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

Form 10-Q

(Mark One)

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

For the Quarterly Period Ended June 30, 2023

or

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

For the Transition Period from _____ to _____

Commission File Number: 000-29959

Cassava Sciences, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**91-1911336**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification Number)*

6801 N. Capital of Texas Highway, Building 1; Suite 300, Austin, TX 78731
(512) 501-2444
(Address, including zip code, of registrant's principal executive offices and telephone number, including area code)

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

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

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

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

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

Large Accelerated Filer ☑	Accelerated Filer ☐
Non-accelerated Filer ☐	Smaller Reporting Company ☐
	Emerging Growth Company ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, $0.001 par value	41,969,994 Shares Outstanding as of August 1, 2023

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PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

CASSAVA SCIENCES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, In thousands, except share and par value data)

	June 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 168,438	$ 201,015
Prepaid expenses and other current assets	6,095	10,211
Total current assets	174,533	211,226
Operating lease right-of-use assets	—	122
Property and equipment, net	22,328	22,864
Intangible assets, net	387	622
Total assets	$ 197,248	$ 234,834
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 10,338	$ 4,017
Accrued development expense	7,044	2,280
Accrued compensation and benefits	220	170
Operating lease liabilities, current	—	104
Other current liabilities	293	492
Total current liabilities	17,895	7,063
Operating lease liabilities, non-current	—	35
Other non-current liabilities	—	197
Total liabilities	17,895	7,295
Commitments and contingencies (Notes 10, 11 and 12)		
Stockholders' equity:		
Preferred stock, $0.001 par value; 10,000,000 shares authorized, none issued and outstanding	—	—
Common stock, $0.001 par value; 120,000,000 shares authorized; 41,919,527 and 41,735,557 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	42	42
Additional paid-in capital	513,510	511,049
Accumulated deficit	(334,199)	(283,552)
Total stockholders' equity	179,353	227,539
Total liabilities and stockholders' equity	$ 197,248	$ 234,834

See accompanying notes to condensed consolidated financial statements.

CASSAVA SCIENCES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Operating expenses:				
Research and development, net of grant reimbursement	$ 24,969	$ 16,948	$ 47,089	$ 31,854
General and administrative	3,808	2,969	8,200	5,884
Total operating expenses	28,777	19,917	55,289	37,738
Operating loss	(28,777)	(19,917)	(55,289)	(37,738)
Interest income	2,198	314	4,249	345
Other income, net	203	275	393	538
Net loss	$ (26,376)	$ (19,328)	$ (50,647)	$ (36,855)
Net loss per share, basic and diluted	$ (0.63)	$ (0.48)	$ (1.21)	$ (0.92)
Shares used in computing net loss per share, basic and diluted	41,793	40,015	41,766	39,989

See accompanying notes to condensed consolidated financial statements.

CASSAVA SCIENCES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Unaudited, in thousands, except share data)

	Common stock		Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Shares	Par value			
Balance at December 31, 2021	40,016,792	$ 40	$ 461,181	$ (207,306)	$ 253,915
Stock-based compensation for:					
Stock options for employees	—	—	471	—	471
Stock options for non-employees	—	—	24	—	24
Issuance of common stock pursuant to exercise of stock options	14,488	—	211	—	211
Net loss	—	—	—	(17,527)	(17,527)
Balance at March 31, 2022	40,031,280	$ 40	$ 461,887	$ (224,833)	$ 237,094
Stock-based compensation for:					
Stock options for employees	—	—	462	—	462
Stock options for non-employees	—	—	23	—	23
Issuance of common stock pursuant to exercise of stock options	66,637	—	119	—	119
Net loss	—	—	—	(19,328)	(19,328)
Balance at June 30, 2022	40,097,917	$ 40	$ 462,491	$ (244,161)	$ 218,370
Balance at December 31, 2022	41,735,557	$ 42	$ 511,049	$ (283,552)	$ 227,539
Stock-based compensation for:					
Stock options for employees	—	—	650	—	650
Stock options for non-employees	—	—	23	—	23
Issuance of common stock pursuant to exercise of stock options	13,878	—	64	—	64
Net loss	—	—	—	(24,271)	(24,271)
Balance at March 31, 2023	41,749,435	$ 42	$ 511,786	$ (307,823)	$ 204,005
Stock-based compensation for:					
Stock options for employees	—	—	812	—	812
Stock options for non-employees	—	—	23	—	23
Issuance of common stock pursuant to exercise of stock options	170,092	—	889	—	889
Net loss	—	—	—	(26,376)	(26,376)
Balance at June 30, 2023	41,919,527	$ 42	$ 513,510	$ (334,199)	$ 179,353

See accompanying notes to condensed consolidated financial statements.

CASSAVA SCIENCES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	Six months ended June 30,	
	2023	2022
Cash flows from operating activities:		
Net loss	$ (50,647)	$ (36,855)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	1,508	980
Depreciation	544	352
Amortization of intangible assets	238	260
Changes in operating assets and liabilities:		
Prepaid and other current assets	4,116	4,431
Operating lease right-of-use assets and liabilities	(17)	(4)
Accounts payable and accrued expenses	6,661	(2,368)
Accrued development expense	4,764	515
Accrued compensation and benefits	50	(1,701)
Other liabilities	(396)	(254)
Net cash used in operating activities	(33,179)	(34,644)
Cash flows from investing activities:		
Purchase of property and equipment	(351)	(1,891)
Net cash used in investing activities	(351)	(1,891)
Cash flows from financing activities:		
Proceeds from issuance of common stock upon exercise of stock options	953	330
Net cash provided by financing activities	953	330
Net decrease in cash and cash equivalents	(32,577)	(36,205)
Cash and cash equivalents at beginning of period	201,015	233,437
Cash and cash equivalents at end of period	$ 168,438	$ 197,232

See accompanying notes to condensed consolidated financial statements.

Note 1. General and Liquidity

Cassava Sciences, Inc. and its wholly-owned subsidiary (collectively referred to as the "Company") discover and develop proprietary pharmaceutical product candidates that may offer significant improvements to patients and healthcare professionals. The Company generally focuses its discovery and product development efforts on disorders of the nervous system.

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and pursuant to the instructions to the Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. All intercompany transactions and balances have been eliminated in consolidation. Accordingly, the condensed consolidated financial statements do not include all of the information and footnotes required by GAAP for complete consolidated financial statements. In the opinion of management of the Company, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2023 are not necessarily indicative of the results that may be expected for any other interim period or for the year 2023. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Liquidity

The Company has incurred significant net losses and negative cash flows since inception, and as a result has an accumulated deficit of $334.2 million at June 30, 2023. The Company expects its cash requirements to be significant in the future. The amount and timing of the Company's future cash requirements will depend on regulatory and market acceptance of its product candidates and the resources it devotes to researching and developing, formulating, manufacturing, commercializing and supporting its products. The Company may seek additional funding through public or private financing in the future, if such funding is available and on terms acceptable to the Company. There are no assurances that additional financing will be available on favorable terms, or at all. However, management believes that the current working capital position will be sufficient to meet the Company's working capital needs for at least the next 12 months.

Note 2. Significant Accounting Policies

Use of Estimates

The Company makes estimates and assumptions in preparing its condensed consolidated financial statements in conformity with GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amount of revenue earned and expenses incurred during the reporting period. The Company evaluates its estimates on an ongoing basis, including those estimates related to manufacturing agreements and research collaborations. Actual results could differ from these estimates and assumptions.

Cash and Cash Equivalents and Concentration of Credit Risk

The Company invests in cash and cash equivalents. The Company considers highly liquid financial instruments with original maturities of three months or less to be cash equivalents. Highly liquid investments that are considered cash equivalents include money market accounts and funds, certificates of deposit, and U.S. Treasury securities. The Company maintains its cash and cash equivalents at one financial institution.

Fair Value Measurements

The Company recognizes financial instruments in accordance with the authoritative guidance on fair value measurements and disclosures for financial assets and liabilities. This guidance defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. The guidance also establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

Level 1 includes quoted prices in active markets.
Level 2 includes significant observable inputs, such as quoted prices for identical or similar securities, or other inputs that are observable and can be corroborated by observable market data for similar securities. The Company uses market pricing and other observable market inputs obtained from third-party providers. It uses the bid price to establish fair value where a bid price is available. The Company does not have any financial instruments where the fair value is based on Level 2 inputs.
Level 3 includes unobservable inputs that are supported by little or no market activity. The Company does not have any financial instruments where the fair value is based on Level 3 inputs.

If a financial instrument uses inputs that fall in different levels of the hierarchy, the instrument will be categorized based upon the lowest level of input that is significant to the fair value calculation. The fair value of cash and cash equivalents was based on Level 1 inputs at June 30, 2023 and December 31, 2022.

Business Segments

The Company reports segment information based on how it internally evaluates the operating performance of its business units, or segments. The Company’s operations are confined to one business segment: the development of novel drugs and diagnostics.

Proceeds from Grants

During the three and six months ended June 30, 2023, there were no reimbursements received pursuant to National Institutes of Health (“NIH”) research grants. During the three and six months ended June 30, 2022, the Company received reimbursements totaling $0.4 million and $0.5 million, respectively, pursuant to NIH research grants. The Company records the proceeds from these grants as reductions to its research and development expenses.

Stock-based Compensation

The Company recognizes non-cash expense for the fair value of all stock options and other share-based awards. The Company uses the Black-Scholes option valuation model (“Black-Scholes”) to calculate the fair value of stock options, using the single-option award approach and straight-line attribution method. This model requires the input of subjective assumptions including expected stock price volatility, expected life and estimated forfeitures of each award. These assumptions consist of estimates of future market conditions, which are inherently uncertain, and therefore, are subject to management's judgment. For all options granted, it recognizes the resulting fair value as expense on a straight-line basis over the vesting period of each respective stock option, generally four years.

The Company has granted share-based awards that vest upon achievement of certain performance criteria (“Performance Awards”). The Company multiplies the number of Performance Awards by the fair value of its common stock on the date of grant to calculate the fair value of each award. It estimates an implicit service period for achieving performance criteria for each award. The Company recognizes the resulting fair value as expense over the implicit service period when it concludes that achieving the performance criteria is probable. It periodically reviews and updates as appropriate its estimates of implicit service periods and conclusions on achieving the performance criteria. Performance Awards vest and common stock is issued upon achievement of the performance criteria.

Net Loss per Share

The Company computes basic net loss per share on the basis of the weighted-average number of common shares outstanding for the reporting period. Diluted net loss per share is computed on the basis of the weighted-average number of common shares outstanding plus potential dilutive common shares outstanding using the treasury-stock method. Potential dilutive common shares consist of outstanding common stock options. There is no difference between the Company's net loss and comprehensive loss. The numerators and denominators in the calculation of basic and diluted net loss per share were as follows (in thousands, except net loss per share data):

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Numerator:				
Net loss	$ (26,376)	$ (19,328)	$ (50,647)	$ (36,855)
Denominator:				
Shares used in computing net loss per share, basic and diluted	41,793	40,015	41,766	39,989
Net loss per share, basic and diluted	$ (0.63)	$ (0.48)	$ (1.21)	$ (0.92)
Dilutive common stock options excluded from net loss per share, diluted	2,001	1,937	2,018	2,095

The Company excluded common stock options outstanding from the calculation of net loss per share, diluted, because the effect of including outstanding options would have been anti-dilutive. The Company also excluded 57,143 restricted stock awards from the calculation of net loss per share, diluted, until their expiration in June 2022 because the effect of including restricted stock awards would have been anti-dilutive.

Fair Value of Financial Instruments

Financial instruments include accounts payable and accrued liabilities. The estimated fair value of certain financial instruments may be determined using available market information or other appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop estimates of fair value; therefore, the estimates are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange. The effect of using different market assumptions and/or estimation methodologies may be material to the estimated fair value amounts. The carrying amounts of accounts payable and accrued liabilities are at cost, which approximates fair value due to the short maturity of those instruments.

Research Contract Costs and Accruals

The Company has entered into various research and development contracts with research institutions and other third-party vendors. These agreements are generally cancelable. Related payments are recorded as research and development expenses as incurred. The Company records prepaids and accruals for estimated ongoing research costs. When evaluating the adequacy of prepaid expenses and accrued liabilities, the Company analyzes progress of the studies including the phase or completion of events, invoices received and contracted costs. Significant judgments and estimates are made in determining the prepaid and accrued balances at the end of any reporting period. Actual results could differ from the Company's estimates. The Company's historical prepaid and accrual estimates have not been materially different from actual costs.

Incentive Bonus Plan

In 2020, the Company established the 2020 Cash Incentive Bonus Plan (the "Plan") to incentivize Plan participants. Awards under the Plan are accounted for as liability awards under Accounting Standards Codification (ASC) 718 "*Stock-based Compensation*". The fair value of each potential Plan award will be determined once a grant date occurs and will be remeasured each reporting period. Compensation expense associated with the Plan will be recognized over the expected achievement period for each Plan award, when a Performance Condition (as defined below) is considered probable of being met. See Note 10 for further discussion of the Plan.

Leases

The Company recognizes assets and liabilities that arise from leases. For operating leases, the Company is required to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments during the lease term, in the condensed consolidated balance sheets. The Company elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, the Company does not recognize right-of-use assets or lease liabilities. As the Company`s leases do not provide an implicit rate, it uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Property and equipment

Property and equipment is recorded at cost, net of accumulated depreciation. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. Owned buildings and related improvements have estimated useful lives of 39 years and approximately 10 years, respectively. Tenant improvements are amortized using the straight-line method over the useful lives of the improvements or the remaining term of the corresponding leases, whichever is shorter. The remaining term of the corresponding leases is approximately 0.9 years.

Property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If property and equipment are considered to be impaired, an impairment loss is recognized.

Intangible assets

Acquired intangible assets are recorded at fair value at the date of acquisition and primarily consist of lease-in-place agreements and leasing commissions. Intangible assets are amortized over the estimated life of the lease-in-place agreements, which is approximately 0.8 years at June 30, 2023.

Intangible assets are reviewed for impairment on an annual basis, and when there is reason to believe that their values have been diminished or impaired. If intangible assets are considered to be impaired, an impairment loss is recognized.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax balances are adjusted to reflect tax rates based on currently enacted tax laws, which will be in effect in the years in which the temporary differences are expected to reverse. The Company has accumulated significant deferred tax assets that reflect the tax effects of net operating loss and tax credit carryovers and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Realization of certain deferred tax assets is dependent upon future earnings. The Company is uncertain about the timing and amount of any future earnings. Accordingly, the Company offsets these deferred tax assets with a valuation allowance.

The Company accounts for uncertain tax positions in accordance with ASC 740, “Income Taxes”, which clarifies the accounting for uncertainty in tax positions. These provisions require recognition of the impact of a tax position in the Company’s condensed consolidated financial statements only if that position is more likely than not of being sustained upon examination by taxing authorities, based on the technical merits of the position. Any interest and penalties related to uncertain tax positions will be reflected as a component of income tax expense.

Note 3. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets at June 30, 2023 and December 31, 2022 consisted of the following (in thousands):

	June 30, 2023	December 31, 2022
Prepaid insurance	$ 5	$ 874
Contract research organization and other deposits	4,527	9,177
Interest receivable	1,328	—
Other	235	160
Total prepaid expenses and other current assets	$ 6,095	$ 10,211

Contract research organization and other deposits represent cash payments made to vendors in excess of expenses incurred.

Note 4. Real Property

The Company owns a two-building office complex in Austin, Texas, a portion of which serves as its corporate headquarters. This property is intended to accommodate the Company's anticipated growth and expansion of its operations in the coming years. Maintenance, physical facilities, leasing, property management and other key responsibilities related to property ownership are being outsourced to professional real-estate managers. The office complex measures approximately 90,000 rentable square feet. At June 30, 2023, the property was over 60% leased. The Company also occupies approximately 25% of the property.

