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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): June 23, 2023

Lexicon Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

000-30111
(Commission File Number)

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

2445 Technology Forest Blvd., 11th Floor
The Woodlands, Texas 77381
(Address of principal executive offices and Zip Code)

(281) 863-3000
(Registrant's telephone number, including area code)

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

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

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

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

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

Emerging growth company

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

Item 1.01 Entry into a Material Definitive Agreement

On June 23, 2023, Lexicon and one of its subsidiaries entered into a third amendment (the “[Third Amendment](#)”) to its loan and security agreement (the “[Loan Agreement](#)”) with Oxford Finance LLC (“[Oxford](#)”) bifurcating the third tranche under which \$75 million was previously available for draw at Lexicon’s option prior to June 30, 2023. Under the terms of the Third Amendment, \$50 million remains available for draw at Lexicon’s option prior to June 30, 2023 under the third tranche and \$25 million will be available for draw at Lexicon’s option between December 1 and December 31, 2023 under a new fourth tranche. The previous fourth tranche, under which \$25 million is available for draw at Lexicon’s option, subject to Oxford’s consent, at any time prior to the expiration of the interest-only payment period, is now a fifth tranche.

Subject to and upon funding of the fourth tranche, Lexicon will grant Oxford a warrant to purchase shares of its common stock having a value equal to 1.75% of such tranche, as determined by reference to a 10-day average closing price of the shares. The warrant will have an exercise price equal to such average closing price, be exercisable for a five-year period from the date of issuance and feature a net cashless exercise provision.

The index rate applicable to each tranche under the Loan Agreement will transition from the 30-day U.S. Dollar LIBOR to the 1-month CME Term SOFR and the spread above such index rate is reduced from 7.90% to 7.00% for the third and fourth tranches.

The existing financial covenant relating to minimum cash balance requirements will only be applicable if Lexicon draws the fourth tranche and following its funding. The existing unused fee will only be due in the event Lexicon does not draw the full amount available under the fourth tranche.

The foregoing summary does not purport to be complete and is qualified in its entirety by the Third Amendment, a copy of which is attached to this report as Exhibit 10.1 and incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

On June 28, 2023, Lexicon exercised its option to draw the third \$50 million tranche under the Loan Agreement and the third tranche was funded on such date. Pursuant to the terms of the Loan Agreement, concurrent with the funding of the third tranche, Lexicon granted Oxford a warrant to purchase 183,824 shares of its common stock at an exercise price of \$2.38 per share, exercisable for a five-year period from the date of issuance.

Item 3.02 Unregistered Sales of Equity Securities

The information contained in Item 2.03 of this Current Report on Form 8-K is incorporated herein by reference into this Item 3.02. The warrants discussed above and the underlying shares of common stock have not been registered under the Securities Act of 1933, as amended (the “[Securities Act](#)”), and they have been issued in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 4(2) thereof.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
*†10.1	— Third Amendment to Loan and Security Agreement, dated June 23, 2023, with Oxford Finance, LLC
EX-104	— Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

† In accordance with Item 601(b)(2)(ii) of Regulation S-K, certain information (indicated by “[**]”) has been excluded from this exhibit because it is both not material and would likely cause competitive harm to the Company if publicly disclosed.

Signatures

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

Lexicon Pharmaceuticals, Inc.

