time during any calendar year (under the Plan and all other plans of the Company and its Affiliates) does not exceed $100,000. Except to the extent provided in the regulations under Code Section 422, this limitation will be applied by taking Options into account in the order in which they were granted.

8.12 Notice of Disqualifying Disposition.

If any Grantee makes any disposition of shares of Common Stock issued pursuant to the exercise of an Incentive Stock Option under the circumstances provided in Code Section 421(b) (relating to certain disqualifying dispositions), such Grantee will notify the Company of such disposition within ten days thereof.

9. TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS

9.1 Right to Payment and Grant Price.

A SAR will confer on the Grantee to whom it is granted a right to receive, upon exercise thereof, the excess of (a) the Fair Market Value of one share of Common Stock on the date of exercise and (b) the per share strike price of such SAR (the "**SAR Price**") as determined by the Committee. The Award Agreement for a SAR will specify the SAR Price, which will be no less than the Fair Market Value of one share of Common Stock on the Grant Date of such SAR. SARs may be granted in tandem with all or part of an Option granted under the Plan or at any subsequent time during the term of such Option, in combination with all or any part of any other Award or without regard to any Option or other Award; *provided* that a SAR that is granted subsequent to the Grant Date of a related Option must have a SAR Price that is no less than the Fair Market Value of one share of Common Stock on the Grant Date of such SAR.

9.2 Other Terms.

The Committee will determine on the Grant Date or thereafter the time or times at which and the circumstances under which a SAR may be exercised in whole or in part (including based on achievement of performance goals and/or future Service requirements), the time or times at which SARs will cease to be or become exercisable following termination of Service or upon other conditions, the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which shares of Common Stock will be delivered or deemed to be delivered to Grantees, whether or not a SAR will be granted in tandem or in combination with any other Award, and any and all other terms and conditions of any SAR.

9.3 Term.

Each SAR granted under the Plan will terminate, and all rights thereunder will cease, upon the expiration of ten years from the Grant Date of such SAR or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Committee and stated in the Award Agreement relating to such SAR provided that, to the extent deemed necessary or appropriate by the Committee to reflect differences in local law, tax policy, or custom, with respect to any SAR granted to a Grantee who is a foreign national or is a natural person who is employed outside the United States, such SAR may terminate, and all rights thereunder may cease, upon the expiration of such period longer than ten (10) years from the Grant Date of such SAR as the Committee shall determine. If on the day preceding the date on which a Grantee's SAR would otherwise terminate, the Fair Market Value of the shares of Common Stock underlying a Grantee's SAR is greater than the SAR Price, the Company will, prior to the termination of such SAR and without any action being taken on the part of the Grantee, consider such SAR to have been exercised by the Grantee.

9.4 Transferability of SARS.

Except as provided in **Section 9.5**, during the lifetime of a Grantee of a SAR, only the Grantee (or, in the event of such Grantee's legal incapacity or incompetency, such Grantee's guardian or legal representative) may exercise such SAR. Except as provided in **Section 9.5**, no SAR will be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution.

9.5 Family Transfers.

If authorized in the applicable Award Agreement and by the Committee, in its sole discretion, a Grantee may transfer, not for value, all or part of a SAR to any Family Member. For the purpose of this **Section 9.5**, a transfer "not for value" is a transfer that is (a) a gift, (b) a transfer under a domestic relations order in settlement of marital property rights or (c) unless Applicable Laws do not permit such transfer, a transfer to an entity in which more than 50% of the voting interests are owned by Family Members (and/or the Grantee) in exchange for an interest in such entity. Following a transfer under this **Section 9.5**, any such SAR will continue to be subject to the same terms and conditions as were in effect immediately prior to such transfer, and shares of Common Stock acquired pursuant to a SAR will be subject to the same restrictions on transfers of such shares of Common Stock as would have applied to the Grantee or such SAR. Subsequent transfers of transferred SARs will be prohibited except to Family Members of the original Grantee in accordance with this **Section 9.5** or by will or the laws of descent and distribution.

10. TERMS AND CONDITIONS OF RESTRICTED STOCK, RESTRICTED STOCK UNITS AND DEFERRED STOCK UNITS

10.1 Grant of Restricted Stock, Restricted Stock Units and Deferred Stock Units.

Awards of Restricted Stock, Restricted Stock Units and Deferred Stock Units may be made for consideration or for no consideration, other than the par value of the shares of Common Stock, which will be deemed paid by past Service or, if so provided in the related Award Agreement or a separate agreement, the promise by the Grantee to perform future Service to the Company or an Affiliate.

10.2 Restrictions.

At the time a grant of Restricted Stock, Restricted Stock Units or Deferred Stock Units is made, the Committee may, in its sole discretion, (a) establish a period of time (a "**Restricted Period**") applicable to such Restricted Stock, Restricted Stock Units or Deferred Stock Units and (b) prescribe restrictions in addition to or other than the expiration of the Restricted Period, including the achievement of corporate or individual performance goals, which may be applicable to all or any portion of such Award of Restricted Stock, Restricted Stock Units or Deferred Stock Units as provided in **Section 14**. Awards of Restricted Stock, Restricted Stock Units and Deferred Stock Units may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of during the Restricted Period or prior to the satisfaction of any other restrictions prescribed by the Committee with respect to such Awards.

10.3 Registration; Restricted Stock Certificates.

Pursuant to **Section 3.7**, to the extent that ownership of Restricted Stock is evidenced by a book-entry registration or direct registration (including transaction advices), such registration will be notated to evidence the restrictions imposed on such Award of Restricted Stock under the Plan and the applicable Award Agreement. Subject to **Section 3.7** and the immediately following sentence, the Company may issue, in the name of each Grantee to whom Restricted Stock has been granted, share certificates representing the total number of shares of Restricted Stock granted to the Grantee, as soon as reasonably practicable after the Grant Date of such Restricted Stock. The Committee may provide in an Award Agreement with respect to an Award of Restricted Stock that either (a) the Secretary of the Company will hold such share certificates for such Grantee's benefit until such time as such shares of Restricted Stock are forfeited to the Company or the restrictions applicable thereto lapse and such Grantee will deliver a stock power to the Company with respect to each share certificate, or (b) such share certificates will be delivered to such Grantee, *provided* that such share certificates will bear legends that comply with applicable securities laws and regulations and make appropriate reference to the restrictions imposed on such Award of Restricted Stock under the Plan and such Award Agreement.

10.4 Rights of Holders of Restricted Stock.

Unless the Committee otherwise provides in an Award Agreement, holders of Restricted Stock will have the right to vote such shares of Restricted Stock and the right to receive any dividends declared or paid with respect to such shares of Restricted Stock. The Committee may provide that any dividends paid on Restricted Stock must be reinvested in shares of Common Stock, which shall be subject to the same vesting conditions and restrictions as the vesting conditions and restrictions applicable to such Restricted Stock. Dividends paid on Restricted Stock that vests or is earned based upon the achievement of performance goals will not vest unless such performance goals for such Restricted Stock are achieved, and if such performance goals are not achieved, the Grantee of such Restricted Stock will promptly forfeit and repay to the Company such dividend payments, if permissible under Applicable Law. All share distributions, if any, received by a Grantee with respect to Restricted Stock as a result of any stock split, stock dividend, combination of stock, or other similar transaction will be subject to the vesting conditions and restrictions applicable to such Restricted Stock. No election under Section 83(b) of the Code or under a similar provision of law may be made unless expressly permitted by the terms of the applicable Award agreement or by action of the Committee in writing prior to the making of such election. If a Grantee, in connection with the acquisition of shares of Common Stock under the Plan or otherwise, is expressly permitted to make such election and the Grantee makes the election, the Grantee shall notify the Company of such election within ten days of filing notice of the election with the Internal Revenue Service or other governmental authority, in addition to any filing and notification required pursuant to Section 83(b) of the Code or other applicable provision.

10.5 Rights of Holders of Restricted Stock Units and Deferred Stock Units.

(a) Voting and Dividend Rights.