The Company records the net income from building operations and leases as other income, net, as leasing is not core to the Company's operations. Building depreciation and amortization for space not occupied by the Company is included in general and administrative expense. Building depreciation and amortization for space occupied by the Company is allocated between general and administrative expense and research and development expense. Components of other income, net, for the periods presented were as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Lease revenue	$ 559	$ 586	$ 1,116	$ 1,160
Property operating expenses	(356)	(311)	(723)	(622)
Other income, net	$ 203	$ 275	$ 393	$ 538

Note 5. Property and equipment

The components of property and equipment, net, as of June 30, 2023 and December 31, 2022 were as follows (in thousands):

	June 30, 2023	December 31, 2022
Land	$ 3,734	$ 3,734
Buildings	15,980	15,980
Site improvements	470	470
Tenant improvements	3,018	3,016
Furniture and equipment	868	851
Construction in progress	2	13
Gross property and equipment	$ 24,072	$ 24,064
Accumulated depreciation	(1,744)	(1,200)
Property and equipment, net	$ 22,328	$ 22,864

Depreciation expense for property and equipment was $272,000 and $174,000 for the three months ended June 30, 2023 and 2022, respectively. Depreciation expense for property and equipment was $544,000 and $352,000 for the six months ended June 30, 2023 and 2022, respectively.

Note 6. Intangible assets

The components of intangible assets, net, as of June 30, 2023 and December 31, 2022 were as follows (in thousands):

	June 30, 2023	December 31, 2022
Lease-in-place agreements	$ 1,053	$ 1,053
Leasing commissions and other	293	290
Gross intangible assets	$ 1,346	$ 1,343
Accumulated amortization	(959)	(721)
Intangible assets, net	$ 387	$ 622

Amortization expense for intangible assets was $119,000 and $125,000 for the three months ended June 30, 2023 and 2022, respectively. Amortization expense for intangible assets was $238,000 and $260,000 for the six months ended June 30, 2023 and 2022, respectively.

Amortization expense for finite-lived intangible assets as of June 30, 2023 is expected to be as follows (in thousands):

For the year ending December 31,	
2023	$ 216
2024	167
2025	4
Total amortization	$ 387

Note 7. Stockholders' Equity and Stock-Based Compensation Expense

2022 Registered Direct Offering

On November 22, 2022, the Company completed a common stock offering pursuant to which certain investors purchased 1,666,667 shares of common stock at a price of $30.00 per share. Net proceeds of the offering were approximately $47.3 million after deducting offering expenses.

At-the-Market Common Stock Offering

On May 1, 2023, the Company established a new at-the-market offering program ("ATM") to sell, from time to time, shares of Company common stock having an aggregate offering price of up to $200 million in common stock pursuant to a shelf registration statement that was filed with the U.S. Securities and Exchange Commission (the "SEC") on May 1, 2023 and became effective immediately upon filing. The Company is obligated to pay a commission of up to 3% of the gross proceeds from the sale of shares of common stock in the offering. The Company is not obligated to sell any shares in the offering.

There were no common stock sales under the ATM during the three and six months ended June 30, 2023.

In March 2020, the Company established an at-the-market offering program ("2020 Program") to sell, from time to time, shares of Company common stock having an aggregate offering price of up to $100 million in transactions pursuant to a shelf registration statement that was declared effective by the SEC on May 5, 2020. The Company gave notice of termination for the 2020 Program on April 26, 2023, which was effective May 1, 2023. There were no common stock sales under the 2020 Program through its termination.

Stock Option and Performance Award Activity in 2023

During the six months ended June 30, 2023, stock options and unvested Performance Awards outstanding under the Company's stock option plans changed as follows:

	Stock Options	Performance Awards
Outstanding as of December 31, 2022	2,529,448	7,142
Options granted	122,000	—
Options exercised	(281,175)	—
Options forfeited/canceled	(7,142)	—
Outstanding as of June 30, 2023	2,363,131	7,142

The weighted average exercise price of options outstanding at June 30, 2023 was $12.67. As outstanding options vest over the current remaining vesting period of 2.4 years, the Company expects to recognize stock-based compensation expense of $8.8 million. If and when outstanding Performance Awards vest, the Company will recognize stock-based compensation expense of $0.1 million over the implicit service period.

During the three months ended June 30, 2023, there were 262,158 stock options exercised. Of the stock options exercised, 92,066 stock options were net settled in satisfaction of the exercise price, with no cash proceeds received. Cash proceeds to the Company for options not net settled totaled $889,000 during the three months ended June 30, 2023.

During the six months ended June 30, 2023, there were 281,175 stock options exercised. Of the stock options exercised, 97,205 stock options were net settled in satisfaction of the exercise price, with no cash proceeds received. Cash proceeds to the Company for options not net settled totaled $953,000 during the six months ended June 30, 2023.

Stock-based Compensation Expense in 2023

During the three and six months ended June 30, 2023 and 2022, the Company's stock-based compensation expense was as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Research and development	$ 392	$ 413	$ 781	$ 835
General and administrative	443	72	727	145
Total stock-based compensation expense	$ 835	$ 485	$ 1,508	$ 980

2018 Equity Incentive Plan

The Company's Board of Directors (the "Board") or a designated committee of the Board is responsible for administration of the Company's 2018 Omnibus Incentive Plan, as amended (the "2018 Plan") and determines the terms and conditions of each option granted, consistent with the terms of the 2018 Plan. The Company's employees, directors, and consultants are eligible to receive awards under the 2018 Plan, including grants of stock options and Performance Awards. Share-based awards generally expire 10 years from the date of grant. The 2018 Plan, as amended on May 5, 2022, provides for issuance of up to 5,000,000 shares of common stock, par value $0.001 per share, subject to adjustment as provided in the 2018 Plan.

When stock options or Performance Awards are exercised net of the exercise price and taxes, the number of shares of stock issued is reduced by the number of shares equal to the amount of taxes owed by the award recipient and that number of shares are cancelled. The Company then uses its cash to pay tax authorities the amount of statutory taxes owed by and on behalf of the award recipient.

Note 8. Income Taxes

The Company did not provide for income taxes during the three and six months ended June 30, 2023, because it has projected a net loss for the full year 2023 for which any benefit will be offset by an increase in the valuation allowance. There was also no provision for income taxes for the three and six months ended June 30, 2022.

Note 9. Commitments

Right-of-use Asset and Liability

The Company had an operating lease for approximately 6,000 square feet of office space in Austin, Texas with an expiration of April 30, 2024. The Company and the landlord consented to early terminate this lease on February 22, 2023 with no continuing obligations.

There was no rent expense for the three months ended June 30, 2023. Rent expense for the three months ended June 30, 2022 totaled $41,000.

Rent expense for the six months ended June 30, 2023 and 2022 totaled $24,000 and $82,000, respectively.

There was no cash paid for operating lease liabilities during the three months ended June 30, 2023. Cash paid for operating lease liabilities during the three months ended June 30, 2022 totaled $41,000.

Cash paid for operating lease liabilities during the six months ended June 30, 2023 and 2022 totaled $24,000 and $82,000, respectively.

Other Commitments

The Company conducts its product research and development programs through a combination of internal and collaborative programs that include, among others, arrangements with universities, contract research organizations and clinical research sites. The Company has contractual arrangements with these organizations that are cancelable. The Company's obligations under these contracts are largely based on services performed.

Note 10. 2020 Cash Incentive Bonus Plan

In August 2020, the Board approved the Plan. The Plan was established to promote the long-term success of the Company by creating an "at-risk" cash bonus program that rewards Plan participants with additional cash compensation in lockstep with significant increases in the Company's market capitalization. The Plan is considered "at-risk" because Plan participants will not receive a cash bonus unless the Company's market capitalization increases significantly and certain other conditions specified in the Plan are met. Specifically, Plan participants will not be paid any cash bonuses unless (1) the Company completes a merger or acquisition transaction that constitutes a sale of ownership of the Company or its assets (a Merger Transaction) or (2) the Compensation Committee of the Board (the Compensation Committee) determines the Company has sufficient cash on hand, as

defined in the Plan. Because of the inherent discretion and uncertainty regarding these requirements, the Company has concluded that a Plan grant date has not occurred as of June 30, 2023.

Plan participants will be paid all earned cash bonuses in the event of a Merger Transaction.

As of December 31, 2022, the Company's independent directors were participants in the Plan. However, effective March 16, 2023, the Board of Directors amended the Plan to remove all independent directors as participants in the Plan and the independent directors consented to such removal. The independent directors' share of potential benefits under the Plan were completely forfeited to the Company and will not be allocated to any other participant under the Plan. The Company's independent directors have not received, and as a result of such amendment will never receive, any payments under the Plan.

The Company's market capitalization for purposes of the Plan is determined based on either (1) the closing price of one share of the Company's common stock on the Nasdaq Capital Market multiplied by the total issued and outstanding shares and options to purchase shares of the Company, or (2) the aggregate consideration payable to security holders of the Company in a Merger Transaction. This constitutes a market condition under applicable accounting guidance.

The Plan triggers a potential cash bonus each time the Company's market capitalization increases significantly, up to a maximum $5 billion in market capitalization. The Plan specifies 14 incremental amounts between $200 million and $5 billion (each increment, a "Valuation Milestone"). Each Valuation Milestone triggers a potential cash bonus award in a pre-set amount defined in the Plan. Each Valuation Milestone must be achieved and maintained for no less than 20 consecutive trading days for Plan participants to be eligible for a potential cash bonus award. Approximately 67% of each cash bonus award associated with a Valuation Milestone is subject to adjustment and approval by the Compensation Committee. Any amounts not awarded by the Compensation Committee are no longer available for distribution.

If the Company were to exceed a $5 billion market capitalization for no less than 20 consecutive trading days, all Valuation Milestones would be deemed achieved, in which case cash bonus awards would range from a minimum of $111.4 million up to a hypothetical maximum of $289.7 million. Payment of cash bonuses is deferred until such time as (1) the Company completes a Merger Transaction, or (2) the Compensation Committee determines the Company has sufficient cash on hand to render payment (each, a "Performance Condition"), neither of which may ever occur. Accordingly, there can be no assurance that Plan participants will ever be paid a cash bonus that is awarded under the Plan, even if the Company's market capitalization increases significantly.

The Plan is accounted for as a liability award. The fair value of each Valuation Milestone award will be determined once a grant date occurs and will be remeasured each reporting period. Compensation expense associated with the Plan will be recognized over the expected achievement period for each of the 14 Valuation Milestones, when a Performance Condition is considered probable of being met.

In October 2020, the Company achieved the first Valuation Milestone. Subsequently, the Compensation Committee approved a potential cash bonus award of $6.5 million in total for all Plan participants (after the March 2023 Plan amendment), subject to future satisfaction of a Performance Condition.

During the year ended December 31, 2021, the Company achieved 11 additional Valuation Milestones triggering potential Company obligations to all Plan participants from a minimum of $74.9 million up to a hypothetical maximum of $202.3 million (after the March 2023 Plan amendment), to be determined by the Compensation Committee and contingent upon future satisfaction of a Performance Condition. However, no compensation expense was recorded since no grant date has occurred and no Performance Conditions are considered probable of being met. There is no continuing service requirement for Plan participants once the Compensation Committee approves a cash bonus award.

No Valuation Milestones were achieved during 2022 or the six months ended June 30, 2023.

No actual cash payments were authorized or made to participants under the Plan through the date of filing of this Form 10-Q.

Note 11. Contingencies

From time to time, the Company may become involved in litigation or other legal proceedings and claims, including U.S. government inquiries, investigations and Citizen Petitions submitted to FDA, and may receive inquiries from government authorities relating to matters arising from the ordinary course of business. The outcome of these proceedings is inherently uncertain. Regardless of outcome, legal proceedings can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources, and other factors. At this time, no assessment can be made as to their likely outcome or whether the outcome will be material to the Company. No information is available to indicate that it is probable that a loss has been incurred or can be reasonably estimated as of the date of the condensed consolidated financial statements and, as such, no accrual for these matters has been recorded within the condensed consolidated financial statements.

Government Investigations

On November 15, 2021, the Company disclosed that certain government agencies had asked the Company to provide corporate information and documents. These were confidential requests. The Company has been voluntarily cooperating and intends to continue to cooperate with these inquiries. No government agency has informed the Company that it has found evidence of research misconduct or wrongdoing by the Company or its officers, employees or directors. No government agency has filed any claims or charges relating to these inquiries. We cannot predict the outcome or impact of these ongoing matters, including whether a government agency may pursue an enforcement action against the Company or others.

Securities Class Actions and Shareholder Derivative Actions

Between August 27, 2021 and October 26, 2021, four putative class action lawsuits were filed alleging violations of the federal securities laws by the Company and certain named officers. The complaints rely on allegations contained in Citizen Petitions submitted to FDA and allege that various statements made by the defendants regarding simufilam were rendered materially false and misleading. The Citizen Petitions were all subsequently denied by FDA. These actions were filed in the U.S. District Court for the Western District of Texas. The complaints seek unspecified compensatory damages and other relief on behalf of a purported class of purchasers.

On June 30, 2022, a federal judge consolidated the four class action lawsuits into one case and appointed a lead plaintiff and a lead counsel. Lead plaintiff filed a consolidated amended complaint on August 18, 2022 on behalf of a putative class of purchasers of the Company's securities between September 14, 2020 and July 26, 2022. On May 11, 2023, the court dismissed with prejudice plaintiffs' claims against (deceased) defendant Nadav Friedmann, PhD, MD, but otherwise denied defendants' motion to dismiss. Defendants filed an answer to the consolidated amended complaint on July 3, 2023. The Company believes the claims are without merit and intends to defend against these lawsuits vigorously. The Company is unable to estimate the possible loss or range of loss, if any, associated with these lawsuits.

On November 4, 2021, a related shareholder derivative action was filed, purportedly on behalf of the Company, in the U.S. District Court for the Western District of Texas, asserting claims under the U.S. securities laws and state fiduciary duty laws against certain named officers and the members of the Company's board of directors. This complaint relies on the allegations made in Citizen Petitions that were submitted to (and subsequently denied by) FDA. The complaint alleges, among other things, that the individual defendants exposed the Company to unspecified damages and securities law liability by causing it to make materially false and misleading statements, in violation of the U.S. securities laws and in breach of their fiduciary duties to the Company. The derivative case seeks, among other things, to recover unspecified compensatory damages on behalf of the Company arising out of the individual defendant's alleged wrongful conduct. Although the plaintiff in this derivative case does not seek relief against the Company, the Company has certain indemnification obligations to the individual defendants. Since November 4, 2021, four additional shareholder derivative actions were filed alleging substantially similar claims, two in the U.S. District Court for the Western District of Texas, one in Texas state court (Travis County District Court) and one in the Delaware Court of Chancery. On July 5, 2022, the three federal court actions were consolidated into a single action.

On August 19, 2022, a shareholder derivative action was filed, purportedly on behalf of the Company, in the Delaware Court of Chancery, asserting claims under state fiduciary duty laws against certain named officers and members of the Company's board of directors. The complaint alleges, among other things, that the individual defendants breached their fiduciary duties by approving the 2020 Cash Incentive Bonus Plan in August 2020. The complaints seek unspecified compensatory damages and other relief. On January 6, 2023, the plaintiffs filed an amended complaint. Defendants filed a partial answer to the amended complaint on March 10, 2023, and moved to partially dismiss the amended complaint on March 14, 2023. Defendants' motion to dismiss remains pending. Although the plaintiffs in this derivative case do not seek relief against the Company, the Company has certain indemnification obligations to the individual defendants.

The Company is unable to estimate the possible loss or range of loss, if any, associated with these lawsuits.

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

This discussion and analysis should be read in conjunction with Cassava Sciences, Inc.'s (the "Company," "we," "us," or "our") condensed consolidated financial statements and accompanying notes included elsewhere in this Quarterly Report on Form 10-Q. Operating results are not necessarily indicative of results that may occur in future periods.