Date: June 28, 2023

By: /s/ Brian T. Crum
Brian T. Crum
Senior Vice President and General Counsel

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

THIRD AMENDMENT TO LOAN AND SECURITY AGREEMENT

This Third Amendment to Loan and Security Agreement (this “**Amendment**”) is entered into as of June 23, 2023, by and among OXFORD FINANCE LLC, a Delaware limited liability company with an office located at 115 South Union Street, Suite 300, Alexandria, VA 22314 (“**Oxford**”), as collateral agent (in such capacity, “**Collateral Agent**”), the Lenders listed on Schedule 1.1 hereof or otherwise a party hereto from time to time including OXFORD FINANCE CREDIT FUND II, LP, by its manager Oxford Finance Advisors, LLC (“**Credit Fund II**”), OXFORD FINANCE CREDIT FUND III, LP, by its manager Oxford Finance Advisors, LLC (“**Credit Fund III**”), OXFORD FINANCE FUNDING IX, LLC (“**Funding IX**”), OXFORD FINANCE FUNDING XIII, LLC (“**Funding XIII**”), and OXFORD FINANCE FUNDING 2023-1, LLC (“**Funding 2023-1**”; together with Credit Fund II, Credit Fund III, Funding IX, and Funding XIII, each a “**Lender**” and collectively, the “**Lenders**”), LEXICON PHARMACEUTICALS, INC. (“**Parent**”) and LEXICON PHARMACEUTICALS (NEW JERSEY), INC. (“**Lex-NJ**”), each a Delaware corporation with offices located at 2445 Technology Forest Blvd., 11th Floor, The Woodlands, TX 77381 (Parent and Lex-NJ, individually and collectively, jointly and severally, “**Borrower**”).

RECITALS

WHEREAS, Collateral Agent, Borrower and the Lenders listed on Schedule 1.1 to the Loan Agreement (as defined below) or otherwise a party thereto from time to time including Oxford in its capacity as a Lender have entered into that certain Loan and Security Agreement, dated as of March 17, 2022 (as amended, supplemented or otherwise modified from time to time, collectively, the “**Loan Agreement**”) pursuant to which Lenders have provided to Borrower certain loans in accordance with the terms and conditions thereof; and

WHEREAS, Borrower, Lenders and Collateral Agent desire to amend certain provisions of the Loan Agreement as provided herein and subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the promises, covenants and agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Borrower, Lenders and Collateral Agent hereby agree as follows:

1. Capitalized terms used herein but not otherwise defined shall have the respective meanings given to them in the Loan Agreement.
2. Section 13.1 of the Loan Agreement hereby is amended to insert the following defined term in appropriate alphabetical order:

“**1-Month CME Term SOFR**” is the 1-month CME Term SOFR reference rate as published by the CME Term SOFR Administrator on the CME Term SOFR Administrator’s Website.

“**Benchmark**” is, initially, the 1-Month CME Term SOFR; provided, that if a Benchmark Transition Event has occurred with respect to the 1-Month CME Term SOFR or the then-current Benchmark, then “**Benchmark**” means the applicable replacement rate that has replaced the immediately preceding benchmark rate pursuant to the defined term “**Basic Rate**”.

“**Benchmark Transition Event**” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator for such Benchmark announcing that such Person has ceased or will cease to provide such Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark;

(b) a public statement or publication of information by the regulatory supervisor for the administrator for such Benchmark, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for such Benchmark, a resolution authority with jurisdiction over the administrator for such Benchmark or a court or an entity

with similar insolvency or resolution authority over the administrator for such Benchmark, which states that the administrator for such Benchmark has ceased or will cease to provide such Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark; or

(c) a public statement or publication of information by the regulatory supervisor for the administrator for such Benchmark announcing that such Benchmark is no longer representative or in compliance with the International Organization of Securities Commissions Principles for Financial Benchmarks.

“**CME Term SOFR Administrator**” is CME Group Benchmark Administration Limited, as administrator of the forward-looking term SOFR, or any successor administrator.

“**CME Term SOFR Administrator’s Website**” is the website of the CME Group Benchmark Administrator at <http://www.cmegroup.com>, or any successor source.

“**Fourth Draw Period**” is, so long as Borrower has received Sotagliflozin FDA Approval, the period commencing on December 1, 2023 and ending on the earliest of (i) December 31, 2023; and (ii) the occurrence of an Event of Default; provided, however, that the Fourth Draw Period shall not commence if on December 1, 2023 an Event of Default has occurred and is continuing. As of the Third Amendment Effective Date, Lenders acknowledge Borrower’s receipt of Sotagliflozin FDA Approval.

“**Term E Loan**” is defined in Section 2.2(a)(v) hereof.

“**Third Amendment Effective Date**” means June 23, 2023.