Holders of Restricted Stock Units and Deferred Stock Units will have no rights as stockholders of the Company (for example, the right to receive cash or dividend payments or distributions attributable to the shares of Common Stock subject to such Restricted Stock Units and Deferred Stock Units, to direct the voting of the shares of Common Stock subject to such Restricted Stock Units and Deferred Stock Units, or to receive notice of any meeting of the Company's stockholders). The Committee may provide in an Award Agreement evidencing a grant of Restricted Stock Units or Deferred Stock Units that the holder of such Restricted Stock Units or Deferred Stock Units will be entitled to receive, upon the Company's payment of a cash dividend on its outstanding shares of Common Stock, a cash payment for each such Restricted Stock Unit or Deferred Stock Unit that is equal to the per-share dividend paid on such shares of Common Stock. Dividends paid on Restricted Stock Units and Deferred Stock Units that vest or are earned based upon the achievement of performance goals will not vest unless such performance goals for such Restricted Stock Units or Deferred Stock Units are achieved, and if such performance goals are not achieved, the Grantee of such Restricted Stock Units or Deferred Stock Units will promptly forfeit and repay to the Company such dividend payments, if permissible under Applicable Law. Such Award Agreement also may provide that such cash payment will be deemed reinvested in additional Restricted Stock Units or Deferred Stock Units at a price per unit equal to the Fair Market Value of a share of Common Stock on the date on which such cash dividend is paid. Such cash payments paid in connection with Restricted Stock Units or Deferred Stock Units that vest or are earned based upon the achievement of performance goals will not vest unless such performance goals for such Restricted Stock Units or Deferred Stock Units are achieved, and if such performance goals are not achieved, the Grantee of such Restricted Stock Units or Deferred Stock Units will promptly forfeit and repay to the Company such cash payments, if permissible under Applicable Law.

(b) Creditor's Rights.

A holder of Restricted Stock Units or Deferred Stock Units will have no rights other than those of a general unsecured creditor of the Company. Restricted Stock Units and Deferred Stock Units represent unfunded and unsecured obligations of the Company, subject to the terms and conditions of the applicable Award Agreement.

10.6 Termination of Service.

Unless the Committee otherwise provides in an Award Agreement, in another agreement with the Grantee or otherwise in writing after such Award Agreement is entered into, but prior to termination of Grantee's Service, upon the termination of such Grantee's Service, any Restricted Stock, Restricted Stock Units or Deferred Stock Units held by such Grantee that have not vested, or with respect to which all applicable restrictions and conditions have not lapsed, will immediately be deemed forfeited. Upon forfeiture of such Restricted Stock, Restricted Stock Units or Deferred Stock Units, the Grantee thereof will have no further rights with respect thereto, including any right to vote such Restricted Stock or any right to receive dividends with respect to such Restricted Stock, Restricted Stock Units or Deferred Stock Units.

10.7 Purchase of Restricted Stock and Shares of Common Stock Subject to Restricted Stock Units and Deferred Stock Units.

The Grantee of an Award of Restricted Stock, vested Restricted Stock Units or vested Deferred Stock Units will be required, to the extent required by Applicable Laws, to purchase such Restricted Stock or the shares of Common Stock subject to such vested Restricted Stock Units or Deferred Stock Units from the Company at a purchase price equal to the greater of (x) the aggregate par value of the shares of Common Stock represented by such Restricted Stock or such vested Restricted Stock Units or Deferred Stock Units or (y) the purchase price, if any, specified in the Award Agreement relating to such Restricted Stock or such vested Restricted Stock Units or Deferred Stock Units. Such purchase price will be payable in a form provided in **Section 12** or, in the sole discretion of the Committee, in consideration for Service rendered or to be rendered to the Company or an Affiliate.

10.8 Delivery of Shares of Common Stock.

Upon the expiration or termination of any Restricted Period and the satisfaction of any other conditions prescribed by the Committee, including but not limited to any delayed delivery period, the restrictions applicable to Restricted Stock, Restricted Stock Units or Deferred Stock Units settled in shares of Common Stock will lapse, and, unless otherwise provided in the applicable Award Agreement, a book-entry or direct registration (including transaction advices) or a share certificate evidencing ownership of such shares of Common Stock will, consistent with **Section 3.7**, be issued, free of all such restrictions, to the Grantee thereof or such Grantee's beneficiary or estate, as the case may be. Neither the Grantee, nor the Grantee's beneficiary or estate, will have any further rights with regard to a Restricted Stock Unit or Deferred Stock Unit once the shares of Common Stock represented by such Restricted Stock Unit or Deferred Stock Unit have been delivered in accordance with this **Section 10.8**.

11. TERMS AND CONDITIONS OF UNRESTRICTED STOCK AWARDS AND OTHER AWARDS

11.1 Unrestricted Stock Awards.

The Committee may, in its sole discretion, grant (or sell at the par value of a share of Common Stock or at such other higher purchase price as will be determined by the Committee) an Award to any Grantee pursuant to which such Grantee may receive shares of Common Stock free of any restrictions ("**Unrestricted Stock**") under the Plan. Unrestricted Stock may be granted or sold to any Grantee as provided in the immediately preceding sentence in respect of past Service or, if so provided in the related Award Agreement or a separate agreement, the promise by the Grantee to perform future Service, to the Company or an Affiliate or other valid consideration, or in lieu of, or in addition to, any cash compensation due to such Grantee.

11.2 Other Awards.

The Committee may, in its sole discretion, grant Awards in the form of Other Equity-Based Awards, as deemed by the Committee to be consistent with the purposes of the Plan. Awards granted pursuant to this **Section Error! Reference source not found.** may be granted with vesting, value and/or payment contingent upon the achievement of one or more performance goals. The Committee will determine the terms and conditions of Other Equity-Based Awards at the Grant Date or thereafter. Unless the Committee otherwise provides in an Award Agreement, in another agreement with the Grantee, or otherwise in writing after such Award Agreement is issued, upon the termination of a Grantee's Service, any Other Equity-Based Awards held by such Grantee that have not vested, or with respect to which all applicable restrictions and conditions have not lapsed, will immediately be deemed forfeited. Upon forfeiture of any Other Equity-Based Award, the Grantee thereof will have no further rights with respect to such Other Equity-Based Award.

12. FORM OF PAYMENT FOR OPTIONS AND RESTRICTED STOCK

12.1 General Rule.

Payment of the Option Price for the shares of Common Stock purchased pursuant to the exercise of an Option or the purchase price, if any, for Restricted Stock will be made in cash or in cash equivalents acceptable to the Company.

12.2 Surrender of Shares of Common Stock.

To the extent that the applicable Award Agreement so provides, payment of the Option Price for shares of Common Stock purchased pursuant to the exercise of an Option or the purchase price, if any, for Restricted Stock may be made all or in part through the tender or attestation to the Company of shares of Common Stock, which will be valued, for purposes of determining the extent to which such Option Price or purchase price has been paid thereby, at their Fair Market Value on the date of such tender or attestation.

12.3 Cashless Exercise.

To the extent permitted by Applicable Laws and to the extent the Award Agreement so provides, payment of the Option Price for shares of Common Stock purchased pursuant to the exercise of an Option may be made all or in part by delivery (on a form acceptable to the Committee) of an irrevocable direction to a licensed securities broker acceptable to the Company to sell shares of Common Stock and to deliver all or part of the proceeds of such sale to the Company in payment of such Option Price and any withholding taxes described in **Section 18.3.**

12.4 Other Forms of Payment.

To the extent the Award Agreement so provides and/or unless otherwise specified in an Award Agreement, payment of the Option Price for shares of Common Stock purchased pursuant to exercise of an Option or the purchase price, if any, for Restricted Stock may be made in any other form that is consistent with Applicable Laws, including Service by the Grantee thereof to the Company or an Affiliate.

13. TERMS AND CONDITIONS OF DIVIDEND EQUIVALENT RIGHTS

13.1 Dividend Equivalent Rights.

A Dividend Equivalent Right is an Award entitling the Grantee thereof to receive credits based on cash distributions that would have been paid on the shares of Common Stock specified in such Dividend Equivalent Right (or other Award to which such Dividend Equivalent Right relates) if such shares of Common Stock had been issued to and held by the recipient of such Dividend Equivalent Right as of the record date. A Dividend Equivalent Right may be granted hereunder to any Grantee, *provided* that no Dividend Equivalent Rights may be granted in connection with, or related to, an Award of an Option or a SAR. The terms and conditions of Dividend Equivalent Rights will be specified in the Award Agreement therefor. Dividend equivalents credited to the holder of a Dividend Equivalent Right may be deemed to be reinvested in additional shares of Common Stock, which may thereafter accrue additional Dividend Equivalent Rights (with or without being subject to forfeiture or a repayment obligation). Any such reinvestment will be at the Fair Market Value thereof on the date of such reinvestment. Dividend Equivalent Rights may be settled in cash or shares of Common Stock or a combination thereof, in a single installment or in multiple installments, all as determined in the sole discretion of the Committee. A Dividend Equivalent Right granted as a component of another Award may provide that such Dividend Equivalent Right will be settled upon exercise, settlement, or payment of, or lapse of restrictions on, such other Award, and that such Dividend Equivalent Right will expire or be forfeited or annulled under the same conditions as such other Award. A Dividend Equivalent Right granted as a component of another Award also may contain terms and conditions that are different from the terms and conditions of such other Award, *provided* that Dividend Equivalent Rights credited pursuant to a Dividend Equivalent Right granted as a component of another Award will not vest or become payable unless and until the Award to which the Dividend Equivalent Rights correspond becomes vested and settled.