This Quarterly Report on Form 10-Q contains certain statements that are considered forward-looking statements within the meaning of the Private Securities Reform Act of 1995. We intend that such statements be protected by the safe harbor created thereby. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "should," "will" and "would" or the negatives of these terms or other comparable terminology.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. Forward-looking statements involve risks and uncertainties and our actual results and the timing of events may differ significantly from the results discussed in the forward-looking statements. Examples of such forward-looking statements include, but are not limited to statements about:

- the number of patients with Alzheimer's disease we expect to enroll in our on-going Phase 3 studies, the enrollment rates for these studies, and the length of time to complete patient enrollment for our studies and the expected safety profile or treatment benefits of simufilam for people with Alzheimer's disease;
- our reliance on third-party contractors to conduct the clinical trials and make drug supply on a large-scale for our Phase 3 clinical program, or their ability to do so on-time or on-budget;
- limitations around data interpretation from results of our Cognition Maintenance Study (CMS) and long-term open-label study, as compared to efficacy results from a fully completed Phase 3 clinical program;
- the ability of clinical scales to assess cognition or health in our trials of Alzheimer's disease;
- any significant changes we may make, or anticipate making, to the design of any of our on-going studies of simufilam in patients with Alzheimer's disease;
- our ability to initiate, conduct or analyze additional clinical and non-clinical studies with our product candidates targeted at Alzheimer's disease and other neurodegenerative diseases;
- the impact of pre-clinical findings on our ability to develop our product candidates;
- the interpretation of results from our pre-clinical or early clinical studies, such as Phase 1 and Phase 2 studies;
- our plans to further develop SavaDx, our investigational blood-based diagnostic, and to evaluate a non-antibody approach for SavaDx;
- our ability or willingness to expand therapeutic indications for simufilam outside of Alzheimer's disease;
- the safety, efficacy, or potential therapeutic benefits of our product candidates;
- our ability to file for and obtain regulatory approval of our product candidates;
- our strategy and ability to establish an infrastructure to commercialize any product candidates, if approved;
- the potential future revenues of our product candidates, if approved and commercialized;
- the market acceptance of our product candidates, if approved and commercialized;
- the pricing and reimbursement of our product candidates, if approved and commercialized;
- the utility of protection, or the sufficiency, of our intellectual property;
- our potential competitors or competitive products for the treatment of Alzheimer's disease;
- our need to raise new capital from time to time to continue our operations or to expand our operations;
- our use of multiple third-party vendors, including a Clinical Research Organization (CRO), to conduct clinical studies of our lead product candidate;
- expectations regarding trade secrets, technological innovations, licensing agreements and outsourcing of certain business functions;
- our expenses increasing by unanticipated amounts due to inflation;
- fluctuations in our financial or operating results;
- our operating losses, anticipated operating and capital expenditures and legal expenses;
- expectations regarding the issuance of shares of common stock, options or other equity to employees or directors pursuant to equity compensation awards, net of employment taxes;

the development and maintenance of our internal information systems and infrastructure;
our need to hire additional personnel and our ability to attract and retain such personnel;
existing regulations and regulatory developments in the United States and other jurisdictions in which we operate;
our plans to expand the size and scope of our operations;
the sufficiency of our current resources to continue to fund our operations;
potential future agreements with third parties in connection with the commercialization of our product candidates;
the accuracy of our estimates regarding expenses, capital requirements, and needs for additional financing;
assumptions and estimates used for our disclosures regarding stock-based compensation;
the expense, timing and outcome of pending or future litigation or other legal proceedings and claims, including U.S. government inquiries; and
litigation, claims or other uncertainties that may arise from allegations made against us or our collaborators.

Such forward-looking statements and our business involve risks and uncertainties, including, but not limited to the following:

We have a limited operating history in our business targeting Alzheimer's disease and no products approved for commercial sale.
Research and development of biopharmaceutical products is a highly uncertain undertaking and involves a substantial degree of risk and our business is heavily dependent on the successful development of our product candidates.
We are concentrating a substantial portion of our research and development efforts on the diagnosis and treatment of Alzheimer's disease, an area of research that has recorded many clinical failures.
We may encounter substantial delays in our clinical trials or may not be able to conduct or complete our clinical trials on the timelines we expect, if at all.
Our clinical trials may fail to demonstrate evidence of the safety and efficacy of our product candidates, which would prevent, delay, or limit the scope of regulatory approval and the commercialization of our product candidates.
We may need to obtain substantial additional financing to complete the development and any commercialization of our product candidates.
We are a small company with no sales force and may not be successful in our efforts to commercialize any product candidates which are approved.
Our CRO and contract manufacturers may fail to perform as anticipated.
We may be unable to protect our intellectual property rights or trade secrets.
We may be subject to third-party claims of intellectual property infringement.
We may not succeed in our maintenance or pursuit of licensing rights or third-party intellectual property necessary for the development of our product candidates.
Enacted or future legislation or regulatory actions may adversely affect our product pricing, or limit the reimbursement we may receive for our products.
A significant breakdown, security breach or interruption affecting our internal computer systems, or those used by our third-party research collaborators, may compromise the confidentiality of our financial or proprietary information, result in material disruptions of our products and operations and adversely affect our reputation.
We may be unsuccessful at hiring and retaining qualified personnel.
We and certain of our directors and executive officers have been named as defendants in lawsuits that could result in substantial costs and divert management's attention.
Adverse and lingering circumstances caused by disease epidemics or pandemics, such as COVID-19.

Please also refer to the section entitled "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, as such risk factors may be amended, updated or modified periodically in our reports filed with the U.S. Securities and Exchange Commission (the "SEC") for further information on these and other risks affecting us.

We caution you not to place undue reliance on forward-looking statements because our future results may differ materially from those expressed or implied by them. We do not intend to update any forward-looking statement, whether written or oral, relating to the matters discussed in this Quarterly Report on Form 10-Q, except as required by law.

This Form 10-Q may also contain statistical data and drug information based on independent industry publications or other publicly available information. We have not independently verified the accuracy or completeness of the data contained in these publicly available sources of data and information. Accordingly, we make no representations as to the accuracy or completeness of such information. You are cautioned not to give undue weight to such data.

Our research programs in neurodegeneration have benefited from longstanding scientific and financial support from the National Institutes of Health ("NIH"). The contents of this Quarterly Report on Form 10-Q are solely our responsibility and do not necessarily represent any official views of NIH, the Department of Health and Human Services, or the United States government.

Overview

Cassava Sciences, Inc. is a clinical-stage biotechnology company based in Austin, Texas. Our mission is to detect and treat neurodegenerative diseases, such as Alzheimer's disease. Our novel science is based on stabilizing – but not removing – a critical protein in the brain. Our lead therapeutic drug candidate, simufilam, is being evaluated for the proposed treatment of Alzheimer's disease dementia in Phase 3 clinical studies.

For more than 10 years, we have combined state-of-the-art technology with new insights in neurobiology to develop novel solutions for Alzheimer's disease and other neurodegenerative diseases. Our strategy is to leverage our unique scientific/clinical platform to develop a first-in-class program for treating neurodegenerative diseases, such as Alzheimer's.

We currently have two biopharmaceutical assets under development:

our lead therapeutic product candidate, called simufilam, is a novel oral treatment for Alzheimer's disease dementia; and
our lead investigational diagnostic product candidate, called SavaDx, is a novel way to detect the presence of Alzheimer's disease from a small sample of blood.

Our scientific approach for the treatment of Alzheimer's disease seeks to simultaneously suppress *both* neurodegeneration and neuroinflammation. We believe our ability to improve multiple vital functions in the brain represents a new, different and crucial approach to address Alzheimer's disease.

Our lead product candidate, simufilam, is a proprietary small molecule (oral) drug. Simufilam targets an altered form of a protein called filamin A (FLNA) in the Alzheimer's brain. Published studies have demonstrated that the altered form of FLNA causes neuronal dysfunction, neuronal degeneration and neuroinflammation. We are currently conducting a Phase 3 program with simufilam in patients with mild-to-moderate Alzheimer's disease dementia.

We believe simufilam improves brain health by reverting altered FLNA back to its native, healthy conformation, thus countering the downstream toxic effects of altered FLNA. We have generated and published experimental and clinical evidence of improved brain health with simufilam. Importantly, simufilam is not dependent on clearing amyloid from the brain. Since simufilam has a unique mechanism of action, we believe its potential therapeutic effects may be additive or synergistic with those of other therapeutic candidates aiming to treat neurodegeneration.

Simufilam has demonstrated a multitude of treatment effects in animal models of disease, including normalizing neurotransmission, decreasing neuroinflammation, suppressing neurodegeneration, and restoring memory and cognition.

Simufilam was discovered and designed in-house and was characterized by our academic collaborators during research activities that were conducted from approximately 2008 to date. SavaDx is being developed in-house with outside collaborators. We own exclusive, worldwide rights to drug and diagnostic assets and related technologies, without royalty obligations to any third party. Our patent protection with respect to simufilam and use of simufilam

for Alzheimer's disease and other neurodegenerative diseases currently runs through 2039 and includes seven issued U.S. patents. In addition, we have patent protection with respect to simufilam for use in treating certain cancers that runs through 2034. Our patent estate further includes patents and patent applications for related compounds and treatments. Corresponding foreign filings have been made for each of the U.S. filings.

About Alzheimer's Disease

Alzheimer's disease is a progressive neurodegenerative disorder that affects cognition, function and behavior. As of 2021, there were approximately 55 million people worldwide living with dementia, a figure expected to increase to 139 million by 2050 according to outside sources. The annual global cost of dementia is now above $1 trillion, according to Alzheimer's Disease International, a charitable organization.

Phase 2a Study

In 2019, we completed a small, first-in-patient, clinical-proof-of-concept, open-label Phase 2a study of simufilam in the U.S., with substantial support from the National Institute on Aging (NIA), a division of the NIH. Treatment with simufilam for 28 days significantly improved certain key biomarkers of Alzheimer's pathology, neurodegeneration and neuroinflammation ($p<0.001$). Biomarkers effects were seen in all patients in both cerebrospinal fluid (CSF) and plasma.

Phase 2b Study

In September 2020, we announced final results of a Phase 2b study with simufilam in Alzheimer's disease. In this clinical study funded by the NIH, Alzheimer's patients treated with 50 mg or 100 mg of simufilam twice-daily for 28 days showed statistically significant ($p<0.05$) improvements in CSF biomarkers of disease pathology, neurodegeneration and neuroinflammation, versus Alzheimer's patients who took placebo. In addition, Alzheimer's patients treated with simufilam showed improvements in validated tests of episodic memory and spatial working memory, versus patients on placebo. Cognitive improvements correlated most strongly with decreases in levels of P-tau181, an exploratory 'research use only' non-safety related biomarker that suggests brain changes from Alzheimer's disease. Materials labeled as Research Use Only are intended for products that are still under development and are not commercially distributed.

Open-label Study Strategy

Much of the value of our open-label study is to support simufilam's long-term safety profile in patients. We believe a well-designed, long-term, open-label study is an exercise in prudent risk-management. Clinical results serve as a tool to help inform and manage the inherent risks and uncertainties of drug development for undertaking a large, expensive Phase 3 clinical testing program.

Open-label Study Top-line Results

In March 2020, we initiated a long-term, open-label study to evaluate simufilam, our lead drug candidate, in patients with Alzheimer's disease. This study was funded in part by a research grant award from NIH. The study was designed to evaluate the long-term safety and tolerability of simufilam 100 mg twice daily for 12 or more months. Another study objective was to assess exploratory efficacy endpoints, such as changes in cognition, and biomarkers.

In January 2023, we announced positive top-line Phase 2 results for our open-label study. The study enrolled over 200 patients with mild-to-moderate Alzheimer's disease (MMSE 16-26). Endpoints were measured at baseline (study entry) and month 12.

Alzheimer's is a degenerative disease of the brain. Over time, cognition progressively worsens in the mild-to-moderate stages of Alzheimer's as the disease takes its toll. ADAS-Cog scores that change minimally (or improve) over 1 year is a highly desirable outcome in a clinical study of patients with mild-to-moderate Alzheimer's disease.

Top-line Results – mean scores, baseline to month 12 (*lower is better, except for MMSE)***:***

ADAS-Cog11 scores changed from 19.1 (±9.2) to 19.6 (±13.3)

MMSE scores changed from 21.5 (±3.6) to 20.2 (±6.4)
NPI10 scores changed from 3.2 (±4.6) to 2.9 (±4.6)
GDS scores changed from 1.8 (±1.8) to 1.4 (±1.9)

Response Analysis – baseline to month 12

ADAS-Cog scores improved in 47% of patients; this group had a mean change of -4.7 (±3.8) points (lower is better).
In an additional 23% of patients, ADAS-Cog declined less than 5 points; this group had a mean change of 2.5 (±1.4) points.
Patients with an NPI10 score of zero increased from 42% to 54%, indicating reduced dementia-related neuropsychiatric symptoms after 1 year on simufilam.

Analysis of Efficacy Endpoints

Efficacy outcomes were analyzed by an independent, outside biostatistical consulting firm led by Suzanne Hendrix, PhD. The pre-specified primary efficacy endpoint was change in baseline on ADAS-Cog11, a cognitive scale widely used in Alzheimer's clinical research. Exploratory endpoints included the Mini-Mental State Examination (MMSE) to assess disease stage by cognitive impairment; the Neuropsychiatric Inventory (NPI10) to assess dementia related behavior; and the Geriatric Depression Scale (GDS). The Full Analysis Set (FAS) population (N=216) was used for the statistical analysis of efficacy endpoints.

Alzheimer's is a progressive disease. Severity of disease is typically assessed by MMSE score. In this study, mild patients are MMSE 21-26; moderate patients are MMSE 16-20. Mild and moderate sub-groups showed notable differences on changes in ADAS-Cog mean scores, baseline to month 12 (lower is better):

In the *mild* sub-group, ADAS-Cog scores improved, from 15.0 (±6.3) to 12.6 (±7.8)
In the *moderate* sub-group, ADAS-Cog scores worsened, from 25.7 (±9.2) to 30.1 (±13.1)

We believe the improvement in ADAS-Cog over 1 year in mild patients taking simufilam is well outside the expected range of historic placebo decline rates from numerous other studies. Figure 1 presents a model of historical declines on ADAS-Cog in early disease (MCI + mild) and mild disease.

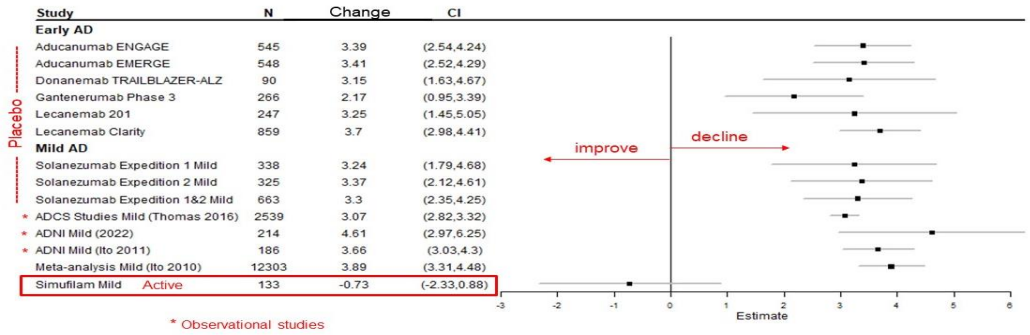


Figure 1: *Statistical model of simufilam versus historical 1-year placebo declines on ADAS-Cog in early disease and mild disease.*[1]

Safety Data

Simufilam 100 mg twice daily was generally safe and well tolerated in this open-label study. There were no drug-related serious adverse events. Three treatment-emergent adverse events (TEAEs) occurred in 7% or more of study patients: COVID-19 (12%), urinary tract infection (10%) and headache (9%). Reported TEAEs are based on all study patients who received at least one dose of drug. The top three reasons for patient discontinuations were withdrawal of informed consent (N=14), adverse events (N=13) and patient non-compliance (N=7).

Biomarker Data

Exploratory biomarkers were analyzed from cerebrospinal fluid (CSF) collected from 25 patients in the open-label study who agreed to undergo a lumbar puncture at baseline and again after 6 months of treatment. CSF samples were analyzed blind by our academic collaborator at City University of New York. All CSF biomarkers were 'research use only', non-safety-related exploratory biomarkers. We previously announced results of this bioanalysis in a press release dated July 29, 2021.