3. The following defined terms in Section 13.1 of the Loan Agreement hereby are amended and restated in their entireties to read as follows:

“**Basic Rate**” is with respect to each Term Loan, the per annum rate of interest (based on a year of three hundred sixty (360) days) equal to the greater of (a) eight and one-hundredth percent (8.01%) and (b) the sum of (i) the 1-Month CME Term SOFR on the last Business Day of the month that immediately precedes the month in which the interest will accrue, (ii) 0.10% and (iii) (I) for any Term A Loan or Term B Loan, seven and ninety one-hundredths percent (7.90%) and (II) for any Term C Loan or Term D Loan, seven percent (7.00%). Notwithstanding the foregoing, (i) in no event shall the Basic Rate for any Term Loan be less than eight and one-hundredth percent (8.01%), and (ii) upon the occurrence of a Benchmark Transition Event, Collateral Agent may, in good faith and with reference to the margin above such interest rate in this definition, amend this Agreement to replace the Benchmark with a replacement interest rate and replacement margin above such interest rate that results in a substantially similar interest rate floor and total rate in effect immediately prior to the effectiveness of such replacement interest rate and replacement margin, and any such amendment shall become effective at 5:00 p.m. Eastern time on the third Business Day after Collateral Agent has notified Borrower of such amendment. Any determination, decision or election that may be made by Collateral Agent pursuant hereto will be conclusive and binding absent manifest error and may be made in Collateral Agent’s sole discretion and without consent from any other party.

4. The following defined terms hereby are deleted from Section 13.1 and wherever else they may appear in the Loan Agreement: “LIBOR Replacement Rate”, “LIBOR Replacement Spread”, and “LIBOR Transition Event”.

5. Section 2.2(a)(iii) of the Loan Agreement hereby is amended and restated in its entirety to read as follows:

“(iii) Subject to the terms and conditions of this Agreement, the Lenders agree, severally and not jointly, during the Third Draw Period, to make term loans to Borrower in an aggregate amount up to Fifty Million Dollars (\$50,000,000.00) according to each Lender’s Term C Loan Commitment as set forth on Schedule 1.1 hereto (such term loans are hereinafter referred to singly as a “**Term C Loan**”, and collectively as the “**Term C Loans**”). After repayment, no Term C Loan may be re-borrowed.”

6. Section 2.2(a)(iv) of the Loan Agreement hereby is amended and restated in its entirety to read as follows:

“(iv) Subject to the terms and conditions of this Agreement, the Lenders agree, severally and not jointly, during the Fourth Draw Period, to make term loans to Borrower in an aggregate amount up to Twenty-Five

Million Dollars (\$25,000,000.00) according to each Lender's Term D Loan Commitment as set forth on Schedule 1.1 hereto (such term loans are hereinafter referred to singly as a "**Term D Loan**", and collectively as the "**Term D Loans**"). After repayment, no Term D Loan may be re-borrowed."

7. New Section 2.2(a)(v) hereby is added to the Loan Agreement as follows:

"(v) Subject to the terms and conditions of this Agreement, upon Borrower's written request therefor prior to the Amortization Date, the Lenders may agree, in their sole discretion, severally and not jointly, to make term loans to Borrower in an aggregate amount up to Twenty-Five Million Dollars (\$25,000,000.00) according to each Lender's Term E Loan Commitment as set forth on Schedule 1.1 hereto (such term loans are hereinafter referred to singly as a "**Term E Loan**", and collectively as the "**Term E Loans**"; each Term A Loan, Term B Loan, Term C Loan, Term D Loan or Term E Loan is hereinafter referred to singly as a "**Term Loan**" and the Term A Loans, Term B Loans, Term C Loans, Term D Loans and the Term E Loans are hereinafter referred to collectively as the "**Term Loans**"). After repayment, no Term E Loan may be re-borrowed."

8. Section 2.5(f) of the Loan Agreement hereby is amended and restated in its entirety to read as follows:

"(f) Unused Fee. A fee, payable in full on [**] to Lenders, in an amount equal to [**], if the Fourth Draw Period expires and Borrower has not drawn the full amount of the Term D Loan (such fee, the "**Unused Fee**")."