13.2 Termination of Service.

Unless the Committee otherwise provides in an Award Agreement, in another agreement with the Grantee, or otherwise in writing after such Award Agreement is issued, a Grantee's rights in all Dividend Equivalent Rights will automatically terminate upon such Grantee's termination of Service for any reason.

14. TERMS AND CONDITIONS OF PERFORMANCE-BASED AWARDS

14.1 Grant of Performance-Based Awards.

Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Performance-Based Awards to a Plan participant in such amounts and upon such terms as the Committee will determine.

14.2 Value of Performance-Based Awards.

Each grant of a Performance-Based Award will have an actual or target number of shares of Common Stock or initial value that is established by the Committee at the time of grant. The Committee will set performance goals in its discretion that, depending on the extent to which they are achieved, will determine the value and/or number of shares of Common Stock subject to a Performance-Based Award that will be paid out to the Grantee thereof.

14.3 Earning of Performance-Based Awards.

Subject to the terms of the Plan, after the applicable Performance Period has ended, the Grantee of Performance-Based Awards will be entitled to receive a payout on the number of shares of Common Stock or cash value earned under the Performance-Based Awards by such Grantee over such Performance Period.

14.4 Form and Timing of Payment of Performance-Based Awards.

Payment of earned Performance-Based Awards will be made in the manner described in the applicable Award Agreement as determined by the Committee. Subject to the terms of the Plan, the Committee, in its sole discretion, may pay earned Performance-Based Awards in the form of cash or shares of Common Stock (or a combination thereof) equal to the value of such earned Performance-Based Awards and will pay the Awards that have been earned at the close of the applicable Performance Period, or as soon as reasonably practicable after the Committee has determined that the performance goal or goals relating thereto have been achieved; *provided* that, unless specifically provided in the Award Agreement for such Awards, such payment will occur no later than the 15th day of the third month following the end of the calendar year in which such Performance Period ends. Any shares of Common Stock paid out under such Performance-Based Awards may be granted subject to any restrictions deemed appropriate by the Committee. The determination of the Committee with respect to the form of payout of such Performance-Based Awards will be set forth in the Award Agreement therefor.

14.5 Performance Conditions.

The right of a Grantee to exercise or receive a grant or settlement of any Performance-Based Award, and the timing thereof, may be subject to the achievement of Performance Measures as may be specified by the Committee. The Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions.

14.6 Performance Goals Generally.

The performance goals for Performance-Based Awards will consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Committee consistent with this **Section 14.6.** The Committee may determine that such Awards will be granted, exercised and/or settled upon achievement of any single performance goal or of two or more performance goals. Performance goals may differ for Awards granted to any one Grantee or to different Grantees.

14.7 Payment of Awards; Other Terms.

Payment of Performance-Based Awards will be in cash, Common Stock, or other Awards, including an Award that is subject to additional Service-based vesting, as determined in the sole discretion of the Committee. The Committee may, in its sole discretion, reduce the amount of a payment otherwise to be made in connection with such Awards. The Committee will specify the circumstances in which such Performance-Based Awards will be paid or forfeited in the event of termination of Service by the Grantee prior to the end of a Performance Period or settlement of such Awards. In the event payment of the Performance-Based Award is made in the form of another Award subject to Service-based vesting, the Committee will specify the circumstances in which the payment Award will be paid or forfeited in the event of a termination of Service.

15. PARACHUTE LIMITATIONS

If any Grantee is a "disqualified individual," as defined in Code Section 280G(c), then, notwithstanding any other provision of the Plan or of any other agreement, contract, or understanding heretofore or hereafter entered into by such Grantee with the Company or an Affiliate, except an agreement, contract, or understanding that expressly addresses Code Section 280G or Code Section 4999 (an "**Other Agreement**"), and notwithstanding any formal or informal plan or other arrangement for the direct or indirect provision of compensation to the Grantee (including groups or classes of Grantees or beneficiaries of which the Grantee is a member), whether or not such compensation is deferred, is in cash, or is in the form of a benefit to or for the Grantee (a "**Benefit Arrangement**"), any right of the Grantee to any exercise, vesting, payment, or benefit under the Plan will be reduced or eliminated:

(a) to the extent that such right to exercise, vesting, payment, or benefit, taking into account all other rights, payments, or benefits to or for the Grantee under the Plan, all Other Agreements, and all Benefit Arrangements, would cause any exercise, vesting, payment, or benefit to the Grantee under the Plan to be considered a "parachute payment" within the meaning of Code Section 280G(b)(2) as then in effect (a "**Parachute Payment**"); and

(b) if, as a result of receiving such Parachute Payment, the aggregate after-tax amounts received by the Grantee from the Company under the Plan, all Other Agreements, and all Benefit Arrangements would be less than the maximum after-tax amount that could be received by the Grantee without causing any such payment or benefit to be considered a Parachute Payment.

The Company will accomplish such reduction by first reducing or eliminating any cash payments (with the payments to be made furthest in the future being reduced first), then by reducing or eliminating any accelerated vesting of Performance-Based Awards, then by reducing or eliminating any accelerated vesting of Options or SARs, then by reducing or eliminating any accelerated vesting of Restricted Stock, Restricted Stock Units or Deferred Stock Units, then by reducing or eliminating any other remaining Parachute Payments.

16. REQUIREMENTS OF LAW

16.1 General.

The Company will not be required to offer, sell or issue any shares of Common Stock under any Award, whether pursuant to the exercise of an Option or SAR or otherwise, if the offer, sale or issuance of such shares of Common Stock would constitute a violation by the Grantee, the Company or an Affiliate, or any other person, of any provision of Applicable Laws, including any federal or state securities laws or regulations. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of any shares of Common Stock subject to an Award upon any securities exchange or under any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the offering, issuance, sale or purchase of shares of Common Stock in connection with any Award, no shares of Common Stock may be offered, issued or sold to the Grantee or any other person under such Award, whether pursuant to the exercise of an Option or SAR or otherwise, unless such listing, registration or qualification will have been effected or obtained free of any conditions not acceptable to the Company, and any delay caused thereby will in no way affect the date of termination of such Award. Without limiting the generality of the foregoing, upon the exercise of any Option or any SAR that may be settled in shares of Common Stock or the delivery of any shares of Common Stock underlying an Award, unless a registration statement under the Securities Act is in effect with respect to the shares of Common Stock subject to such Award, the Company will not be required to offer, sell or issue such shares of Common Stock unless the Committee will have received evidence satisfactory to it that the Grantee or any other person exercising such Option or SAR or accepting delivery of such shares may acquire such shares of Common Stock pursuant to an exemption from registration under the Securities Act. Any determination in this connection by the Committee will be final, binding, and conclusive. The Company may register, but will in no event be obligated to register, any shares of Common Stock Or other securities issuable pursuant to the Plan pursuant to the Securities Act. The Company will not be obligated to take any affirmative action in order to cause the exercise of an Option or a SAR or the issuance of shares of Common Stock or other securities issuable pursuant to the Plan or any Award to comply with any Applicable Laws. As to any jurisdiction that expressly imposes the requirement that an Option or SAR that may be settled in shares of Common Stock will not be exercisable until the shares of Common Stock subject to such Option or SAR are registered under the securities laws thereof or are exempt from such registration, the exercise of such Option or SAR under circumstances in which the laws of such jurisdiction apply will be deemed conditioned upon the effectiveness of such registration or the availability of such an exemption.

16.2 Rule 16b-3.

During any time when the Company has a class of equity security registered under Section 12 of the Exchange Act, it is the intention of the Company that Awards pursuant to the Plan and the exercise of Options and SARs granted hereunder that would otherwise be subject to Section 16(b) of the Exchange Act will qualify for the exemption provided by Rule 16b-3 under the Exchange Act. To the extent that any provision of the Plan or action by the Committee does not comply with the requirements of such Rule 16b-3, such provision or action will be deemed inoperative with respect to such Awards to the extent permitted by Applicable Laws and deemed advisable by the Committee, and will not affect the validity of the Plan. In the event that such Rule 16b-3 is revised or replaced, the Board may exercise its discretion to modify the Plan in any respect necessary or advisable in its judgment to satisfy the requirements of, or to permit the Company to avail itself of the benefits of, the revised exemption or its replacement.