P-values shown below are baseline vs. 6-month levels by paired t-test:

CSF biomarkers of disease pathology, t-tau and p-tau181, decreased 38% and 18%, respectively (both $p<0.00001$)
CSF biomarkers of neurodegeneration, neurogranin and neurofilament light chain (NfL), decreased 72% and 55%, respectively (both $p<0.00001$)
CSF biomarkers of neuroinflammation, sTREM2 and YKL-40, decreased 65% and 44% (both $p<0.00001$)

Limitations of Open-label Study and Top-line Results

Data results from our open-label safety study do not constitute, and should not be interpreted as, regulatory evidence of safety or efficacy for simufilam in Alzheimer's disease. Rigorous evidence for drug safety and efficacy is derived from one or more large, randomized, placebo-controlled studies. The open-label design and size of this study may introduce clinical or statistical bias or may generate results that may not fully distinguish between drug effects and random variation. Different methods of statistical analysis on clinical data from the same study may lead to objectively different numerical results. These and other statistical and clinical features of our open-label study add complexity or limitations to the scope of data interpretation. In addition, 'top-line data' is a summary of the clinical data prior to the completion of a full and final audit or quality-control of the clinical database. We communicated top-line data so that stakeholders had timely access to a summary of the study's findings prior to us receiving the final dataset. Final data may change from initial top-line data.

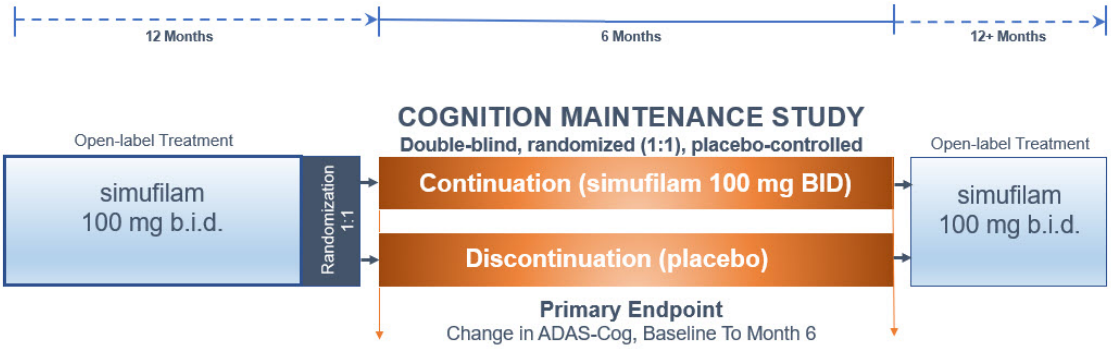
[1] Figure 1: Forest plot model by Pentara Corporation. Data was sourced from non-randomized studies (i.e., ADNI) and randomized, controlled trials conducted by other sponsors in patients with early (i.e., MCI + mild) and mild Alzheimer's disease.

Cognition Maintenance Study

In May 2021, we initiated a Cognition Maintenance Study (CMS). The CMS is a randomized, withdrawal study design. ICH[2] defines this type of study design as follows: *"In a randomized withdrawal trial, subjects receiving a test treatment for a specified time are randomly assigned to continued treatment with the test treatment or to placebo (i.e., withdrawal of active therapy) … Any difference that emerges between the group receiving continued treatment and the group randomized to placebo would demonstrate the effect of the active treatment."*

The CMS study design is intended to evaluate simufilam's effects on cognition and health outcomes in Alzheimer's patients who continue with drug treatment versus patients who discontinue drug treatment. It is a double-blind, randomized, placebo-controlled study of simufilam in patients with mild-to-moderate Alzheimer's disease. Study patients are randomized (1:1) to simufilam or placebo for six months. To enroll in this study, patients must have previously completed 12 months or more of open-label treatment with simufilam. Final enrollment was 157 patients. See Figure 2.

Figure 2. Cognition Maintenance Study Design



Top-line Results

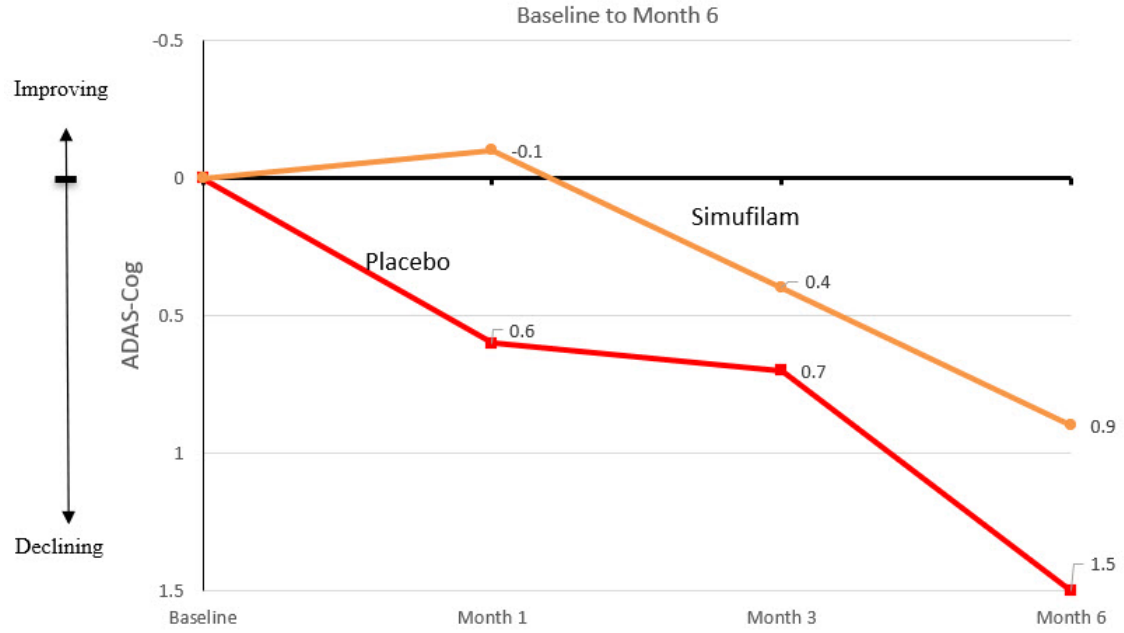
Simufilam treatment for 6 months slowed cognitive decline by 38% compared to placebo in mild-to-moderate Alzheimer's disease (MMSE 16-26). The placebo arm declined 1.5 points on ADAS-Cog, and this arm declined at all measured timepoints. The simufilam arm declined 0.9 points on ADAS-Cog, a 38% difference in favor of drug at month 6 (95% CI, – 2.1 to 1.0; not significant for sample sizes). See Table 1 and Chart 1.

Table 1: Results of Randomized Withdrawal Study – cognitive change, full analysis set (FAS)

Full Analysis Set	**Simufilam 100 mg (N = 78)**	**Placebo (N = 77)**	**Numerical Difference**	**Percent Difference**
6-month Change in ADAS-Cog	0.9 point Decline	1.5 point Decline	– 0.6	38% in favor of drug

[2] International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH), Topic E10, Choice of Control Group in Clinical Trials.

CHART 1 - Decline in Cognition Scores, FAS



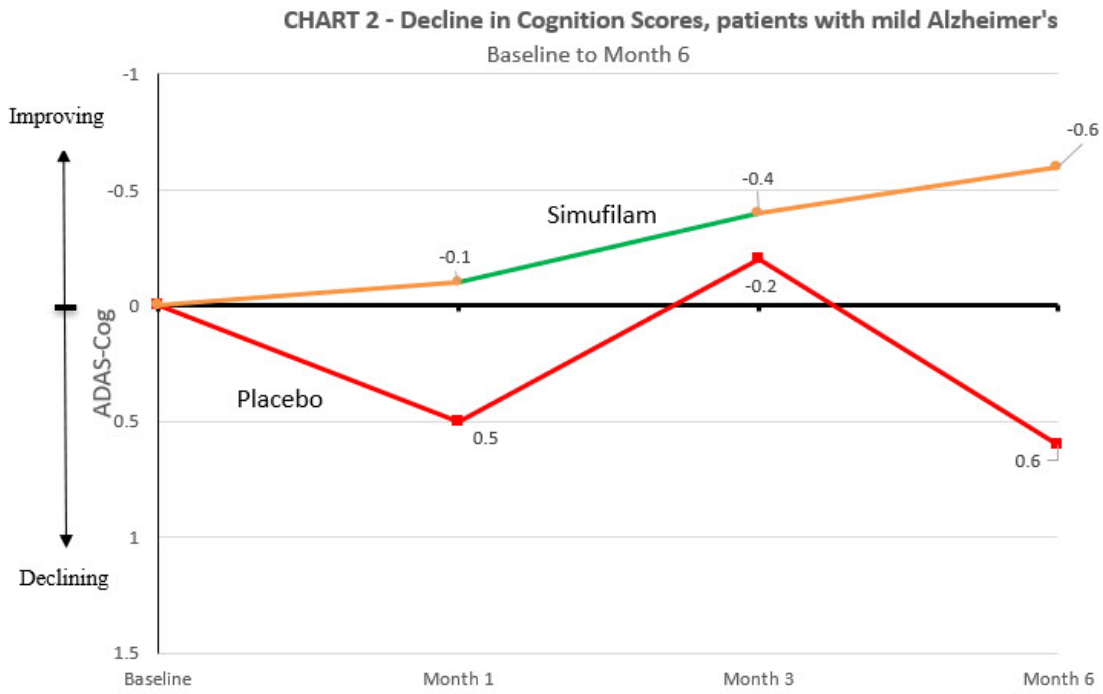
Upon randomization into the CMS, mean baseline MMSE scores were 18.6 and 18.1 for the simufilam and placebo arms, respectively. Mean baseline ADAS-Cog scores were 19.3 and 21.9 for the simufilam and placebo arms, respectively.

Simufilam Drug Effects Favored Patients with Mild Alzheimer's Disease.

Simufilam treatment for 6 months slowed cognitive decline > 200% compared to placebo in mild Alzheimer's disease. CMS patients with mild Alzheimer's (MMSE 21-26) on placebo declined 0.6 points on ADAS-Cog over 6 months as a group. CMS patients with mild Alzheimer's on simufilam improved 0.6 points over 6 months as a group, a 205% difference in favor of drug (95% CI, – 2.6 to 0.4; not significant for sample sizes). See Table 2 and Chart 2.

Table 2: Results of Randomized Withdrawal Study – cognitive change, mild patients

Mild Patients	**Simufilam 100 mg (N= 40)**	**Placebo (N= 36)**	**Numerical Difference**	**Percent Difference**
6-month Changes in ADAS-Cog	0.6 point Improvement	0.6 point Decline	– 1.1	205% in favor of drug



Upon randomization into the CMS, mean baseline MMSE scores for mild patients were MMSE 24.0 and MMSE 24.1 for the simufilam and placebo arms, respectively. Mean baseline ADAS-Cog scores for mild patients were 11.0 and 11.2 for the simufilam and placebo arms, respectively.

Simufilam for 18 months stabilized cognition in mild Alzheimer's disease.

After taking open-label simufilam for 12 months, 76 patients with mild Alzheimer's disease (MMSE 21-26) enrolled in the CMS and were randomized to receive either simufilam (N=40) or placebo (N=36) for 6 months. Mild patients randomized to simufilam in the CMS showed no material decline in ADAS-Cog scores over 18 months as a group, indicating stable cognition. Mild patients randomized to placebo in the CMS (and therefore withdrawn from simufilam treatment for 6 months) declined by 0.8 points in ADAS-Cog as a group. See Figure 3.

Study	Treatment	MMSE Range	Change from Baseline Estimate	CI
CLARITY	Placebo	22-30	5.61	(5.31, 5.91)
EMERGE	Placebo	24-30	5.17	(4.76, 5.57)
ENGAGE	Placebo	24-30	5.17	(4.80, 5.55)
Trailblazer	Placebo	20-28	4.82	(4.17, 5.47)
PTI-125-04	Simufilam100mg-Simufilam100mg	21-26	0.11	(-1.30, 1.52)
PTI-125-04	Simufilam100mg-Placebo	21-26	0.76	(-0.81, 2.34)

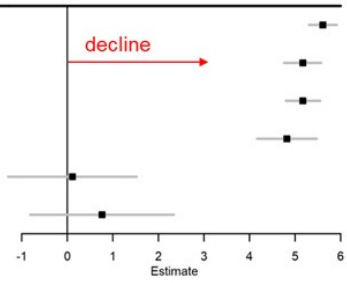


Figure 3. Historical declines on ADAS-Cog over 18 months in Alzheimer's disease (MMSE 20-30), placebo arms vs simufilam treatment.[1] *Notes: results shown for CLARITY P3 trial of lecanemab; EMERGE and ENGAGE P3 studies of aducanumab; and TRAILBLAZER P3 trial of donanemab; in this figure, the CMS is referred to as the 'PTI-125-04' study; 'Simufilam100mg-Simufilam100mg' refers to patients who received simufilam in both the open-label phase and the CMS; 'Simufilam100mg-Placebo' refers to patients who received simufilam in the open-label phase and placebo in the CMS.*

Safety Data

Simufilam 100 mg twice daily was safe and well tolerated in this study. There were no drug-related serious adverse events. No treatment-emergent adverse events (TEAEs) occurred in 5% or more of study participants in the CMS.

Discussion

The CMS was a randomized withdrawal study. Patients who completed 12 months of open-label simufilam treatment were all invited to participate in the CMS. It is not known how long a washout period may be needed to remove lingering drug effects, if any, from prior treatment with open-label simufilam for 12 months.

In this small study of oral simufilam in patients with mild-to-moderate Alzheimer's disease, the pre-specified cognitive endpoint showed a 38% decline in ADAS-Cog over six months in favor of simufilam, with good drug safety. Effects were pronounced in mild patients. Mean baseline MMSE and ADAS-Cog scores were approximately balanced given the small size of each arm.

Analysis of Efficacy Endpoints

The pre-specified cognition endpoints were analyzed by Pentara Corporation, an independent consulting firm that specializes in complex statistical analysis of clinical trial results. Suzanne Hendrix, PhD, CEO of Pentara, has over 150 peer-reviewed publications of clinical trial results and statistical approaches for clinical trials, many focusing on statistical methodology for Alzheimer's disease.

Chain of Custody for Clinical Data

Investigator sites collected clinical data from study participants. Sites entered their clinical data directly into an electronic data capture system managed by an independent, outside data management vendor. The data management vendor also maintains the clinical database. The data management vendor transmitted the clinical database directly to Pentara Corporation for analysis.

Study Limitations

The CMS is a proof-of-concept study involving a small number of patients and limited data. Top-line clinical CMS results do not constitute, and should not be interpreted as, regulatory evidence of safety or efficacy for simufilam in Alzheimer's disease. Rigorous evidence for drug safety and efficacy is derived from one or more large, randomized placebo-controlled Phase 3 studies. The limited size of the CMS may introduce clinical or statistical bias or may generate results that may not fully distinguish between drug effects and random variation. Different methods of statistical analysis on clinical data from the same study may lead to objectively different numerical results. These and other statistical and clinical features of our CMS study add complexity or limitations to the scope of data interpretation. In addition, 'Top-line data' is a summary of the clinical data prior to the completion of a full and final audit or quality-control of the clinical database. We are communicating top-line data so that stakeholders may have timely access to a summary of the CMS findings prior to us receiving the final dataset. Final data may change from initial top-line data.

[1] Figure 3: Forest plot by Pentara Corporation. Data was sourced from the placebo groups in randomized, controlled trials of monoclonal antibodies conducted by other sponsors in Alzheimer's disease (MMSE 20-30).