9. Section 3.2(d) of the Loan Agreement hereby is amended and restated in its entirety to read as follows:

"(d) to the extent not delivered at the Effective Date, duly executed original Secured Promissory Notes and Warrants, in number, form and content acceptable to each Lender, and in favor of each Lender according to its Commitment Percentage, with respect to each Credit Extension made by such Lender after the Effective Date; provided that, Warrants issued after the Effective Date, if at all, shall be on substantially the same form as the Warrants issued to the Lenders as of the Effective Date, and shall be issuable for Shares of Borrower's common stock equal to (x) one and seventy-five hundredths percent (1.75%) of the funded amount of any Term B Loan, (y) eight hundred seventy-five thousandths percent (0.875%) of the funded amount of any Term C Loan, and (z) one and seventy-five hundredths percent (1.75%) of the funded amount of any Term D Loan, in each case, divided by the Warrant Price (as defined therein); and"

10. Section 6.10(b) of the Loan Agreement hereby is amended and restated in its entirety to read as follows:

"(b) Minimum Cash. From and after the Funding Date of the Term D Loan, until Borrower achieves trailing [**] sotagliflozin NPR of at least [**] (such period, the "**Minimum Cash Period**"), Borrower shall maintain minimum unrestricted cash, cash equivalents and short-term investments of at least [**] in Collateral Accounts subject to Control Agreements in favor of Collateral Agent, measured as of the last day of each fiscal quarter beginning with the fiscal quarter ending on the First Minimum Cash Test Date and continuing as of the last day of each fiscal quarter during the Minimum Cash Period."

11. Schedule 1.1 to the Loan Agreement hereby is replaced in its entirety with Schedule 1.1 attached hereto.

12. Limitation of Amendment.

(a) The amendments set forth above are effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Loan Document, or (b) otherwise prejudice any right, remedy or obligation which Lenders or Borrower may now have or may have in the future under or in connection with any Loan Document, as amended hereby.

(b) This Amendment shall be construed in connection with and as part of the Loan Documents and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Documents, are hereby ratified and confirmed and shall remain in full force and effect.

13. To induce Collateral Agent and Lenders to enter into this Amendment, Borrower hereby represents and warrants to Collateral Agent and Lenders as follows:

- a. Immediately after giving effect to this Amendment (a) the representations and warranties contained in the Loan Documents are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date), and (b) no Event of Default has occurred and is continuing;

- b. Borrower has the power and due authority to execute and deliver this Amendment and to perform its obligations under the Loan Agreement, as amended by this Amendment;
 - c. The organizational documents of Borrower delivered to Collateral Agent on the Effective Date, and updated pursuant to subsequent deliveries by or on behalf of the Borrower to the Collateral Agent, remain true, accurate and complete and have not been amended, supplemented or restated and are and continue to be in full force and effect;
 - d. The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not contravene (i) any material law or regulation binding on or affecting Borrower, (ii) any material contractual restriction with a Person binding on Borrower, (iii) any material order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on Borrower, or (iv) the organizational documents of Borrower;
 - e. The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by any governmental or public body or authority, or subdivision thereof, binding on Borrower, except as already has been obtained or made and filings required to perfect the security interest of the Collateral Agent in the Collateral; and
 - f. This Amendment has been duly executed and delivered by Borrower and is the binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights.
14. Except as expressly set forth herein, the Loan Agreement shall continue in full force and effect without alteration or amendment.
15. As a condition to the effectiveness of this Amendment, Collateral Agent shall have received, in form and substance satisfactory to Collateral Agent, the following:
- (a) this Amendment, duly executed by Borrower;
 - (b) resolutions, duly adopted by Borrower's board of directors authorizing the entry in to and performance of this Amendment;
 - (c) an amendment fee equal to [**], which may be debited (or ACH'd) from the Designated Deposit Account in accordance with the Loan Agreement;
 - (d) all reasonable Lenders' Expenses incurred through the date of this Amendment, which may be debited (or ACH'd) from the Designated Deposit Account in accordance with the Loan Agreement; and
 - (e) such other documents, and completion of such other matters, as Collateral Agent may reasonably deem necessary or appropriate.
16. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same instrument.
17. Section 11 of the Loan Agreement (Choice of Law, Venue and Jury Trial Waiver) is incorporated herein by this reference as though set forth in full.