17. EFFECT OF CHANGES IN CAPITALIZATION

17.1 Changes in Common Stock.

If the number of outstanding shares of Common Stock is increased or decreased or the shares of Common Stock are changed into or exchanged for a different number of shares or kind of equity shares or other securities of the Company on account of any recapitalization, reclassification, stock split, reverse stock split, spin-off, combination of stock, exchange of shares, stock dividend or other distribution payable in equity shares, or other increase or decrease in shares of Common Stock effected without receipt of consideration by the Company occurring after the Effective Date, the number and kinds of equity shares for which grants of Options and other Awards may be made under the Plan will be adjusted proportionately and accordingly by the Committee. In addition, the number and kind of equity shares for which Awards are outstanding will be adjusted proportionately and accordingly by the Committee so that the proportionate interest of the Grantee therein immediately following such event will, to the extent practicable, be the same as immediately before such event. Any such adjustment in outstanding Options or SARs will not change the aggregate Option Price or SAR Price payable with respect to shares that are subject to the unexercised portion of such outstanding Options or SARs, as applicable, but will include a corresponding proportionate adjustment in the per share Option Price or SAR Price, as the case may be. The conversion of any convertible securities of the Company will not be treated as an increase in shares effected without receipt of consideration. Notwithstanding the foregoing, in the event of any distribution to the Company's stockholders of securities of any other entity or other assets (including an extraordinary dividend, but excluding a non-extraordinary dividend, declared and paid by the Company) without receipt of consideration by the Company, the Board or the Committee constituted pursuant to **Section 3.1(b)** will, in such manner as the Board or the Committee deems appropriate, adjust (a) the number and kind of shares of Common Stock subject to outstanding Awards and/or (b) the aggregate and per share Option Price of outstanding Options and the aggregate and per share SAR Price of outstanding SARs as required to reflect such distribution.

17.2 Reorganization in Which the Company Is the Surviving Entity That Does not Constitute a Change in Control.

Subject to **Section 17.3**, if the Company will be the surviving entity in any reorganization, merger or consolidation of the Company with one or more other entities that does not constitute a Change in Control, any Option or SAR theretofore granted pursuant to the Plan will pertain to and apply to the securities to which a holder of the number of shares of Common Stock subject to such Option or SAR would have been entitled immediately following such reorganization, merger or consolidation, with a corresponding proportionate adjustment of the per share Option Price or SAR Price so that the aggregate Option Price or SAR Price thereafter will be the same as the aggregate Option Price or SAR Price of the shares of Common Stock remaining subject to the Option or SAR as in effect immediately prior to such reorganization, merger, or consolidation. Subject to any contrary language in an Award Agreement or in another agreement with the Grantee, or otherwise set forth in writing, any restrictions applicable to such Award will apply as well to any replacement shares received by the Grantee as a result of such reorganization, merger or consolidation. In the event of any reorganization, merger or consolidation of the Company referred to in this **Section 17.2**, Performance-Based Awards will be adjusted (including any adjustment to the Performance Measures applicable to such Awards deemed appropriate by the Committee) so as to apply to the securities that a holder of the number of shares of Common Stock subject to the Performance-Based Awards would have been entitled to receive immediately following such reorganization, merger or consolidation.

17.3 Change in Control in which Awards are not Assumed.

Except as otherwise provided in the applicable Award Agreement or in another agreement with the Grantee, or as otherwise set forth in writing, upon the occurrence of a Change in Control in which outstanding Options, SARs, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Dividend Equivalent Rights or Other Equity-Based Awards are not being assumed or continued, the following provisions will apply to such Award, to the extent not assumed or continued:

(a) in each case with the exception of Performance-Based Awards, all outstanding shares of Restricted Stock will be deemed to have vested, all Restricted Stock Units and Deferred Stock Units will be deemed to have vested and the shares of Common Stock subject thereto will be delivered, and all Dividend Equivalent Rights will be deemed to have vested and the shares of Common Stock subject thereto will be delivered, immediately prior to the occurrence of such Change in Control, and either of the following two actions will be taken:

(i) 15 days prior to the scheduled consummation of such Change in Control, all Options and SARs outstanding hereunder will become immediately exercisable and will remain exercisable for a period of 15 days, which exercise will be effective upon such consummation; or

(ii) the Committee may elect, in its sole discretion, to cancel any outstanding Awards of Options, SARs, Restricted Stock, Restricted Stock Units, Deferred Stock Units and/or Dividend Equivalent Rights and pay or deliver, or cause to be paid or delivered, to the holder thereof an amount in cash or securities having a value (as determined by the Committee acting in good faith), in the case of Restricted Stock, Restricted Stock Units, Deferred Stock Units and Dividend Equivalent Rights (for shares of Common Stock subject thereto), equal to the formula or fixed price per share paid to holders of shares of Common Stock pursuant to such Change in Control and, in the case of Options or SARs, equal to the product of the number of shares of Common Stock subject to such Options or SARs (the "**Award Shares**") multiplied by the amount, if any, by which (x) the formula or fixed price per share paid to holders of shares of Common Stock pursuant to such transaction exceeds (y) the Option Price or SAR Price applicable to such Award Shares.

(b) Performance-Based Awards shall become earned and vested based on the greater of (i) the target level of performance or (ii) actual performance measured as of a date reasonably proximal to the date of consummation of the Change in Control, as determined by the Committee, in its sole discretion. For purposes of the preceding sentence, if, based on the discretion of the Committee, actual performance is not determinable, the Awards will be treated as though the target level of performance has been achieved. After application of this **Section 17.3(b)** if any Awards arise from application of this **Section 17.3(b)**, such Awards will be settled under the applicable provisions.

(c) Other Equity-Based Awards will be governed by the terms of the applicable Award Agreement.

With respect to the Company's establishment of an exercise window, (a) any exercise of an Option or SAR during the 15-day period referred to above will be conditioned upon the consummation of the applicable Change in Control and will be effective only immediately before the consummation thereof, and (b) upon consummation of any Change in Control, the Plan and all outstanding but unexercised Options and SARs will terminate. The Committee will send notice of an event that will result in such a termination to all natural persons and entities who hold Options and SARs not later than the time at which the Company gives notice thereof to its stockholders.

17.4 Change in Control in which Awards are Assumed.

Except as otherwise provided in the applicable Award Agreement or in another agreement with the Grantee, or as otherwise set forth in writing, upon the occurrence of a Change in Control in which outstanding Options, SARs, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Dividend Equivalent Rights or Other Equity-Based Awards are being assumed or continued, the following provisions will apply to such Award, to the extent assumed or continued:

The Plan and the Options, SARs, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Dividend Equivalent Rights and Other Equity-Based Awards granted under the Plan will continue in the manner and under the terms so provided in the event of any Change in Control to the extent that provision is made in writing in connection with such Change in Control for the assumption or continuation of such Options, SARs, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Dividend Equivalent Rights and Other Equity-Based Awards, or for the substitution for such Options, SARs, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Dividend Equivalent Rights and Other Equity-Based Awards of new common share options, share appreciation rights, restricted share, common restricted share units, common deferred share units, dividend equivalent rights and other equity-based awards relating to the equity of a successor entity, or a parent or subsidiary thereof, with appropriate adjustments as to the number of shares (disregarding any consideration that is not common shares) and option and share appreciation rights exercise prices. Without limiting the generality of the foregoing, all incomplete Performance Periods in respect of each Performance-Based Award shall end on the date of the Change in Control and the performance goals applicable to such Award shall be deemed satisfied at either (a) the target level of performance or (b) the actual level of performance measured as of a date reasonably proximal to the date of consummation of the Change in Control, as determined by the Committee, in its sole discretion, in each case, whichever approach results in the greater number of Performance-Based Awards becoming earned. For purposes of the preceding sentence, if, based on the discretion of the Committee, actual performance is not determinable, the performance goals applicable to such Award shall be deemed satisfied at the target level of performance. Each such Performance-Based Award shall thereafter become a time-based Award and shall otherwise vest in accordance with the applicable Award Agreement. In the event an Award is assumed, continued or substituted upon the consummation of any Change in Control and the employment of such Grantee with the Company or an Affiliate is terminated without Cause within 12 months following the consummation of such Change in Control, such Award will be fully vested and may be exercised in full, to the extent applicable, beginning on the date of such termination and for the one-year period immediately following such termination or for such longer period as the Committee will determine.

17.5 Adjustments

Adjustments under this **Section 17** related to shares of Common Stock or other securities of the Company will be made by the Committee, whose determination in that respect will be final, binding and conclusive. No fractional shares or other securities will be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment will be eliminated in each case by rounding downward to the nearest whole share. The Committee may provide in the applicable Award Agreement at the time of grant, in another agreement with the Grantee, or otherwise in writing at any time thereafter with the consent of the Grantee, for different provisions to apply to an Award in place of those provided in **Sections 17.1, 17.2, 17.3** and **17.4**. This **Section 17** will not limit the Committee's ability to provide for alternative treatment of Awards outstanding under the Plan in the event of a change in control event involving the Company that is not a Change in Control.

17.6 No Limitations on Company.

The making of Awards pursuant to the Plan will not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge, consolidate, dissolve, or liquidate, or to sell or transfer all or any part of its business or assets (including all or any part of the business or assets of any Subsidiary or other Affiliate) or engage in any other transaction or activity.