End-of-Phase 2 (EOP2) Meeting with FDA

In January 2021, we held an End-of-phase 2 (EOP2) meeting for simufilam with the U.S. Food and Drug Administration (FDA). The purpose of this EOP2 meeting was to gain general agreement around key elements of a pivotal Phase 3 program to treat Alzheimer's disease dementia. FDA attendees included Robert Temple, MD, Deputy Center Director for Clinical Science and Senior Advisor in the Office of New Drugs; Billy Dunn, MD, Director, Office of Neuroscience; Eric Bastings, MD, Director, Division of Neurology, and others.

In February 2021, we announced the successful completion of our EOP2 meeting. Official meeting minutes confirm that we and FDA are aligned on key elements of a Phase 3 clinical program for simufilam. FDA has agreed that the completed Phase 2 program, together with an ongoing and well-defined Phase 3 clinical program, are sufficient to show evidence of clinical efficacy for simufilam in Alzheimer's disease. There is also agreement that the use of separate clinical scales to assess cognition (ADAS-cog[1]) and function (ADCS-ADL[2]) are appropriate co-primary endpoints of efficacy. A clinical scale that combines cognition and function, such as iADRS[3], is a secondary efficacy endpoint.

Special Protocol Assessments

In August 2021, we announced we had reached agreement with FDA under a Special Protocol Assessment (SPA) for both Phase 3 studies. These SPA agreements document that FDA has reviewed and agreed upon the key design features of our Phase 3 study protocols of simufilam for the treatment of patients with Alzheimer's disease.

An SPA agreement indicates concurrence by the FDA with the adequacy and acceptability of specific critical elements of overall protocol design (e.g., entry criteria, dose selection, endpoints, etc.). These elements are critical to ensure that our planned Phase 3 studies of simufilam in Alzheimer's disease can be considered adequate and well-controlled studies in support of a future regulatory submission and marketing application.

The first clinical study protocol under the SPA is titled "*A Phase 3, Randomized, Double-Blind, Placebo-Controlled, Parallel-Group, 52-Week Study Evaluating the Safety and Efficacy of One Dose of Simufilam in Subjects with Mild-to-Moderate Alzheimer's Disease.*"

The second clinical study protocol under the SPA is titled "*A Phase 3, Randomized, Double-Blind, Placebo-Controlled, Parallel-Group, 76-Week Study Evaluating the Safety and Efficacy of Two Doses of Simufilam in Subjects with Mild-to-Moderate Alzheimer's Disease.*"

Phase 3 Drug Supply

We have entered into a drug supply agreement with Evonik Industries AG for simufilam. Under the agreement, Evonik supplies and is expected to continue to supply us with large-scale, clinical-grade quantities of simufilam. Evonik is one of the world's largest contract development and manufacturing organizations for pharmaceutical ingredients. Other vendors supply excipients, the finished dosage form (i.e., simufilam tablets), drug packaging, package labeling and other critical steps in the supply chain for Phase 3 drug supply.

Phase 3 Clinical Program Overview

Our Phase 3 program consists of two large, double-blind, randomized, placebo-controlled studies of simufilam in patients with mild-to-moderate Alzheimer's disease dementia. Highlights of this clinical program are summarized in Figure 3. In June 2021, we announced the selection of Premier Research International as our CRO to help conduct our Phase 3 clinical program.

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[1] *ADAS-Cog = The Alzheimer's Disease Assessment Scale – Cognitive Subscale, a measure of cognition*

[2] *ADCS-ADL = Alzheimer's Disease Cooperative Study – Activities of Daily Living, a measure of health function*

[3] *iADRS = integrated Alzheimer's Disease Rating Scale, a composite measure of cognition and health function*

Figure 4. Summary of Our Phase 3 Clinical Program

				Co-Primary Endpoints		Secondary Endpoints	
	Enrollment Target	Simufilam Treatment	Length of Treatment	Cognition Scale	Function Scale	Cognition + Function Scale	Dementia-related Behavior Scale
RETHINK-ALZ	~ 750 Subjects	100 mg	52 Weeks	ADAS-Cog12	ADCS-ADL	iADRS	NPI_{12}
REFOCUS-ALZ	~ 1,000 Subjects	100 mg or 50 mg	76 Weeks	ADAS-Cog12	ADCS-ADL	iADRS	NPI_{12}

RETHINK-ALZ and REFOCUS-ALZ

In Fall 2021, we announced initiation of our two Phase 3 studies of simufilam. As of August 3, 2023, a total of over 1,587 patients have been enrolled in our Phase 3 program. The target patient enrollment for the Phase 3 program is over 1,750 patients. We anticipate the completion of patient enrollment for both of our Phase 3 studies by yearend 2023. Patients continue to be screened in clinical trial sites in the U.S., Canada, Puerto Rico, Australia, and South Korea.

The first Phase 3 study, called RETHINK-ALZ, is designed to evaluate the safety and efficacy of oral simufilam 100 mg in enhancing cognition and slowing cognitive and functional decline over 52 weeks. Secondary objectives include the assessment of simufilam's effect on neuropsychiatric symptoms and caregiver burden. This randomized, double-blind, placebo-controlled study plans to enroll approximately 750 patients with mild-to-moderate Alzheimer's disease.

Details of the RETHINK-ALZ Phase 3 study include:

Approximately 750 patients with mild-to-moderate Alzheimer's disease to be enrolled.
Patients to be randomized (1:1) to simufilam 100 mg or placebo twice daily.
Patients to be treated for 12 months.

The co-primary efficacy endpoints are ADAS-Cog12[1], a cognitive scale, and ADCS-ADL[2], a functional scale; both are standard clinical tools in trials of Alzheimer's disease.

A secondary efficacy endpoint is iADRS[3], a standard clinical tool in trials of Alzheimer's disease that combines cognitive and functional scores from ADAS-Cog & ADCS-ADL.

Other secondary endpoints include plasma biomarkers of disease and NPI[4], a clinical tool that assesses the presence and severity of dementia-related behavior.

In November 2021, we announced initiation of a second Phase 3 study, called REFOCUS-ALZ, designed to evaluate the safety and efficacy of oral simufilam 100 mg and 50 mg over 76 weeks. This randomized, double-blind, placebo-controlled study plans to enroll approximately 1,000 patients with mild-to-moderate Alzheimer's disease.

Details of the REFOCUS-ALZ Phase 3 study include:

Approximately 1,000 patients with mild-to-moderate Alzheimer's disease to be enrolled.
Patients to be randomized (1:1:1) to simufilam 100 mg, 50 mg, or placebo BID.
Patients to be treated for 76 weeks.

The co-primary efficacy endpoints are ADAS-Cog[1], a cognitive scale, and ADCS-ADL[2], a functional scale; both are widely used clinical tools in trials of Alzheimer's disease.

A secondary efficacy endpoint is iADRS[3], a widely used clinical tool in trials of Alzheimer's disease that combines cognitive and functional scores from ADAS-Cog & ADCS-ADL.

Other secondary endpoints include CSF, plasma and imaging biomarkers of disease and NPI[4], a clinical tool that assesses the presence and severity of dementia-related behavior.

[1] *ADAS-Cog = The Alzheimer's Disease Assessment Scale – Cognitive Subscale, a measure of cognition*
[2] *ADCS-ADL = Alzheimer's Disease Cooperative Study – Activities of Daily Living, a measure of health function*
[3] *iADRS = integrated Alzheimer's Disease Rating Scale, a composite measure of cognition and health function*
[4] *Neuropsychiatric Inventory (NPI)*

Phase 3 Entry Criteria Includes a Plasma Assay for Phosphorylated Tau (p-Tau)

We believe plasma levels of pTau proteins can provide independent confirmation of Alzheimer's neuropathology. RETHINK-ALZ and REFOCUS-ALZ studies use a 'research use only', non-safety related exploratory P-tau181 plasma assay to qualify mild-to-moderate Alzheimer's patients. At the *15th International Conference on Clinical Trials on Alzheimer's Disease* (CTAD) 2022, a poster presentation indicated a 30 ng/L cut-point showed 100% sensitivity and 88% specificity for Alzheimer's diagnosis in 22 autopsy-confirmed samples[5]. The plasma assay we use does not rely on age, APOE-gene status or complex algorithms to provide a result.

Open-label Extension Study for the Phase 3 Program

In October 2022, we announced the initiation of an open-label extension study for our Phase 3 program. This study is designed to provide no-cost access to simufilam for one year to Alzheimer's patients who have successfully completed a Phase 3 study of simufilam.

The open-label extension study is expected to generate long-term safety and tolerability data for (oral) simufilam 100 mg twice daily over 52 weeks. There is no obligation for a patient or a physician to participate in the open-label extension study. Each clinical investigational site and each patient chooses whether to participate in this open-label extension study. Patient enrollment for this study began November 2022.

SavaDx

Our investigational product candidate, called SavaDx, is early-stage program focused on detecting the presence of Alzheimer's disease from a small sample of blood. For business, technical and personnel reasons, we continue to prioritize the development of simufilam, our novel drug candidate, over SavaDx, our novel diagnostic candidate. SavaDx is a research-use only, non-safety related exploratory biomarker.

The regulatory pathway for SavaDx may eventually include formal analytical validation studies and clinical studies that support evidence of sensitivity, specificity and other variables in various healthy and diseased patient populations. We have not conducted such studies and do not expect to conduct such studies in 2023.

SavaDx is currently designed as an antibody-based detection system for altered filamin A (FLNA). Working with third parties, we are evaluating the exploratory use of mass spectrometry to detect FLNA, i.e., without the use of antibodies.

Financial Overview

We have yet to generate any revenues from product sales. We have an accumulated deficit of $334.2 million at June 30, 2023. These losses have resulted principally from costs incurred in connection with research and development activities, salaries and other personnel-related costs and general corporate expenses. Research and development activities include costs of clinical and preclinical trials as well as clinical supplies associated with our product candidates. Salaries and other personnel-related costs include stock-based compensation associated with stock options and other equity awards granted to employees and non-employees. Our operating results may fluctuate substantially from period to period as a result of enrollment rates of clinical trials for our product candidates, timing of preclinical activities and our need for clinical supplies.

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[1] *ADAS-Cog = The Alzheimer's Disease Assessment Scale – Cognitive Subscale, a measure of cognition*

[2] *ADCS-ADL = Alzheimer's Disease Cooperative Study – Activities of Daily Living, a measure of health function*

[3] *iADRS = integrated Alzheimer's Disease Rating Scale, a composite measure of cognition and health function*

[4] *Neuropsychiatric Inventory (NPI)*

[5] Source: *pTau181 Plasma Biomarker Performance as an Inclusion Criterion in the RETHINK-ALZ and REFOCUS-ALZ trials in mild-to-moderate Alzheimer's disease, Mammel et al., CTAD 2022*

We expect to continue to use significant cash resources in our operations for the next several years. Our cash requirements for operating activities and capital expenditures may increase in the future as we:

- continue our ongoing Phase 3 program with simufilam;
- manufacture large-scale supplies for simufilam;
- conduct other preclinical and clinical studies for our product candidates;
- seek regulatory approvals for our product candidates;
- develop, formulate, manufacture and commercialize our product candidates;
- implement additional internal systems and develop new infrastructure;
- acquire or in-license additional products or technologies, or expand the use of our technology;
- maintain, defend and expand the scope of our intellectual property;
- incur costs related to legal proceedings and claims, including U.S. government inquiries; and
- hire additional personnel.

Product revenue will depend on our ability to receive regulatory approvals for, and successfully market, our product candidates. If our development efforts result in regulatory approval and successful commercialization of our product candidates, we expect to generate revenue from direct sales of our drugs and/or, if we license our drugs to future collaborators, from the receipt of license fees and royalties from sales of licensed products. We conduct our research and development programs through a combination of internal and collaborative programs. We rely on arrangements with universities, certain collaborators, contract development and manufacturing organizations (CDMOs), CROs and clinical research sites for a significant portion of our product development efforts.

We focus substantially all of our research and development efforts in the area of neurology. The following table summarizes expenses by category for research and development efforts (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Compensation	$ 1,790	$ 1,849	$ 3,604	$ 3,747
Contractor fees and supplies	22,893	14,820	42,941	27,676
Other common costs	286	279	544	431
	$ 24,969	$ 16,948	$ 47,089	$ 31,854

Research and development expenses include compensation, contractor fees and supplies as well as allocated common costs. Contractor fees and supplies generally include expenses for clinical studies and preclinical studies and costs for formulation and manufacturing activities. Other common costs include the allocation of common costs such as facilities.

During the three and six months ended June 30, 2023, we did not receive reimbursement from NIH research grants. During the three and six months ended June 30, 2022, we received $0.4 million and $0.5 million from NIH research grants, respectively. These reimbursements were recorded as a reduction to our research and development expenses.

Our technology has been applied across certain of our product candidates. Data, know-how, personnel, clinical results, research results and other matters related to the research and development of any one of our product candidates also relate to, and further the development of, our other product candidates. As a result, costs allocated to a specific drug candidate may not necessarily reflect the actual costs surrounding research and development of that product candidate due to cross application of the foregoing.

Estimating the dates of completion of clinical development, and the costs to complete development, of our product candidates would be highly speculative, subjective and potentially misleading. Pharmaceutical product candidates take a significant amount of time to research, develop and commercialize. The clinical trial portion of the development of a new drug alone usually spans several years. The cost and pace of our future research and development activities are linked and subject to change.

Critical Accounting Estimates

This discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, as well as the reported expenses and net loss incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

There have been no material changes to our critical accounting estimates during the six months ended June 30, 2023 from those described in "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 December 31, 2022, as filed with the SEC on February 28, 2023.

Results of Operations – Three and Six Months Ended June 30, 2023 and 2022

Research and Development Expense

Research and development expenses consist primarily of costs of drug development work associated with our product candidates, including:

clinical trials,
pre-clinical testing,
clinical supplies and related formulation and design costs, and
compensation and other personnel-related expenses.

Research and development expenses were $25.0 million and $16.9 million during the three months ended June 30, 2023 and 2022, respectively. This 47% increase was due primarily to increasing enrollment and costs to conduct the ongoing Phase 3 clinical program and open-label studies in simufilam as well as higher preclinical and drug supply costs compared to the prior year.

Research and development expenses were $47.1 million and $31.9 million during the six months ended June 30, 2023 and 2022, respectively. This 48% increase was due primarily to increasing enrollment and costs to conduct the ongoing Phase 3 clinical program and open-label studies in simufilam as well as higher preclinical and drug supply costs compared to the prior year.

We expect research and development expense to increase in 2023 compared to 2022 as we conduct a Phase 3 clinical program and other clinical studies with simufilam, continue to hire new personnel, manufacture drug supply, and continue our development efforts.

General and Administrative Expense

General and administrative expenses consist of personnel costs, allocated expenses and other expenses for outside professional services, including legal, human resources, audit and accounting services. Personnel costs consist of salaries, bonus, benefits and stock-based compensation. Allocated expenses consist primarily of facility costs for our Company owned office complex in Austin, Texas. Depreciation and amortization for office space leased but not occupied by the Company is included in general and administrative expense. Depreciation and amortization for office space occupied by the Company is allocated between general and administrative expense and research and development expense. We also incur expenses associated with operating as a public company, including additional legal fees, expenses related to compliance with the rules and regulations of the SEC and Nasdaq, additional insurance and audit expenses, investor relations activities, Sarbanes-Oxley compliance expenses and other administrative expenses and professional services.

General and administrative expenses were $3.8 million and $3.0 million during the three months ended June 30, 2023 and 2022, respectively. The 28% increase was due primarily to $0.4 million increase in stock-based compensation expense due to new grant awards during the period as well as $0.3 million in higher legal expenses due to ongoing legal matters as compared to the prior year.

General and administrative expenses were $8.2 million and $5.9 million during the six months ended June 30, 2023 and 2022, respectively. The 39% increase was due primarily to $1.2 million in higher legal expenses due to ongoing legal matters, a $0.6 million increase in stock-based compensation expense due to new grant awards during the period as well as an increase in headcount and personnel costs compared to the prior year.

We expect general and administrative expense for 2023 will increase compared to 2022 due primarily to stock-based compensation increases due to new grant awards during the period and higher legal and professional fees related to ongoing securities class action and derivative lawsuits, governmental investigations as well the Company's lawsuit against a hedge fund and certain individuals who we believe executed a "short and distort" campaign against Cassava Sciences.