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IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to the Loan Agreement to be executed as of the date first set forth

BORROWER:

LEXICON PHARMACEUTICALS, INC.

LEXICON PHARMACEUTICALS, INC.

By: _____

Name: Jeffrey L. Wade

Title: President and Chief Financial Officer

LEXICON PHARMACEUTICALS (NEW JERSEY), INC.

By: _____

Name: Jeffrey L. Wade

Title: President and Chief Financial Officer

LEXICON PHARMACEUTICALS (NEW JERSEY), INC.

By: _____

Name: Jeffrey L. Wade

Title: President and Chief Financial Officer

COLLATERAL AGENT

OXFORD FINANCE LLC

By: _____

Name: Colette H. Featherly

Title: Senior Vice President

above.

[Signatures continued, next page]

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to the Loan Agreement to be executed as of the date first set forth above.

LENDERS:

OXFORD FINANCE FUNDING I, LLC

OXFORD FINANCE FUNDING I, LLC

By: _____

Name: Colette H. Featherly

Title: Secretary

OXFORD FINANCE FUNDING IX, LLC

By: _____

Name: Colette H. Featherly

Title: Secretary

OXFORD FINANCE FUNDING IX, LLC

By: _____

Name: Colette H. Featherly

Title: Secretary

OXFORD FINANCE FUNDING 2023-1 LLC

By: _____

Name: Colette H. Featherly

Title: Secretary

OXFORD FINANCE CREDIT FUND II LP

By: Oxford Finance, Advisors, LLC

Its: Manager

By: _____

Name: Colette H. Featherly

Title: Senior Vice President

OXFORD FINANCE FUNDING XIII, LLC

By: _____

Name: Colette H. Featherly

Title: Senior Vice President

OXFORD FINANCE CREDIT FUND II LP

By: Oxford Finance, Advisors, LLC

Its: Manager

By: _____

Name: Colette H. Featherly

Title: Senior Vice President

OXFORD FINANCE CREDIT FUND III LP

By: Oxford Finance, Advisors, LLC

Its: Manager

By: _____

Name: Colette H. Featherly

Title: Senior Vice President

SCHEDULE 1.1

Lenders and Commitments

Term A Loans

Lender	Term Loan Commitment	Commitment Percentage
OXFORD FINANCE LLC	\$21,250,000.00	85.00%
OXFORD FINANCE CREDIT FUND III, LP	\$3,750,000.00	15.00%
TOTAL	\$25,000,000.00	100.00%

Term B Loans

Lender	Term Loan Commitment	Commitment Percentage
OXFORD FINANCE LLC	\$20,000,000.00	77.50%
OXFORD FINANCE CREDIT FUND II	\$1,875,000.00	7.50%
OXFORD FINANCE CREDIT FUND III	\$3,750,000.00	15.00%
TOTAL	\$25,000,000.00	100.00%

Term C Loans

Lender	Term Loan Commitment	Commitment Percentage
OXFORD FINANCE LLC	\$23,750,000.00	47.50%
OXFORD FINANCE CREDIT FUND II	\$8,750,000	17.50%
OXFORD FINANCE CREDIT FUND III	\$17,500,000	35.00%
TOTAL	\$50,000,000.00	100.00%

Term D Loans

Lender	Term Loan Commitment	Commitment Percentage
OXFORD FINANCE LLC	\$25,000,000.00	100.00%
TOTAL	\$25,000,000.00	100.00%

Term E Loans

Lender	Term Loan Commitment	Commitment Percentage
OXFORD FINANCE LLC	\$25,000,000.00	100.00%
TOTAL	\$25,000,000.00	100.00%

Aggregate (all Term Loans)

Lender	Term Loan Commitment	Commitment Percentage
OXFORD FINANCE LLC	\$146,250,000.00	97.50%
OXFORD FINANCE CREDIT FUND III, LP	\$3,750,000.00	2.50%
TOTAL	\$150,000,000.00	100.00%