18. GENERAL PROVISIONS

18.1 Disclaimer of Rights.

No provision in the Plan or in any Award or Award Agreement will be construed to confer upon any individual the right to remain in the employ or Service of the Company or an Affiliate, or to interfere in any way with any contractual or other right or authority of the Company an Affiliate either to increase or decrease the compensation or other payments to any natural person or entity at any time, or to terminate any employment or other relationship between any natural person or entity and the Company or an Affiliate. In addition, notwithstanding anything contained in the Plan to the contrary, unless otherwise stated in the applicable Award Agreement, in another agreement with the Grantee, or otherwise in writing, no Award granted under the Plan will be affected by any change of duties or position of the Grantee thereof, so long as such Grantee continues to provide Service. The obligation of the Company to pay any benefits pursuant to the Plan will be interpreted as a contractual obligation to pay only those amounts provided herein, in the manner and under the conditions prescribed herein. The Plan and Awards will in no way be interpreted to require the Company to transfer any amounts to a third-party trustee or otherwise hold any amounts in trust or escrow for payment to any Grantee or beneficiary under the terms of the Plan.

18.2 Nonexclusivity of the Plan.

Neither the adoption of the Plan nor the submission of the Plan to the stockholders of the Company for approval will be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals) as the Board in its discretion determines desirable.

18.3 Withholding Taxes.

The Company or an Affiliate, as the case may be, will have the right to deduct from payments of any kind otherwise due to a Grantee any federal, state, or local taxes of any kind required by law to be withheld with respect to the vesting of or other lapse of restrictions applicable to an Award or upon the issuance of any shares of Common Stock upon the exercise of an Option or pursuant to any other Award. At the time of such vesting, lapse, or exercise, the Grantee will pay in cash to the Company or an Affiliate, as the case may be, any amount that the Company or such Affiliate may reasonably determine to be necessary to satisfy such withholding obligation; *provided* that if there is a same-day sale of shares of Common Stock subject to an Award, the Grantee will pay such withholding obligation on the day on which such same-day sale is completed. Notwithstanding **Section 2.21** or this **Section 18.3**, for purposes of determining taxable income and the amount of the related tax withholding obligation pursuant to this **Section 18.3**, for any shares of Common Stock subject to an Award that are sold by or on behalf of a Grantee on the same date on which such shares may first be sold pursuant to the terms of the related Award Agreement, the Fair Market Value of such shares will be the sale price of such shares on such date (or if sales of such shares are effectuated at more than one sale price, the weighted average sale price of such shares on such date), so long as such Grantee has provided the Company, or its designee or agent, with advance written notice of such sale.

18.4 Captions.

The use of captions in the Plan or any Award Agreement is for convenience of reference only and will not affect the meaning of any provision of the Plan or such Award Agreement.

18.5 Construction.

Unless the context otherwise requires, all references in the Plan to "including" will mean "including without limitation."

18.6 Other Provisions.

Each Award granted under the Plan may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Committee, in its sole discretion.

18.7 Number and Gender.

With respect to words used in the Plan, the singular form will include the plural form and the masculine gender will include the feminine gender, as the context requires.

18.8 Severability.

If any provision of the Plan or any Award Agreement will be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof will be severable and enforceable in accordance with their terms, and all provisions will remain enforceable in any other jurisdiction.

18.9 Governing Law.

The validity and construction of the Plan and the instruments evidencing the Awards hereunder will be governed by, and construed and interpreted in accordance with, the laws of the State of Delaware, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan and the instruments evidencing the Awards granted hereunder to the substantive laws of any other jurisdiction.

18.10 Code Section 409A.

The Plan is intended to comply with Code Section 409A to the extent subject thereto, and, accordingly, to the maximum extent permitted, the Plan will be interpreted and administered to be in compliance with Code Section 409A. Any payments described in the Plan that are due within the "short-term deferral period" as defined in Code Section 409A will not be treated as deferred compensation unless Applicable Laws require otherwise. Notwithstanding anything to the contrary in the Plan, to the extent required to avoid accelerated taxation and tax penalties under Code Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Plan during the six-month period immediately following the Grantee's termination of "separation from service" (as defined for purposes of Code Section 409A) will instead be paid on the first payroll date after the six-month anniversary of the Grantee's separation from service (or the Grantee's death, if earlier).

Furthermore, notwithstanding anything to the contrary in the Plan, in the case of an Award that is characterized as deferred compensation under Code Section 409A, and pursuant to which settlement and delivery of the cash or shares of Common Stock subject to the Award is triggered based on a Change in Control, in no event will a Change in Control be deemed to have occurred for purposes of such settlement and delivery of cash or shares of Common Stock if the transaction is not also a "change in the ownership or effective control of" the Company or "a change in the ownership of a substantial portion of the assets of" the Company as determined under Treasury Regulation Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder). If an Award characterized as deferred compensation under Code Section 409A is not settled and delivered on account of the provision of the preceding sentence, the settlement and delivery will occur on the next succeeding settlement and delivery triggering event that is a permissible triggering event under Code Section 409A. No provision of this paragraph will in any way affect the determination of a Change in Control for purposes of vesting in an Award that is characterized as deferred compensation under Code Section 409A.

Notwithstanding the foregoing, neither the Company, any Affiliate nor the Committee will have any obligation to take any action to prevent the assessment of any excise tax or penalty on any Grantee under Section 409A of the Code and neither the Company, any Affiliate nor the Committee will have any liability to any Grantee for such tax or penalty.

Exhibit 10.2

Grant No. _____

GRACE THERAPEUTICS, INC.
2024 EQUITY INCENTIVE PLAN

INCENTIVE STOCK OPTION AGREEMENT
COVER SHEET

Grace Therapeutics, Inc., a Delaware corporation (the "**Company**"), hereby grants an option (the "**Option**") to purchase shares of its common stock, par value $0.0001 per share (the "**Common Stock**"), to the Grantee named below, subject to the vesting and other conditions set forth below (the "**Cover Sheet**"). Additional terms and conditions of the Option are set forth in the attached Incentive Stock Option Agreement (together with the Cover Sheet, the "**Agreement**") and in the Company's 2024 Equity Incentive Plan (as amended and/or restated from time to time, the "**Plan**").

Name of Grantee:	
Grant Date:	
Type of Option Granted:	Incentive Stock Option
Number of Shares of Common Stock Covered by the Option:	
Option Price per Share of Stock:	$[At least equal to 100% Fair Market Value on Grant Date (or, 110% for Ten Percent Stockholders)]
Vesting Commencement Date:	
Vesting Schedule:	[●]

By your signature below or by your electronic acknowledgment to this Option through an online platform, you agree to all of the terms and conditions described in the Agreement and in the Plan, a copy of which is also attached hereto as Exhibit A. You acknowledge that you have carefully reviewed the Plan and agree that the Plan will control in the event any provision of this Agreement should appear to be inconsistent with the Plan.

Grantee: _____ Date: _____
(Signature)

Company: _____ Date: _____
(Signature)

Name: _____

Title: _____

Attachment

This document is not a stock certificate or a negotiable instrument.

GRACE THERAPEUTICS, INC.
2024 EQUITY INCENTIVE PLAN

INCENTIVE STOCK OPTION AGREEMENT

Option

This Agreement evidences an award of an Option exercisable for that number of shares of Common Stock set forth on the Cover Sheet of this Agreement and subject to the vesting and other conditions set forth in this Agreement and in the Plan.

This Option is intended to be an incentive stock option under Code Section 422 and will be interpreted accordingly, provided, that, the Company makes no representation or guarantee that the Option will qualify as an Incentive Stock Option. To the extent that all or part of this Option exceeds the "$100,000 per year limitation" rule of Code Section 422(d), this Option or the lesser excess part will be deemed to be a Nonqualified Stock Option.

Vesting

This Option is exercisable only before it expires and then only with respect to the vested portion of the Option.

The Option will vest in accordance with the vesting schedule set forth on the Cover Sheet to this Agreement, so long as you continue in Service on each applicable vesting date set forth on the Cover Sheet. Any resulting fractional shares shall be rounded to the nearest whole share and shall be rounded up or down as necessary as of the last applicable vesting date; provided, in all cases, you cannot vest in more than the number of shares of Common Stock covered by this Option.

Notwithstanding your vesting schedule, the unvested portion of your Option will become one hundred percent (100%) vested upon your termination of Service due to your death or Disability.

No additional shares of Common Stock will vest after your Service has terminated for any reason.

Term

Notwithstanding anything in this Agreement to the contrary, (i) your Option will expire in any event at the close of business on the day before the tenth (10^{th}) anniversary (or, if you are a Ten Percent Stockholder, on the day before the fifth (5^{th}) anniversary) of the Grant Date, as shown on the Cover Sheet; (ii) your Option may expire earlier if your Service terminates, as described below; and (iii) your Option may expire earlier in the event of a Change in Control.