Interest Income

Interest income was $2.2 million and $0.3 million during the three months ended June 30, 2023 and 2022, respectively.

Interest income was $4.2 million and $0.3 million during the six months ended June 30, 2023 and 2022, respectively.

The increase in interest income was due to increases in interest rates compared to the prior periods.

We expect interest income increases in 2023 compared to 2022 due to increases in interest rates.

Other income, net

We record the activities related to leasing office space to third parties in buildings we own as other income, net, as leasing is not core to the Company's operations. Other income, net, was $203,000 and $275,000 during the three months ended June 30, 2023 and 2022, respectively. Other income, net, was $0.4 million and $0.5 million during the six months ended June 30, 2023 and 2022, respectively. Other income, net, was lower in the three and six months ended June 30, 2023 as occupancy related expenses were higher in 2023 compared to the prior year periods as the Company began occupying approximately 25% of the property beginning late August 2022.

Depreciation and amortization for the office complex is included in general and administrative and research and development expense, and thus not reflected in other income, net.

Liquidity and Capital Resources

Since inception, we have financed our operations primarily through public and private stock offerings, payments received under collaboration agreements and interest earned on our cash and cash equivalents balances. We intend to continue to use our capital resources to fund research and development activities, capital expenditures, working capital requirements and other general corporate purposes. As of June 30, 2023, cash and cash equivalents were $168.4 million.

2022 Registered Direct Offering

On November 22, 2022, we completed a common stock offering pursuant to which certain investors purchased 1,666,667 shares of common stock at a price of $30.00 per share. Net proceeds of the offering were approximately $47.3 million after deducting offering expenses.

At-the-Market Common Stock Offering

On May 1, 2023, we established a new at-the-market offering program ("ATM") to sell, from time to time, shares of our common stock having an aggregate offering price of up to $200 million in common stock pursuant to a shelf registration statement that was filed with the SEC on May 1, 2023 and became effective immediately upon filing. We are obligated to pay a commission of up to 3% of the gross proceeds from the sale of shares of common stock in the offering. We are not obligated to sell any shares in the offering.

There were no common stock sales under the ATM during the three and six months ended June 30, 2023.

In March 2020, we established an at-the-market offering program ("2020 Program") to sell, from time to time, shares of our common stock having an aggregate offering price of up to $100 million in transactions pursuant to a shelf registration statement that was declared effective by the SEC on May 5, 2020. We gave notice of termination for the 2020 Program effective on April 26, 2023, which was effective May 1, 2023. There were no common stock sales under the 2020 Program through its termination.

2020 Cash Incentive Bonus Plan Obligations

In August 2020, the Board approved the 2020 Cash Incentive Bonus Plan (the Plan). The Plan was established to promote the long-term success of the Company by creating an "at-risk" cash bonus program that rewards Plan participants with additional cash compensation in lockstep with significant increases in the Company's market capitalization. The Plan is considered "at-risk" because Plan participants will not receive a cash bonus unless the Company's market capitalization increases significantly and certain other conditions specified in the Plan are met. Specifically, Plan participants will not be paid any cash bonuses unless (1) the Company completes a merger or acquisition transaction that constitutes a sale of ownership of the Company or its assets (a Merger Transaction) or (2) the Compensation Committee determines the Company has sufficient cash on hand, as defined in the Plan. Plan participants will be paid all earned cash bonuses in the event of a Merger Transaction.

As of December 31, 2022, the Company's independent directors were participants in the Plan. However, effective March 16, 2023, the Board of Directors amended the Plan to remove all independent directors as participants in the Plan and the independent directors consented to such removal. The independent directors' share of potential benefits under the Plan were completely forfeited to the Company and will not be allocated to any other participant under the Plan. Our independent directors have not received, and as a result of such amendment will never receive, any payments under the Plan.

The Company's market capitalization, including all outstanding stock options, was $89.4 million at the inception of the Plan in August 2020. If the Company were to exceed a $5 billion market capitalization for no less than 20 consecutive trading days, and conditions noted above for payment are met, all Plan milestones would be deemed achieved, in which case total cash bonus awards would range from a minimum of $111.4 million up to a hypothetical maximum of $289.7 million.

The Company's potential financial obligation to plan participants at June 30, 2023 totaled $6.5 million (after the March 2023 Plan amendment), based upon the achievement of one Plan milestone in the Company's market capitalization in 2020. No actual cash bonus payments have been made to any Plan participant, as the Company has not yet satisfied all the conditions necessary for amounts to be paid under the Plan. During the year ended December 31, 2021, the Company's market capitalization increased substantially. These increases triggered the achievement of 11 additional Plan milestones. Collectively, the achievement of such milestones could trigger potential Company obligations to Plan participants ranging from a minimum of $74.9 million up to a hypothetical maximum of $202.3 million, with exact amounts to be determined by the Compensation Committee and contingent upon future satisfaction of a Performance Condition.

No Valuation Milestones were achieved during the 2022 or the six months ended June 30, 2023.

No actual cash payments were authorized or made to participants under the Plan as of June 30, 2023, or through the filing date of this Form 10-Q.

Use of Cash

Net cash used in operating activities was $33.2 million for the six months ended June 30, 2023, resulting primarily from the net loss of $50.6 million, partially offset by an increase in accounts payable and accrued expenses of $6.7 million, an increase in accrued developmental expenses of $4.8 million, a decrease in in prepaid and other current assets of $4.1 million and stock-based compensation expense of $1.5 million.

Net cash used in operating activities was $34.6 million for the six months ended June 30, 2022, resulting primarily from the net loss reported of $36.9 million, a decrease in accounts payable and accrued expenses of $2.4 million and accrued compensation and benefits of $1.7 million, partially offset by a decrease in in prepaid and other assets of $4.4 million, an increase in accrued developmental expenses of $0.5 million and stock-based compensation expense of $1.0 million.

Net cash used in investing activities during the six months ended June 30, 2023 was $0.4 million as final payment was made on renovations and fixtures for our corporate headquarters.

Net cash used in investing activities during the six months ended June 30, 2022 was $1.9 million related to renovations to an owned building in Austin, Texas, a portion of which serves as our corporate headquarters.

Net cash provided by financing activities during the six months ended June 30, 2023 was $1.0 million, from the exercise of stock options.

Net cash provided by financing activities during the six months ended June 30, 2022 was $0.3 million, from the exercise of stock options.

Property and Leases

We own an office complex in Austin, Texas, a portion of which serves as our corporate headquarters. This property is intended to accommodate our anticipated growth and expansion of our operations in the coming years. Maintenance, physical facilities, leasing, property management and other key responsibilities related to property ownership are outsourced to professional real-estate managers. The office complex measures approximately 90,000 rentable square feet. The property is currently over 60% leased. We also occupied approximately 25% of the property beginning late August 2022.

We leased approximately 6,000 square feet of office space pursuant to an operating lease in Austin, Texas expiring in April 2024. We and the landlord consented to early terminate this lease on February 22, 2023 with no continuing obligations.

Other Commitments

We have an accumulated deficit of $334.2 million as of June 30, 2023. We expect our cash requirements to be significant in the future. The amount and timing of our future cash requirements will depend on regulatory and market acceptance of our drug candidates, the resources we devote to researching and developing, formulating, manufacturing, commercializing and supporting our products and other corporate needs. We believe that our current cash and cash equivalents will be sufficient to fund our operations for at least the next 12 months. We may seek additional future funding through public or private financing in the future, if such funding is available and on terms acceptable to us. However, there are no assurances that additional financing will be available on favorable terms, or at all.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

We are exposed to market risks in the ordinary course of our business, primarily related to interest rate sensitivities and, to a lesser extent, currency fluctuations related to our clinical operations outside the U.S.

Interest Rate Sensitivity

We are exposed to market risk related to changes in interest rates. We had cash and cash equivalents of $168.4 million as of June 30, 2023, which consisted primarily of U.S. Treasury securities and money market accounts.

The primary objective of our investment activities is to preserve capital to fund our operations. We also seek to maximize income from our investments without assuming significant risk. To achieve our objectives, we maintain investment vehicles with high credit quality and short-term duration, in accordance with our board-approved investment policy. Such interest-earning instruments carry a degree of interest rate risk. However, due to the generally short-term maturities and low risk profile of our cash equivalents, an immediate 100 basis point increase or decrease in interest rates during any of the periods presented would increase or decrease our annual net loss by less than $2 million in our condensed consolidated financial statements.

Item 4. ***Controls and Procedures***

Evaluation of disclosure controls and procedures. Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our Chief Executive Officer (as Principal Executive Officer) and our Chief Financial Officer (as Principal Financial Officer) have concluded that our disclosure controls and procedures are effective to ensure that information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosures.

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2023, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in internal control over financial reporting. There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) identified during the three months ended June 30, 2023 that has materially affected, or is reasonable likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. ***Legal Proceedings***

From time to time, we may become involved in litigation or other legal proceedings and claims, including U.S. government inquiries, investigations and Citizen Petitions submitted to FDA, and may receive inquiries from government authorities relating to matters arising from the ordinary course of business. The outcome of these proceedings is inherently uncertain. Regardless of outcome, legal proceedings can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors. At this time, no assessment can be made as to their likely outcome or whether the outcome will be material to us. No information is available to indicate that it is probable that a loss has been incurred or can be reasonably estimated as of the date of the condensed consolidated financial statements and, as such, no accrual for these matters has been recorded within the condensed consolidated financial statements.

Government Investigations

On November 15, 2021, the Company disclosed that certain government agencies had asked the Company to provide corporate information and documents. These were confidential requests. The Company has been voluntarily cooperating and intends to continue to cooperate with these inquiries. No government agency has informed the Company that it has found evidence of research misconduct or wrongdoing by the Company or its officers, employees or directors. No government agency has filed any claims or charges relating to these inquiries. We cannot predict the outcome or impact of these ongoing matters, including whether a government agency may pursue an enforcement action against the Company or others.

Securities Class Actions and Shareholder Derivative Actions

Between August 27, 2021 and October 26, 2021, four putative class action lawsuits were filed alleging violations of the federal securities laws by us and certain named officers. The complaints rely on allegations contained in Citizen Petitions that were submitted to FDA and allege that various statements made by the defendants regarding simufilam were rendered materially false and misleading. The Citizen Petitions were all subsequently denied by FDA. These actions were filed in the U.S. District Court for the Western District of Texas. The complaints seek unspecified compensatory damages and other relief on behalf of a purported class of purchasers.

On June 30, 2022, a federal judge consolidated the four class action lawsuits into one case and appointed a lead plaintiff and a lead counsel. Lead plaintiff filed a consolidated amended complaint on August 18, 2022 on behalf of a putative class of purchasers of our securities between September 14, 2020 and July 26, 2022. On May 11, 2023, the court dismissed with prejudice plaintiffs' claims against (deceased) defendant Nadav Friedmann, PhD, MD, but otherwise denied defendants' motion to dismiss. Defendants filed an answer to the consolidated amended complaint on July 3, 2023. We believe the claims are without merit and intend to defend against these lawsuits vigorously. We are unable to estimate the possible loss or range of loss, if any, associated with these lawsuits.

On November 4, 2021, a related shareholder derivative action was filed, purportedly on behalf of the Company, in the U.S. District Court for the Western District of Texas, asserting claims under the U.S. securities laws and state fiduciary duty laws against certain named officers and the members of the Company's board of directors. This complaint relies on allegations made in Citizen Petitions that were submitted to (and subsequently denied by) FDA. The complaint alleges, among other things, that the individual defendants exposed the Company to unspecified damages and securities law liability by causing it to make materially false and misleading statements, in violation of the U.S. securities laws and in breach of their fiduciary duties to the Company. The derivative case seeks, among other things, to recover unspecified compensatory damages on behalf of the Company arising out of the individual defendant's alleged wrongful conduct. Although the plaintiff in this derivative case does not seek relief against the Company, the Company has certain indemnification obligations to the individual defendants. Since November 4, 2021, four additional shareholder derivative actions were filed alleging substantially similar claims, two in the U.S. District Court for the Western District of Texas, one in Texas state court (Travis County District Court) and one in the Delaware Court of Chancery. On July 5, 2022, the three federal court actions were consolidated into a single action.

On August 19, 2022, a shareholder derivative action was filed, purportedly on behalf of the Company, in the Delaware Court of Chancery, asserting claims under state fiduciary duty laws against certain named officers and members of the Company's board of directors. The complaint alleges, among other things, that the individual defendants breached their fiduciary duties by approving the 2020 Cash Incentive Bonus Plan in August 2020. The complaints seek unspecified compensatory damages and other relief. On January 6, 2023, the plaintiffs filed an amended complaint. Defendants filed a partial answer to the amended complaint on March 10, 2023, and moved to partially dismiss the amended complaint on March 14, 2023. Defendants' motion to dismiss remains pending. Although the plaintiffs in this derivative case do not seek relief against the Company, the Company has certain indemnification obligations to the individual defendants.

We are unable to estimate the possible loss or range of loss, if any, associated with these lawsuits.

Item 1A. ***Risk Factors***

There have been no material changes to our risk factors from those disclosed under "Risk Factors" in Part I, Item 1A of our 2022 Annual Report on Form 10-K. The risks and uncertainties described in our 2022 Annual Report on Form 10-K are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also materially adversely affect our business, financial condition or results of operations.

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 quarter ended June 30, 2023, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) informed us of the adoption or termination of a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as those terms are defined in Regulation S-K, Item 408.

Item 6. ***Exhibits***

The following exhibits have been filed with this report:

Exhibit No.	Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date	Exhibit No.	
3.1	Amended and Restated Certificate of Incorporation.	10-Q	7/29/2005	3.1	
3.2	Certificate of Amendment of Restated Certificate of Incorporation.	8-K	5/8/2017	3.1	
3.3	Certificate of Amendment of Restated Certificate of Incorporation.	10-K	3/29/2019	3.3	
3.4	Amended and Restated Bylaws of Cassava Sciences, Inc.	10-K	2/28/2023	3.4	
10.1	Capital On Demand™ Sales Agreement, dated as of May 1, 2023, between Cassava Sciences, Inc. and JonesTrading Institutional Services LLC	8-K	5/1/2023	1.1	
10.2*†	Cassava Sciences, Inc. 2020 Cash Incentive Bonus Plan (As Amended March 16, 2023).				X
10.3*	Cassava Sciences Non-Employee Director Compensation Plan				X
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1+	Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101.INS	Inline XBRL Instance Document - (the instant document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).				X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.				X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.				X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				X
104.	Cover Page Interactive Data File –(formatted as Inline XBRL and contained in Exhibit 101).				X

† Certain confidential portions of this exhibit were omitted by means of marking such portions with asterisks pursuant to Item 601(b)(10)(iv) of Regulation S-K because it is both not material and the type of information that the Company treats as private or confidential.

* Management contract, compensatory plan or arrangement.

+The certification furnished in Exhibit 32.1 hereto is deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Exchange Act of 1934. Such certification will not be deemed to be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

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.

Cassava Sciences, Inc.
(Registrant)

/s/ REMI BARBIER
Remi Barbier,
Chairman of the Board of Directors,
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 3, 2023

/s/ ERIC J. SCHOEN
Eric J. Schoen,
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: August 3, 2023

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED. SUCH PORTIONS ARE MARKED AS INDICATED WITH BRACKETS ("[***]") BELOW.

CASSAVA SCIENCES, INC.

2020 CASH INCENTIVE BONUS PLAN
[As Amended by the Board of Directors Effective March 16, 2023]

This 2020 Cash Incentive Bonus Plan (the "***Plan***") is established by Cassava Sciences, Inc., a Delaware corporation (the "***Company***"), effective as of August 26, 2020 (the "***Effective Date***").

1. Purpose of the Plan. The Company considers it essential to its operations and future success that employees and key service providers of the Company are retained and incentivized over the long-term. The purpose of the Plan is to establish a long-term, at-risk bonus plan to incentivize employees and key service providers of the Company to maximize the long-term valuation of the Company's Common Stock. The Plan is meant to achieve the foregoing purposes by offering incentive compensation that is aligned with the interests of stockholders of the Company.