Qualification as an Incentive Stock Option; Certain Dispositions

It is understood that this Option is intended to qualify as an Incentive Stock Option to the extent permitted under Applicable Laws. Accordingly, you understand that in order to obtain the benefits of an Incentive Stock Option, no sale or other disposition may be made of shares for which Incentive Stock Option treatment is desired within one (1) year following the date of exercise of the Option or within two (2) years from the Grant Date. You understand and agree that the Company shall not be liable or responsible for any additional tax liability you incur in the event that the Internal Revenue Service for any reason determines that this Option does not qualify as an Incentive Stock Option within the meaning of the Code.

Forfeiture of Unvested Option

In the event your Service terminates for any reason, you will automatically forfeit to the Company the portion of the Option that has not yet vested as of the date of your termination of Service (after taking into account any accelerated vesting triggered by such termination of Service pursuant to the terms of this Agreement, the Plan, or any other written agreement between the Company or a Subsidiary and you).

Regular Termination of Service

If your Service terminates for any reason other than death, Disability, or Cause, the vested, unexercised portion of your Option will expire at the close of business on the ninetieth (90^{th}) day following such termination of Service.

Termination for Cause

If your Service is terminated for Cause, you will immediately and automatically forfeit all rights to your Option (whether vested or unvested), and the Option will immediately and automatically expire. You will be prohibited from exercising the Option from and after the time of such termination of Service.

Death

If your Service terminates because of your death, the vested, unexercised portion of your Option will expire at the close of business on the day before the first (1^{st}) anniversary of the date of your termination of Service. During such period, your estate or heirs may exercise the vested portion of your Option.

In addition, if you die during the ninety (90)-day period described in connection with a regular termination (i.e., a termination of your Service not on account of your death, Disability, or Cause), and the vested portion of your Option has not yet been exercised, then the vested, unexercised portion of your Option will instead expire at the close of business on the day before the first (1^{st}) anniversary of the date of your termination of Service. In such a case, during such period, your estate or heirs may exercise the vested portion of your Option.

Disability

If your Service terminates because of your Disability, the vested, unexercised portion of your Option will expire at the close of business on the day before the first (1^{st}) anniversary of the date of your termination of Service.

Leaves of Absence

For purposes of this Agreement, your Service does not terminate when you go on a *bona fide* leave of absence that was approved by your employer in writing if the terms of the leave provide for continued Service crediting or when continued Service crediting is required by Applicable Laws. Your Service terminates in any event when the approved leave ends unless you immediately return to active employee work.

Your employer may determine, in its discretion, which leaves count for this purpose and when your Service terminates for all purposes under the Plan in accordance with the provisions of the Plan. Notwithstanding the foregoing, the Board or the Committee may determine, in its discretion, that a leave counts for this purpose even if your employer does not agree.

Notice of Exercise

The vested portion of your Option may be exercised, in whole or in part, by (i) giving written notice to the Company or its designee or agent, pursuant to a form designated by the Company, of your intent to exercise and (ii) delivering to the Company or its designee or agent full payment for the shares of Common Stock as to which the Option is to be exercised. Your notice must specify how many shares of Common Stock you wish to purchase. Your notice must also specify how your shares of Common Stock should be registered (in your name only or in your and your spouse's names as joint tenants with right of survivorship). The notice will be effective when it is received by the Company or its designee or agent.

If someone else wants to exercise this Option after your death, that person must prove to the Company's satisfaction that he or she is entitled to do so.

Form of Payment

When you exercise your Option, you must include payment of the Option Price indicated on the Cover Sheet for the shares of Common Stock you are purchasing. Payment may be made in one (or a combination) of the following forms:

- Cash (or such other cash equivalent as the Company may accept);
- Shares of Common Stock that are owned by you and that are surrendered to the Company, where the Fair Market Value of such shares as of the effective date of the Option exercise will be applied to the Option Price, provided further that accepting such shares of Common Stock will not result in any adverse accounting consequences to the Company, as the Board or the Committee determines in its sole discretion;
- Payment may be made in the form of consideration received by the Company under a cashless exercise program (whether through a broker or otherwise) implemented by the Company in connection with the Plan;
- If permitted by the Board or the Committee, by withholding shares of Common Stock that would otherwise be issuable in an amount, determined based on the Fair Market Value of such shares as of the effective date of the Option exercise, equal to the Option Price; and/or
- If permitted by the Board or the Committee and Applicable Laws, by promissory note.

Evidence of Issuance

The ownership of the shares of Common Stock issued upon exercise of your Option may be evidenced in such a manner as the Board or the Committee, in its sole discretion, deems appropriate, including, without limitation, by book-entry or direct registration or the issuance of one or more stock certificates.

Withholding Taxes

You agree as a condition of this Option that you will make acceptable arrangements to pay any withholding or other taxes that may be due as a result of the exercise of the Option, the sale of Common Stock acquired under this Option, or as otherwise arising under this Option. In the event that the Company or any of its Subsidiaries determines that any federal, state, local, or foreign tax or withholding payment is required relating to the exercise of the Option, the sale of Common Stock acquired under this Option, or as otherwise arising under this Option, the Company or such Subsidiary shall have the right to (i) require you to tender a cash payment, (ii) deduct from payments of any kind otherwise due to you, or (iii) withhold the delivery of vested shares of Common Stock otherwise deliverable under this Agreement to meet such obligations, where the shares of Common Stock so withheld will have an aggregate Fair Market Value not exceeding the maximum amount of tax required to be withheld by Applicable Laws.

You agree that the Company or any Subsidiary shall be entitled to use whatever method it may deem appropriate to recover such taxes. You further agree that the Company or any Subsidiary may, as it reasonably considers necessary, amend or vary this Agreement to facilitate such recovery of taxes.

Transfer of Option

During your lifetime, only you (or, in the event of your legal incapacity or incompetency, your guardian or legal representative) may exercise the Option. The Option may not be sold, assigned, transferred, pledged, hypothecated, or otherwise encumbered, whether by operation of law or otherwise, nor may the Option be made subject to execution, attachment, or similar process. If you attempt to do any of these things, you will immediately forfeit the Option. You may, however, dispose of this Option in your will or it may be transferred upon your death by the laws of descent and distribution.

Regardless of any marital property settlement agreement, the Company is not obligated to honor a notice of exercise from your spouse, nor is the Company obligated to recognize your spouse's interest in your Option in any other way.

Retention Rights

This Agreement and the Option evidenced hereby do not give you the right to be retained by the Company or any Subsidiary in any capacity. Unless otherwise specified in an employment or other written agreement between the Company or a Subsidiary and you, the Company and any Subsidiary reserve the right to terminate your Service at any time and for any reason.

Stockholder Rights

You, or your estate or heirs, have no rights as a stockholder of the Company unless and until you exercise all or a portion of the Option and a certificate for the shares of Common Stock acquired pursuant to the Option has been issued (or an appropriate book entry has been made). Unless otherwise provided in the Plan, no adjustments are made for dividends or other rights if the applicable record date occurs before your stock certificate is issued (or an appropriate book entry has been made).

If you sell or otherwise dispose of the shares of Common Stock acquired pursuant to the exercise of this Option prior to the later of (i) the second (2nd) anniversary of the Grant Date or (ii) the first (1st) anniversary of the date on which the shares of Common Stock were acquired, then you agree to notify the Company in writing of the date of such sale or disposition, the number of shares of Common Stock sold or disposed of, and the sale price per share within ten (10) days of such sale or disposition.

Your Option shall be subject to the terms of any applicable agreement of merger, liquidation, or reorganization in the event the Company is subject to such corporate activity.

Forfeiture of Rights

Notwithstanding anything in this Agreement to the contrary, if the Board or the Committee determines that you have taken actions in violation or breach of or in conflict with any employment agreement, non-competition agreement, agreement prohibiting solicitation of employees or clients of the Company or any Affiliate, confidentiality obligation with respect to the Company or any Affiliate, Company or Affiliate policy or procedure, other agreement, or any other material obligation to the Company or any Affiliate, at any time while you are employed by, or providing services to, the Company or any of its subsidiaries, or after your termination of Service, this Option, to the extent outstanding, shall immediately terminate, and you shall automatically forfeit all shares underlying any exercised portion of this Option for which the Company has not yet delivered the share certificates, upon refund by the Company of the exercise price paid by you for such shares.

Clawback	This Option and any shares of Common Stock acquired pursuant to the Option are subject to mandatory repayment by you to the Company to the extent you are or in the future become subject to any Company or any Subsidiary "clawback" or recoupment policy that requires the repayment by you to the Company or a Subsidiary of compensation paid by the Company or a Subsidiary to you.
Applicable Laws	This Agreement will be interpreted and enforced under the laws of the State of Delaware, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.
The Plan	The text of the Plan is incorporated into this Agreement by reference. Certain capitalized terms used in this Agreement are defined in the Plan and have the meaning set forth in the Plan. This Agreement and the Plan constitute the entire understanding between you and the Company regarding this Option. Any prior agreements, commitments, or negotiations concerning this Option are superseded; except that any written employment, consulting, confidentiality, non-competition, non-solicitation, and/or severance agreement between you and the Company or a Subsidiary shall supersede this Agreement with respect to its subject matter.
Data Privacy	In order to administer the Plan, the Company may process personal data about you. Such data includes, but is not limited to, information provided in this Agreement and any changes thereto, other appropriate personal and financial data about you, such as your contact information, payroll information, and any other information that might be deemed appropriate by the Company to facilitate the administration of the Plan. By accepting this Option, you give explicit consent to the Company, any Subsidiary, and their designees to process any such personal data.
Consent to Electronic Delivery	You agree, as a condition of this Option, to receive documents related to the Option by electronic delivery (including e-mail or reference to a website or other URL) and, if requested, agree to participate in the Plan through an online or electronic system established and maintained by the Company or another third party designated by the Company, and your consent shall remain in effect throughout your term of Service and thereafter until you withdraw such consent in writing to the Company.

Code Section 409A

The Option is intended to be exempt from Code Section 409A, and, accordingly, to the maximum extent permitted, this Agreement will be interpreted and administered to be exempt from Code Section 409A. Notwithstanding anything to the contrary in the Plan or this Agreement, neither the Company, any Affiliate, the Board, nor the Committee will have any obligation to take any action to prevent the assessment of any excise tax or penalty on you under Code Section 409A, and neither the Company, any Affiliate, the Board, nor the Committee will have any liability to you for such tax or penalty.

Successors and Assigns

This Agreement shall inure to the successors and assigns of the parties; provided, however, that neither this Agreement nor any rights hereunder may be assigned by you, except to the extent expressly permitted herein.

Severability

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

Other Agreements

You agree, as a condition of this Option, that you will execute such document(s) as necessary to become a party to any subscription agreement, stockholders agreement, investors' rights agreement, voting agreement or trust, right of first refusal and co-sale agreement, or other similar agreement as the Company may require from time to time (together, the "**Other Agreements**").

You agree that your Option and/or shares of Common Stock purchased pursuant to your Option will be subject to the terms and conditions of the Other Agreements, including without limitation any transfer restrictions and rights of first refusal.

By signing this Agreement on the cover sheet hereof, you agree to all of the terms and conditions described above and in the Plan.

EXHIBIT A

GRACE THERAPEUTICS, INC.
2024 EQUITY INCENTIVE PLAN

[See attachment]

Exhibit 10.3

Grant No. _____

GRACE THERAPEUTICS, INC.
2024 EQUITY INCENTIVE PLAN

NONQUALIFIED STOCK OPTION AGREEMENT
COVER SHEET

Grace Therapeutics, Inc., a Delaware corporation (the "**Company**"), hereby grants an option (the "**Option**") to purchase shares of its common stock, par value $0.0001 per share (the "**Common Stock**"), to the Grantee named below, subject to the vesting and other conditions set forth below (the "**Cover Sheet**"). Additional terms and conditions of the Option are set forth in the attached Nonqualified Stock Option Agreement (together with the Cover Sheet, the "**Agreement**") and in the Company's 2024 Equity Incentive Plan (as amended and/or restated from time to time, the "**Plan**").

Name of Grantee:	
Grant Date:	
Type of Option Granted:	Nonqualified Stock Option
Number of Shares of Common Stock Covered by the Option:	
Option Price per Share of Stock:	$[At least equal to 100% Fair Market Value on Grant Date]
Vesting Commencement Date:	
Vesting Schedule:	[●]

By your signature below or by your electronic acknowledgment to this Option through an online platform, you agree to all of the terms and conditions described in the Agreement and in the Plan, a copy of which is also attached hereto as Exhibit A. You acknowledge that you have carefully reviewed the Plan and agree that the Plan will control in the event any provision of this Agreement should appear to be inconsistent with the Plan.

Grantee: _____ Date: _____
(Signature)

Company: _____ Date: _____
(Signature)

Name: _____

Title: _____

Attachment

This document is not a stock certificate or a negotiable instrument.

GRACE THERAPEUTICS, INC.
2024 EQUITY INCENTIVE PLAN

NONQUALIFIED STOCK OPTION AGREEMENT

Option	This Agreement evidences an award of an Option exercisable for that number of shares of Common Stock set forth on the Cover Sheet of this Agreement and subject to the vesting and other conditions set forth in this Agreement and in the Plan. This Option is a Nonqualified Stock Option, this Option is not intended to be an incentive stock option under Code Section 422 and will be interpreted accordingly.
Vesting	This Option is exercisable only before it expires and then only with respect to the vested portion of the Option. The Option will vest in accordance with the vesting schedule set forth on the Cover Sheet to this Agreement, so long as you continue in Service on each applicable vesting date set forth on the Cover Sheet. Any resulting fractional shares shall be rounded to the nearest whole share and shall be rounded up or down as necessary as of the last applicable vesting date; provided, in all cases, you cannot vest in more than the number of shares of Common Stock covered by this Option. Notwithstanding your vesting schedule, the unvested portion of your Option will become one hundred percent (100%) vested upon your termination of Service due to your death or Disability. No additional shares of Common Stock will vest after your Service has terminated for any reason.
Term	Notwithstanding anything in this Agreement to the contrary, (i) your Option will expire in any event at the close of business on the day before the tenth (10^{th}) anniversary of the Grant Date, as shown on the Cover Sheet; (ii) your Option may expire earlier if your Service terminates, as described below; and (iii) your Option may expire earlier in the event of a Change in Control.
Forfeiture of Unvested Option	In the event your Service terminates for any reason, you will automatically forfeit to the Company the portion of the Option that has not yet vested as of the date of your termination of Service (after taking into account any accelerated vesting triggered by such termination of Service pursuant to the terms of this Agreement, the Plan, or any other written agreement between the Company or a Subsidiary and you).
Regular Termination of Service	If your Service terminates for any reason other than death, Disability, or Cause, the vested, unexercised portion of your Option will expire at the close of business on the ninetieth (90^{th}) day following such termination of Service.
Termination for Cause	If your Service is terminated for Cause, you will immediately and automatically forfeit all rights to your Option (whether vested or unvested), and the Option will immediately and automatically expire. You will be prohibited from exercising the Option from and after the time of such termination of Service.

Death

If your Service terminates because of your death, the vested, unexercised portion of your Option will expire at the close of business on the day before the first (1st) anniversary of the date of your termination of Service. During such period, your estate or heirs may exercise the vested portion of your Option.

In addition, if you die during the ninety (90)-day period described in connection with a regular termination (i.e., a termination of your Service not on account of your death, Disability, or Cause), and the vested portion of your Option has not yet been exercised, then the vested, unexercised portion of your Option will instead expire at the close of business on the day before the first (1st) anniversary of the date of your termination of Service. In such a case, during such period, your estate or heirs may exercise the vested portion of your Option.

Disability

If your Service terminates because of your Disability, the vested, unexercised portion of your Option will expire at the close of business on the day before the first (1st) anniversary of the date of your termination of Service.

Leaves of Absence

For purposes of this Agreement, your Service does not terminate when you go on a *bona fide* leave of absence that was approved by your employer in writing if the terms of the leave provide for continued Service crediting or when continued Service crediting is required by Applicable Laws. Your Service terminates in any event when the approved leave ends unless you immediately return to active employee work.

Your employer may determine, in its discretion, which leaves count for this purpose and when your Service terminates for all purposes under the Plan in accordance with the provisions of the Plan. Notwithstanding the foregoing, the Board or the Committee may determine, in its discretion, that a leave counts for this purpose even if your employer does not agree.

Notice of Exercise

The vested portion of your Option may be exercised, in whole or in part, by (i) giving written notice to the Company or its designee or agent, pursuant to a form designated by the Company, of your intent to exercise and (ii) delivering to the Company or its designee or agent full payment for the shares of Common Stock as to which the Option is to be exercised. Your notice must specify how many shares of Common Stock you wish to purchase. Your notice must also specify how your shares of Common Stock should be registered (in your name only or in your and your spouse's names as joint tenants with right of survivorship). The notice will be effective when it is received by the Company or its designee or agent.

If someone else wants to exercise this Option after your death, that person must prove to the Company's satisfaction that he or she is entitled to do so.