2. Definitions.

2.1 "***Administrator***" means the Compensation Committee of the Board.

2.2 "***Aggregate Bonus Payment***" shall mean the total amount of Bonus Payments payable to Participants upon each Achievement of a Target Valuation Milestone as set forth on Schedule 1.

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

2.4 "***Bonus Payment***" with regard to each Participant for each Target Valuation Milestone means the amount of cash payment for such Target Valuation Milestone determined as set forth in Section 4.1.

2.5 "***Cause***" means, with respect to a Participant who is an employee of the Company and who (A) commits any of the following before such time as he or she is owed a Bonus Payment: (i) performance of any act, or failure to perform any act that is materially injurious to the Company; (ii) demonstrably willful and intentional dishonesty; or (iii) material breach of any written agreement with the Company that continues uncured beyond 30 days after written notice to the Participant; or (B) is held criminally responsible by a court of law for the commission of a felony offense under state or federal law involving financial impropriety, moral turpitude, breach of trust, or physical harm to any person.

2.6 "***Closing***" means the initial closing of a Merger Transaction pursuant to the definitive agreement executed in connection with the Merger Transaction. In the case of a series of related transactions constituting a Merger Transaction, "Closing" means the final closing that satisfies the threshold of the definition for a Merger Transaction.

2.7 "***Code***" means the Internal Revenue Code of 1986, as amended.

2.8 "***Common Stock***" means the common stock of the Company.

2.9 "***Contingent Consideration***" means the sum of any cash and the Fair Market Value of any securities to be received by the Company or the Securityholders after the Closing of a Merger Transaction, the receipt of which is contingent upon the passage of time or the occurrence or non-occurrence of some future events, circumstances and/or conditions, including, without limitation, amounts of consideration paid at a subsequent closing, milestone payments, royalties, and earn-outs and amounts of consideration subject to escrows, or purchase price adjustments (such passage of time, events, circumstances and conditions, the "***Conditions***").

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

2.11 "***Fair Market Value***" will be the value determined by the Administrator as of the applicable date in its sole discretion in accordance with Section 409A, to the extent applicable, and such determination will be final and binding.

2.12 ***"Independent Director"*** means a director of the Company who is not an executive officer or employee of the Company.

2.13 "***Initial Consideration***" means the sum of any cash and the Fair Market Value of any securities received by the Company or the Securityholders upon the Closing of a Merger Transaction. For clarity, the term "Initial Consideration" is intended to represent the proceeds that are paid to the Company or the Securityholders upon Closing without deduction for any transaction fees related to the Merger Transaction that are paid by the Company or its Securityholders (such as fees related to legal services, accounting services, financial advisory services, investment banking services or other professional services) but excluding (a) any payments to employees or other service providers in the form of severance, change in control payments, or other bonuses paid by the purchaser or other acquirer of the Company's assets or stock in connection with the Merger Transaction and (b) any Contingent Consideration.

2.14 "***Involuntary Termination***" means, with respect to a Participant that is an employee, a Separation from Service as a result of either (i) a termination by the Company without Cause and other than as a result of such Participant's death or disability or (ii) such Participant's Resignation for Good Reason.

2.15 "***Market Price***" means the closing sale price of the Common Stock on the Nasdaq Capital Market as reported on the website of The Nasdaq Stock Market LLC, currently nasdaq.com (or, if the security is not listed or principally traded on the Nasdaq Capital Market, such other reporting system as the Board may reasonably select) on the relevant date, or, if no sale of the Common Stock is so reported for such date, the next preceding day for which the closing sale price is so reported.

2.16 "***Marketable Securities***" means, for purposes of a Merger Transaction, securities meeting all of the following requirements: (i) the issuer thereof is then subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act, and is then current in its filing of all required reports and other information under the Securities Act and the Exchange Act; (ii) the class and series of such securities is, upon the consummation of the Merger Transaction, then quoted or traded on a nationally recognized securities exchange, inter-dealer quotation system or over-the-counter market, and (iii) the reoffer and resale of such securities after receipt by stockholders of the Company in connection with a Merger Transaction is not subject to restrictions under federal or state securities laws, rules or regulations or under any agreement or contract entered into in connection with the Merger Transaction.

2.17 "***Merger Transaction***" means the consummation, in one or more related transactions: of (i) a merger, combination, consolidation, recapitalization, or other reorganization of the Company with one or more other entities that are not Subsidiaries of the Company in which the Securityholders receive only cash and/or Marketable Securities in exchange for their shares of Common Stock; or (ii) a sale, transfer, exclusive license or other disposition of all or substantially all of the Company's business and/or assets as an entirety to an entity that is not a Subsidiary of the Company in which the Securityholders receive only cash and/or Marketable Securities in respect of their shares of Common Stock; provided that in each case of (i) or (ii), such event also constitutes either a "change in the ownership of a corporation" or a "change in the ownership of a substantial portion of a corporation's assets" (as defined under Treasury Regulations Sections 1.409A-3(i)(5)(v) and (vii)).

2.18 "***Participant***" means each (i) employee of the Company and (ii) other non-employee key service provider of the Company, in each case as set forth on Schedule 2, or who has been designated from time-to-time as a Participant by the Administrator.

2.19 "***Resignation for Good Reason***" means, with respect to a Participant that is an employee, the Participant's resignation from all positions he or she then holds with the Company in a manner that constitutes a Separation from Service, as a result of the occurrence of any of the following events, conditions or actions taken by the Company without Cause and without the Participant's consent: (a) a material reduction of the Participant's duties, and responsibilities, relative to the Participant's duties and responsibilities at the Company as in effect immediately prior to such reduction; (b) a material reduction in such Participant's level of base salary and benefits (including insurance coverage) other than in connection with a comparable proportionate reduction affecting all employees; or (c) a relocation of the Participant's principal place of employment that increases the Participant's one-way commute by more than thirty (30) miles from the location at the time of the execution of an agreement that results in a Merger Transaction (other than reasonable business travel required as part of the job duties associated with such Participant's position); *provided, however*, that in each of (a), (b) or (c), the Participant must (i) provide the Company with written notice of the occurrence of such event or condition within 30 days after such event or condition first occurs, (ii) allow the Company 30 days to cure such event, and (iii) if the Company does not cure such event within such period, the Participant's resignation is effective not later than 60 days after the conclusion of such cure period.

2.20 "***Section 409A***" means Section 409A of the Code and the Treasury Regulations and other guidance issued thereunder and any state law of similar effect.

2.21 "***Securities Act***" means the Securities Act of 1933, as amended.

2.22 "***Securityholders***" means the stockholders, option holders and warrant holders of the Company.

2.23 "***Separation from Service***" means a separation from service within the meaning of Treasury Regulations Section 1.409A-1(h), without regard to alternative definitions thereunder.

2.24 "***Subsidiary***" means, as to any person, any corporation, association, partnership, limited liability company or other business entity controlled by such person and of which 50% or more of the outstanding voting securities is owned or controlled (directly or indirectly through one or more intermediaries) by that person.

2.25 "***Target Valuation Milestones***" shall mean the Target Valuation Milestones listed on Schedule 1.

2.26 "***Total Consideration***" means the sum of the Initial Consideration and the Contingent Consideration received (but only to the extent actually received) by the Company or the Securityholders in a Merger Transaction.

3. Interpretation and Administration of the Plan.

3.1 The Plan will be interpreted and administered by the Administrator, whose actions in interpreting the terms of the Plan and administration of the Plan will be final and binding on all Participants.

4. Eligibility to Earn a Bonus Payment.

4.1 "***Achievement of a Target Valuation Milestone***" shall be deemed to occur automatically in the event that (a) the Market Price multiplied by the number of all outstanding shares of Common Stock including shares issuable upon exercise of outstanding stock options but excluding warrants on such date shall equal or exceed such Target Valuation Milestone for 20 consecutive Trading Days, or (b) the Closing of a Merger Transaction shall occur and the amount of Total Consideration shall equal or exceed such Target Valuation Milestone. For clarity, upon occurrence of event 4.1(a) or 4.1(b), no further action or authorization shall be required for the Administrator to cause an Achievement of a Target Valuation Milestone and the consequences thereof.

Upon Achievement of a Target Valuation Milestone, and subject to Sections 4.2 through 4.6 and Section 8 below, Participants shall be entitled to receive a cash payment (each, a "***Bonus Payment***") equal up to a portion of the Aggregate Bonus Payment for such Target Valuation Milestone as follows:

(i) the Chairman, President and CEO (assuming such Participant shall hold all three such offices) shall be entitled to a Bonus Payment equal to no less than 33.3 % of such Aggregate Bonus Payment, and

(ii) Participants who are then-current members of the Scientific and Technical team shall be entitled to receive in the aggregate Bonus Payments of up to a maximum of 33.3% of such Aggregate Bonus Amount, which actual aggregate amounts may be less than 33.3% in the sole discretion of the Administrator, and

(iii) All other Participants shall be entitled to receive in the aggregate Bonus Payments of up to a maximum of 23.3% of such Aggregate Bonus Payment, which actual aggregate amounts may be less than 23.3% in the sole discretion of the Administrator, and

(iv) The actual amount of the Bonus Payment each Participant (other than the Chairman, President and CEO) is eligible to receive will be determined by the Administrator taking into account the recommendation of the CEO at each time of an Achievement of a Target Valuation Milestone. In making such determination, the Administrator and CEO shall consider years of experience, education level, longevity with the Company, intellectual and other contributions, the actual and projected success of the Company, and other factors affecting overall compensation, and

(v) A Participant's receipt of a Bonus Payment shall not confer upon such Participant (other than the Chairman, President and CEO) the right to receive in any subsequent Achievement of a Target Valuation Milestone that same, or any, dollar amount of Bonus Payment, or that same, or any, percentage of an Aggregate Bonus Payment, and

(vi) Any Aggregate Bonus Payment that is not awarded to any Participants at the time of Achievement of a Target Valuation Milestone shall be deemed to be no longer available for distribution, and

(vii) In the event two or more Achievement of a Target Valuation Milestone occur simultaneously or within proximity of one another, each Achievement of a Target Valuation Milestone shall be deemed to have occurred individually and separately and Participants shall be entitled to receive a Bonus Payment, without limitation, for each individual and separate Achievement of a Target Valuation Milestone, subject to Sections 4.2 through 4.6 below, and

(viii) For clarity, no further conditions or approvals shall be required by the Administrator or the Company for a Participant to receive his/her Bonus Payment upon Achievement of a Target Valuation Milestone as set forth herein, subject to Sections 4.2 through 4.6 and Section 8 below.

4.2 For each Participant who is an employee of the Company, the receipt of a Bonus Payment will be subject to the Participant's continued employment with the Company (or, in the case of a Merger Transaction, the acquiring, surviving, resulting or successor entity, as the case may be) through (a) the date of Achievement of a Target Valuation Milestone, other than in a Merger Transaction or (b) in the event of a Merger Transaction:

(i) the date of the Closing with regard to the amount of the Bonus Payment based upon the Initial Consideration, and

(ii) with regard to the amount of the Bonus payment based upon any Contingent Consideration, the date of receipt of such Contingent Consideration by the Company or the Securityholders (the "***Receipt Date***"); *provided*, *however*, that, in the case of a Participant who is an employee, if the Participant suffers an Involuntary Termination after the Closing and prior to the Receipt Date and provided that the Participant (a) complies with the Participant's continuing obligations to the Company or the acquiring, surviving, resulting or successor entity, as the case may be, including the return of any Company property, and (b) resigns from all positions the Participant then holds with the Company or the acquiring, surviving, resulting or successor entity, as the case may be, the Participant will be treated as having provided the necessary employment through the Receipt Date and will be entitled to receive the Bonus Payment based upon such Contingent Consideration.

4.3 Each Participant that is not an employee of the Company will be entitled to receive the Bonus Payment subject to the Participant's continued service with the Company through the date of Achievement of a Target Valuation Milestone.

4.4 Excluding those on disability, maternity or sick leave, workers compensation leave or any other authorized leave of absence, if a Participant is not in the employment or service of the Company upon the date of Achievement of a Target Valuation Milestone, the Participant will not receive any Bonus Payment.

4.5 Notwithstanding anything to the contrary in the Plan, a Participant will not earn or be entitled to receive any Bonus Payments under the Plan unless and until such time as the Achievement of a Target Valuation Milestone actually occurs.

4.6 Notwithstanding anything to the contrary in the Plan, other than in connection with a Merger Transaction, the Company will defer actual payment of any Bonus Payments under the Plan until such time as the Company has sufficient cash remaining, after pro forma payment of all such Bonus Payments, to meet the Company's projected cash needs for the subsequent twenty-four (24) months ("Remaining Sufficient Cash"). In each case, Remaining Sufficient Cash will be based upon the Company's then-current operating plan and budget previously approved by the Board for the subsequent twenty-four (24) months, net of any direct expenses related to ongoing or projected Phase II/III and Phase III clinical studies.

If the Company does not have Remaining Sufficient Cash to pay the Bonus Payments in full, the Company shall make partial Bonus Payments to each Participant to the extent it has Remaining Sufficient Cash to do so. Such partial Bonus Payments shall be paid pro rata to each Participant as an equal percentage of the Bonus Payments which each Participant is entitled to receive.

To the extent the Bonus Payments are not paid in full, the Company will be, and shall remain, obligated to pay all Bonus Payments at a future point in time, and each Participant

shall remain entitled to receive any unpaid balance of the Bonus Payments when the Company does have Remaining Sufficient Cash to do so.

A Participant who, having otherwise satisfied all requisite conditions for payment of a Bonus Payment, is owed an unpaid Bonus Payment need not be an employee or in the service of the Company to receive future payment of such owed and unpaid Bonus Payment.

Earned but unpaid Bonus Payments shall be a contractual financial obligation of the Company. Doctrines of frustration and force majeure shall not apply to the Company's obligation to pay Participants the Bonus Payments.

5. Payment of Bonus Payments.

5.1 If the conditions for earning a Bonus Payment set forth in the Plan are satisfied, including the requirement that the Participant must execute and allow to become effective a Release as provided in Section 8, each Participant will be entitled to be paid his or her Bonus Payment not later than the 30th day after the date of the Achievement of Target Valuation Milestone, subject to the provisions of Section 4. In the event the Company is unable to make such Bonus Payment due to the provision of Section 4.6, such Bonus Payment shall be made not later than the 30th day after the Company meets the requirements of Section 4.6. Notwithstanding the foregoing, with respect to a Merger Transaction, Bonus Payments shall be paid not later than the 30th day after (i) the Closing, with respect to the Initial Consideration, and (ii) the Receipt Date, with respect to the Contingent Consideration, with the amount of the Bonus Payment to be paid with respect to the Initial Consideration and the Contingent Consideration to be calculated based on the amount of the Initial Consideration and any Contingent Consideration, respectively, that as of such payment date has actually been received by the Company or the Securityholders, no longer subject to Conditions.

To the extent that a Condition, when applied to the Bonus Payment, would not constitute a "substantial risk of forfeiture" (as defined in Treasury Regulations Section 1.409A-1(d)), such that the Bonus Payment related to such Condition would not be reasonably likely to be payable in compliance with either Treasury Regulations Section 1.409A-1(b)(4) or Treasury Regulations Section 1.409A-3(i)(5)(iv)(A), or to the extent the Administrator determines such Bonus Payment is not otherwise payable in compliance with or under an exemption from Section 409A, the Participant will be paid the Bonus Payment related to such Condition, subject to any reduction made by the Administrator based on the Fair Market Value (as of the Closing) of the Bonus Payment as a result of the existence of the Condition (that is, the present value of the Bonus Payment that may be earned upon satisfaction of the Condition), in a lump sum on the 60th day following the effective date of the Achievement of the relevant Valuation Milestone, subject to the requirements of Section 4.