Form of Payment

When you exercise your Option, you must include payment of the Option Price indicated on the Cover Sheet for the shares of Common Stock you are purchasing. Payment may be made in one (or a combination) of the following forms:

- Cash (or such other cash equivalent as the Company may accept);
- Shares of Common Stock that are owned by you and that are surrendered to the Company, where the Fair Market Value of such shares as of the effective date of the Option exercise will be applied to the Option Price, provided further that accepting such shares of Common Stock will not result in any adverse accounting consequences to the Company, as the Board or the Committee determines in its sole discretion;
- Payment may be made in the form of consideration received by the Company under a cashless exercise program (whether through a broker or otherwise) implemented by the Company in connection with the Plan;
- If permitted by the Board or the Committee, by withholding shares of Common Stock that would otherwise be issuable in an amount, determined based on the Fair Market Value of such shares as of the effective date of the Option exercise, equal to the Option Price; and/or
- If permitted by the Board or the Committee and Applicable Laws, by promissory note.

Evidence of Issuance

The ownership of the shares of Common Stock issued upon exercise of your Option may be evidenced in such a manner as the Board or the Committee, in its sole discretion, deems appropriate, including, without limitation, by book-entry or direct registration or the issuance of one or more stock certificates.

Withholding Taxes

You agree as a condition of this Option that you will make acceptable arrangements to pay any withholding or other taxes that may be due as a result of the exercise of the Option, the sale of Common Stock acquired under this Option, or as otherwise arising under this Option. In the event that the Company or any of its Subsidiaries determines that any federal, state, local, or foreign tax or withholding payment is required relating to the exercise of the Option, the sale of Common Stock acquired under this Option, or as otherwise arising under this Option, the Company or such Subsidiary shall have the right to (i) require you to tender a cash payment, (ii) deduct from payments of any kind otherwise due to you, or (iii) withhold the delivery of vested shares of Common Stock otherwise deliverable under this Agreement to meet such obligations, where the shares of Common Stock so withheld will have an aggregate Fair Market Value not exceeding the maximum amount of tax required to be withheld by Applicable Laws.

You agree that the Company or any Subsidiary shall be entitled to use whatever method it may deem appropriate to recover such taxes. You further agree that the Company or any Subsidiary may, as it reasonably considers necessary, amend or vary this Agreement to facilitate such recovery of taxes.

Transfer of Option

During your lifetime, only you (or, in the event of your legal incapacity or incompetency, your guardian or legal representative) may exercise the Option. The Option may not be sold, assigned, transferred, pledged, hypothecated, or otherwise encumbered, whether by operation of law or otherwise, nor may the Option be made subject to execution, attachment, or similar process. If you attempt to do any of these things, you will immediately forfeit the Option. You may, however, dispose of this Option in your will or it may be transferred upon your death by the laws of descent and distribution.

Regardless of any marital property settlement agreement, the Company is not obligated to honor a notice of exercise from your spouse, nor is the Company obligated to recognize your spouse's interest in your Option in any other way.

Retention Rights

This Agreement and the Option evidenced hereby do not give you the right to be retained by the Company or any Subsidiary in any capacity. Unless otherwise specified in an employment or other written agreement between the Company or a Subsidiary and you, the Company and any Subsidiary reserve the right to terminate your Service at any time and for any reason.

Stockholder Rights

You, or your estate or heirs, have no rights as a stockholder of the Company unless and until you exercise all or a portion of the Option and a certificate for the shares of Common Stock acquired pursuant to the Option has been issued (or an appropriate book entry has been made). Unless otherwise provided in the Plan, no adjustments are made for dividends or other rights if the applicable record date occurs before your stock certificate is issued (or an appropriate book entry has been made).

Your Option shall be subject to the terms of any applicable agreement of merger, liquidation, or reorganization in the event the Company is subject to such corporate activity.

Forfeiture of Rights

Notwithstanding anything in this Agreement to the contrary, if the Board or the Committee determines that you have taken actions in violation or breach of or in conflict with any employment agreement, non-competition agreement, agreement prohibiting solicitation of employees or clients of the Company or any Affiliate, confidentiality obligation with respect to the Company or any Affiliate, Company or Affiliate policy or procedure, other agreement, or any other material obligation to the Company or any Affiliate, at any time while you are employed by, or providing services to, the Company or any of its subsidiaries, or after your termination of Service, this Option, to the extent outstanding, shall immediately terminate, and you shall automatically forfeit all shares underlying any exercised portion of this Option for which the Company has not yet delivered the share certificates, upon refund by the Company of the exercise price paid by you for such shares.

Clawback

This Option and any shares of Common Stock acquired pursuant to the Option are subject to mandatory repayment by you to the Company to the extent you are or in the future become subject to any Company or any Subsidiary "clawback" or recoupment policy that requires the repayment by you to the Company or a Subsidiary of compensation paid by the Company or a Subsidiary to you.

Applicable Laws

This Agreement will be interpreted and enforced under the laws of the State of Delaware, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

The Plan

The text of the Plan is incorporated into this Agreement by reference.

Certain capitalized terms used in this Agreement are defined in the Plan and have the meaning set forth in the Plan.

This Agreement and the Plan constitute the entire understanding between you and the Company regarding this Option. Any prior agreements, commitments, or negotiations concerning this Option are superseded; except that any written employment, consulting, confidentiality, non-competition, non-solicitation, and/or severance agreement between you and the Company or a Subsidiary shall supersede this Agreement with respect to its subject matter.

Data Privacy	In order to administer the Plan, the Company may process personal data about you. Such data includes, but is not limited to, information provided in this Agreement and any changes thereto, other appropriate personal and financial data about you, such as your contact information, payroll information, and any other information that might be deemed appropriate by the Company to facilitate the administration of the Plan. By accepting this Option, you give explicit consent to the Company, any Subsidiary, and their designees to process any such personal data.
Consent to Electronic Delivery	You agree, as a condition of this Option, to receive documents related to the Option by electronic delivery (including e-mail or reference to a website or other URL) and, if requested, agree to participate in the Plan through an online or electronic system established and maintained by the Company or another third party designated by the Company, and your consent shall remain in effect throughout your term of Service and thereafter until you withdraw such consent in writing to the Company.
Code Section 409A	The Option is intended to be exempt from Code Section 409A, and, accordingly, to the maximum extent permitted, this Agreement will be interpreted and administered to be exempt from Code Section 409A. Notwithstanding anything to the contrary in the Plan or this Agreement, neither the Company, any Affiliate, the Board, nor the Committee will have any obligation to take any action to prevent the assessment of any excise tax or penalty on you under Code Section 409A, and neither the Company, any Affiliate, the Board, nor the Committee will have any liability to you for such tax or penalty.
Successors and Assigns	This Agreement shall inure to the successors and assigns of the parties; provided, however, that neither this Agreement nor any rights hereunder may be assigned by you, except to the extent expressly permitted herein.
Severability	If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.
Other Agreements	You agree, as a condition of this Option, that you will execute such document(s) as necessary to become a party to any subscription agreement, stockholders agreement, investors' rights agreement, voting agreement or trust, right of first refusal and co-sale agreement, or other similar agreement as the Company may require from time to time (together, the "**Other Agreements**").
	You agree that your Option and/or shares of Common Stock purchased pursuant to your Option will be subject to the terms and conditions of the Other Agreements, including without limitation any transfer restrictions and rights of first refusal.

By signing this Agreement on the cover sheet hereof, you agree to all of the terms and conditions described above and in the Plan.

EXHIBIT A

GRACE THERAPEUTICS, INC.
2024 EQUITY INCENTIVE PLAN

[See attachment]

Exhibit 31.1

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Prashant Kohli, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Grace 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: February 13, 2025

/s/ Prashant Kohli
Chief Executive Officer

Exhibit 31.2

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert DelAversano, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Grace 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: February 13, 2025

/s/ Robert DelAversano
Principal Financial Officer

Exhibit 32.1

SECTION 906 CERTIFICATION

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) in connection with the quarterly report on Form 10-Q of Grace Therapeutics, Inc. for the quarterly period ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer hereby certifies, to such officer's knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Grace Therapeutics, Inc.

/s/ Prashant Kohli

Name: Prashant Kohli
Title: Chief Executive Officer
Date: February 13, 2025

This certification accompanies the Report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed "filed" by Grace Therapeutics, Inc. for purposes of §18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section.

Exhibit 32.2

SECTION 906 CERTIFICATION

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) in connection with the quarterly report on Form 10-Q of Grace Therapeutics, Inc. for the quarterly period ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer hereby certifies, to such officer's knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Grace Therapeutics, Inc.

/s/ Robert DelAversano

Name: Robert DelAversano
Title: Principal Financial Officer
Date: February 13, 2025

This certification accompanies the Report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed "filed" by Grace Therapeutics, Inc. for purposes of §18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section.