5.2 It is intended that each installment of the Bonus Payments provided under the Plan (the "***Plan Payments***") is a separate "payment" for purposes of Treasury Regulations Section 1.409A-2(b)(2)(i). For clarity, it is intended that the Plan Payments satisfy, to the greatest extent possible, the exemption from the application of Section 409A provided under Treasury Regulations Section 1.409A-1(b)(4) and, to the extent not so exempt, that the Plan Payments

comply, and the Plan be interpreted to the greatest extent possible as consistent, with Treasury Regulations Section 1.409A-3(i)(5)(iv)(A) – that is, as "transaction-based compensation," which requires all payments to be made prior to the date that is five years following the effective date of a Merger Transaction and otherwise in accordance with Treasury Regulations Section 1.409A-3(i)(5)(iv)(A). To the extent not already incorporated directly into the Plan, the terms and conditions of these sections of the Treasury Regulations are incorporated by reference in the Plan.

6. Type of Consideration. In the event of a Merger Transaction, the Bonus Payments will be paid to Participants in the same form and proportion as paid by the acquirer to the Company or the Securityholders as part of the Total Consideration; *provided, that* the Administrator may substitute an equivalent cash payment for any portion of the Total Consideration paid in stock of the acquirer if necessary in order to comply with applicable securities regulations. In addition to any other restrictions imposed on the payments to be made pursuant to the Plan, any securities that are issued to the Participants under the Plan will be subject to the same or similar restrictions as imposed by the acquiring company on the securities distributed to the Company or the Securityholders as part of the Total Consideration on the terms set forth in the definitive agreement executed in connection with the Merger Transaction.

7. [Reserved]

8. Release. Promptly following the Achievement of a Target Valuation Milestone, the Company shall furnish to each Participant a general release of claims in substantially the form of **Exhibit A** (a "***Release***"). As a further condition to earning and receiving payment of each Bonus Payment, a Participant must execute and allow to become effective a Release prior to payment of each Bonus Payment. If a Participant fails to execute or allow to become effective a Release within thirty (30) calendar days of having been furnished such Release, then the Participant will not be eligible to earn such Bonus Payment, and such Bonus Payment otherwise payable to the Participant will be forfeited and the Participant shall lose all right such Participant may have with regard to such Bonus Payment.

9. Withholding of Compensation. In connection with any Bonus Payment to be made under the Plan to any Participant, such Participant shall make arrangements reasonably acceptable to the Administrator for the satisfaction of any non-U.S., federal, state, or local income and employment tax withholding obligations, including, without limitation, obligations incident to the receipt of cash or stock of the acquirer. Each Participant is encouraged to consult with his or her personal legal or tax advisors with respect to the benefits provided under the Plan. Neither the Company nor any of its employees, directors, officers or agents (i) are authorized to provide any tax advice to Participants with respect to the benefits provided under the Plan or (ii) make or have made any representation about the tax consequences of any payments or benefits offered by the Company to any Participant under the Plan.

10. No Guarantee of Employment or Other Service Rights. The Plan is intended to provide a financial incentive to Participants and is not intended to confer any rights to continued service upon Participants and the employment of an employee will remain at-will and subject to termination by either the Company or Participant at any time, with or without cause or notice.

11. No Equity Interest; Status as Creditor. Neither the Plan nor the allocation of Bonus Payments under the Plan creates or conveys any equity or ownership interest in the Company or any rights commonly associated with any such interest, including, but not limited to, the right to vote on any matters put before the Company's stockholders. A Participant's sole right under the Plan will be as a general unsecured creditor of the Company or the acquiring, surviving, resulting or successor entity, as the case may be.

12. No Assignment or Transfer by Participant. None of the rights, benefits, obligations or duties under the Plan may be sold or discounted, assigned or transferred by any Participant except by will or under the laws of descent and distribution. Any purported sale, discount, assignment or transfer by any such Participant will be void.

13. Termination of the Plan. The Plan will terminate and no amounts will be earned under the Plan as of and effective on the earliest to occur of (i) any liquidation, dissolution or winding up of the Company, other than in connection with a Merger Transaction, or at such time as the Company does not have sufficient cash to pay its current obligations, (ii) at such time as all earned Bonus Payments due under the Plan have been paid, including any payments in respect of Contingent Consideration, and (iii) December 31, 2030 provided that Bonus Payments payable as a result of Contingent Consideration received after the date of termination in connection with a Merger Transaction entered into prior to the date of Termination shall continue to be due and payable after the date of termination. Further, the Company's Board of Directors may elect to extend the Plan for such time period and with any such modifications as it deems in the best interests of the Company.

14. Amendment of the Plan. Any material changes to the Plan shall be proposed by the Administrator to the Board of Directors and such changes to the Plan shall require unanimous approval or consent of the Board of Directors for such changes to the Plan to be effective; *provided*, *however*, that (i) no amendment to the Plan may be made after the date of a Merger Transaction, and (ii) no amendment will adversely affect the rights of a Participant under the Plan without written consent of the Participant unless (x) such amendment affects the rights of all Participants under the Plan in the same manner, and (y) Participants entitled to receive a majority of the Bonus Payments consent in writing to such amendment. Notwithstanding the foregoing, any such amendment to the detriment of a Participant in a manner different from the other Participants may only be made with the written consent of the Participant. For clarity, all Schedules referenced in the Plan are expressly made an integral part of the Plan.

15. Governing Law. The rights and obligations of a Participant under the Plan will be governed by and interpreted, construed and enforced in accordance with the laws of the State of Delaware without regard to its or any other jurisdiction's conflicts of laws principles. The parties submit to the jurisdiction of the state or federal courts, as applicable, encompassing the then current location of the Company's (or the acquiring or surviving corporation's, as applicable) principal headquarters at the time of such dispute or claim.

16. Assumption by Acquirer. The Company's obligations to pay the Bonus Payments to Participants under the Plan will be deemed to have been appropriately satisfied if the acquiring, surviving, resulting or successor entity in a Merger Transaction assumes such obligations and pays the Bonus Payments as provided under the Plan.

17. Severability. If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability will not affect any other provision of the Plan, and the Plan will be construed and enforced as if such provision had not been included.

18. Entire Agreement. The Plan sets forth all of the agreements and understandings between the Company and Participants with respect to the subject matter of the Plan, and supersedes and terminates all prior agreements and understandings between the Company and Participants with respect to the subject matter of the Plan; *provided, however,* that (i) the Company's equity incentive plans (including the 2018 Omnibus Incentive Plan) and (ii) any other plan, program, agreement or arrangement between any Participant and the Company providing for severance benefits payable in connection with the Participant's termination of employment in connection with a change in control event affecting the Company shall remain in effect and any such severance benefits provided thereunder shall be in addition to the Bonus Payments payable under the Plan (if any).

[INTENTIONALLY LEFT BLANK]

EXHIBIT A

GENERAL RELEASE

[Omitted pursuant to Item 601(a)(5) of Regulation S-K.]

SCHEDULE 1

Target Valuation Milestones	Aggregate Bonus Payment
$200,000,000	$10,000,000
$[***]	$[***]
$[***]	$[***]
$[***]	$[***]
$[***]	$[***]
$[***]	$[***]
$[***]	$[***]
$[***]	$[***]
$[***]	$[***]
$[***]	$[***]
$[***]	$[***]
$[***]	$[***]
$[***]	$[***]
$5,000,000,000	$50,000,000

For the avoidance of doubt, the Aggregate Bonus Payment shall only be paid once with regard to achievement of each Target Valuation Milestone. By way of example, if the $[***] Target Valuation Milestone is achieved and the Company's market capitalization shall thereafter decrease below $[***] but shall subsequently increase above $[***], a second Aggregate Bonus Payment shall not be paid for the subsequent achievement of the $[***] Target Valuation Milestone.

Furthermore, achievement of a given Target Valuation Milestone shall imply achievement of all prior Target Valuation Milestones. By way of example, if the Company's market capitalization shall be $[***], and the Company shall enter into a Merger Transaction in which the Securityholder shall receive Total Consideration of $[***], the Target Valuation Milestones of $[***] and $[***] shall also be deemed to be achieved.

SCHEDULE 2

Participants

[Omitted pursuant to Item 601(a)(5) of Regulation S-K.]

NON-EMPLOYEE DIRECTOR COMPENSATION PROGRAM

(Adopted and approved effective May 4, 2023)

Each member of the Board of Directors (the "***Board***") of Cassava Sciences, Inc. (the "***Company***"), who is not an employee of the Company (each such member, a "***Non-employee Director***"), will receive the compensation described in this Director Compensation Program (the "***Director Compensation Program***") for his or her Board service upon and following the date set forth above (the "***Effective Date***"), subject to the approval of this Director Compensation Program by the stockholders of the Company at the Company's 2023 Annual Meeting of Stockholders.

The Director Compensation Program will be effective as of the Effective Date and supersedes all prior arrangements with respect to the subject matter hereof. Stock option grants awarded prior to the Effective Date shall not be affected in any way by this Director Compensation Program.

As set forth in this Director Compensation Program, each person who is a Non-employee Director on the Effective Date shall be eligible to receive the following compensation:

- Annual Cash Retainer: $10,000;
- 2023 Initial Stock Option Grant: 20,000 stock options (vesting over 36 months);
- Annual Stock Option Grant in 2024 and 2025: 10,000 stock options (vesting over 12 months);
- Additional Committee Grant: 2,500 stock options for service on one standing Board committee or 5,000 options for service on two or more standing Board committees (vesting over 12 months).

Non-employee Directors elected or appointed to the Board after the Effective Date shall be eligible to receive a stock option grant of 20,000 stock options on the start date of their service to the Company, as set forth below, and shall participate in the Director Compensation Program as described below.

Annual Cash Compensation

Each Non-employee Director will receive $10,000 in cash compensation per twelve (12) months of continuous service on the Board, with each twelve (12) month period measured from the Effective Date for this purpose. The annual cash compensation amount will be payable in arrears, in one payment on the applicable anniversary of the Effective Date. In the event that a new Non-employee Director is appointed to the Board or that a Non-employee Director ceases to be a Non-employee Director during such a twelve (12) month period, then any amount payable for a partial year of service will be paid pro-rata based on the number of quarters in which the Non-employee Director served as a member of the Board for at least one day during the applicable twelve (12) month period and shall be payable, in the case of a departing Non-employee Director, within thirty (30) days of such Non-employee Director's separation from service (within the meaning of IRS Code Section 409A).

Equity Compensation

The equity awards contemplated by this Director Compensation Program will be granted under the Company's 2018 Omnibus Incentive Plan, as amended, or any successor equity incentive plan adopted by the Board and the stockholders of the Company (the "***Plan***") and shall be automatic and nondiscretionary. In the event of any inconsistency between the Plan and this Director Compensation Program, this Director Compensation Program shall control.

Automatic Stock Option Grants. Automatic stock option grants shall be made to Non-employee Directors as follows:

Initial Grant for all Non-employee Directors in 2023. Without any further action of the Board, on the Effective Date, each person who is a Non-employee Director on the Effective Date shall be granted a stock option award ("***Initial Option Award***") under the Plan covering **20,000 shares** of the Company's Common Stock (as defined in the Plan). Each Initial Option Award shall vest monthly on the monthly anniversary of the date of grant in thirty-six (36) equal monthly installments over the following thirty-six (36) months after the grant date, subject to the applicable Non-employee Director's continued service as a member of the Board through such vesting date; provided, however, that the final monthly installment shall vest on the day immediately prior to the upcoming annual meeting of the Company's stockholders ("***Annual Meeting***").

Annual Grant for Continuing Non-employee Directors in 2024 and 2025. Without any further action of the Board, at the close of business on the date of each Annual Meeting in 2024 and 2025, each person who is a Non-employee Director on such date shall be granted a stock option award ("***Annual Option Award***") under the Plan covering **10,000 shares** of the Company's Common Stock. Each Annual Option Award shall vest monthly in twelve (12) equal installments on the monthly anniversary of the date of grant over the following twelve (12) months after the grant date, subject to the applicable Non-employee Director's continued service as a member of the Board through such vesting date; provided, however, that the final monthly installment shall vest on the day immediately prior to the upcoming Annual Meeting.

Additional Annual Grant for Non-employee Directors Serving on Standing Committees. Without any further action of the Board, on the Effective Date and at the close of business on the date of each Annual Meeting in 2024 and 2025, each person who is a Non-employee Director and member of a Standing Committee (as defined below) on such date, shall be granted a stock option award ("***Committee Option Award***") under the Plan covering **2,500 shares** of the Company's Common Stock if such Non-employee Director serves on one Standing Committee or **5,000 Shares** of the Company's Common Stock if such Non-employee Director serves on two or more Standing Committees. Each Committee Option Award shall vest monthly on the monthly anniversary of the date of grant in twelve (12) equal installments over the following twelve (12) months after the grant date, subject to the applicable Non-employee Director's continued service as a member of the Board through such vesting date; provided, however, that the final monthly installment shall vest on the day immediately prior to the upcoming Annual Meeting. For purposes of this Director Compensation Program, a ***"Standing Committee"*** shall consist of the Audit Committee, the Compensation Committee or the Nominating and Governance Committee. Membership on an *ad hoc* committee of the Board, regardless of length of time served, shall not constitute membership on a Standing Committee for purposes of this Director Compensation Program.

Initial Grant for New Non-employee Directors. Without any further action of the Board, each person who, after the Effective Date, is elected or appointed for the first time to be a Non-employee Director will automatically, upon the effective date of his or her initial election or appointment to

be a Non-employee Director, be granted a stock option award (a "***New Director Option Award***") covering **20,000 shares** of the Company's Common Stock. Each New Director Option Award shall vest monthly on the monthly anniversary of the date of grant in thirty-six (36) equal monthly installments over the following thirty-six (36) months after the grant date, subject to the applicable Non-employee Director's continued service as a member of the Board through such vesting date.

Remaining Terms and Conditions. All options granted under this Director Compensation Program shall be Non-qualified Stock Options (as defined in the Plan) and shall have a term of ten (10) years and an exercise price per share equal to 100% of the Fair Market Value (as defined in the Plan) of a share of Common Stock on the date of grant of the option (or if such date is not a trading day, the Fair Market Value of a share of the Common Stock on the most recent trading day). Each vested option will be exercisable only while the Non-employee Director remains a Non-employee Director of the Company and for a period of three (3) months thereafter (but in no event later than the expiration of the term of such option as set forth in the option grant agreement); provided, however, that, if a Non-employee Director ceases to be a Non-employee Director as a result of the Non-employee Director's death or Disability (as defined in the Plan), the option will remain exercisable for twelve (12) months following such termination (but in no event later than the expiration of the term of such option as set forth in the option grant agreement). The remaining terms and conditions of each stock option award granted under this Director Compensation Program will be as set forth in the Plan and the Company's standard form of stock option agreement for Non-employee Directors as in effect from time to time, and as it may be amended from time to time by the Board.

Amendments

This Director Compensation Policy was adopted by the Board and may be amended or terminated only by a unanimous affirmative vote of all members of the Board, subject to approval by the stockholders of the Company at any regular Annual Meeting of Stockholders that is convened, noted, and properly held.

Program Term

This Director Compensation Program shall be effective for thirty-six (36) months from the Effective Date.

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

I, Remi Barbier, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cassava Sciences, 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 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 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.

/s/ REMI BARBIER

Remi Barbier,
Chairman of the Board of Directors,
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 3, 2023

Exhibit 31.2

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

I, Eric J. Schoen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cassava Sciences, 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 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 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.

/s/ ERIC J. SCHOEN

Eric J. Schoen,
Chief Financial Officer
(Principal Financial Officer)

Date: August 3, 2023

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. Section 1350)

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Cassava Sciences, Inc. (the "Company"), hereby certifies that to the best of such officer's knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended June 30, 2023, and to which this certification is attached as Exhibit 32.1 (the "Periodic 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 Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 3, 2023

/s/ REMI BARBIER
Remi Barbier,
Chairman of the Board of Directors,
President and Chief Executive Officer

/s/ ERIC J. SCHOEN
Eric J. Schoen,
Chief Financial Officer