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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 March 31, 2016
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Transition Period from to

Commission File Number: 001-36812

FLEX PHARMA, INC.
(Exact name of Registrant as specified in its charter)

Delaware	**46-5087339**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

800 Boylston Street, 24th Floor, Boston, MA 02199
(Address of principal executive offices)(Zip Code)

Registrant's Telephone Number, Including Area Code: (617) 874-1821

Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report: Not Applicable

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 the filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer ☒ (Do not check if a smaller reporting company)	Smaller Reporting Company ☐

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

As of April 29, 2016, there were 17,967,891 shares of common stock outstanding.

FLEX PHARMA, INC.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements related to present facts or current conditions or historical facts, contained in this Quarterly Report on Form 10-Q, including statements regarding our strategy, future operations, future financial position, projected costs, potential indications for our drug product candidates, expectations regarding the development of our drug product candidates and the launch of our consumer product, the expected timing for the reporting of data from ongoing and future studies, prospects, plans and objectives of management, are forward looking statements. The words "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "predict," "project," "target," "potential," "will," "would," "could," "should," "continue" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

Forward-looking statements are not guarantees of future performance and our actual results could differ materially from the results discussed in the forward-looking statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, the status, timing, costs, results and interpretation of our clinical studies; the uncertainties inherent in conducting clinical studies; results from our ongoing and planned preclinical development; expectations of our ability to make regulatory filings and obtain and maintain regulatory approvals; our ability to develop and commercialize our consumer products; anticipated positioning and attributes of our consumer products; results of early clinical studies as indicative of the results of future trials; availability of funding sufficient for our foreseeable and unforeseeable operating expenses and capital expenditure requirements; other matters that could affect the availability or commercial potential of our consumer or drug product candidates; the inherent uncertainties associated with intellectual property; and other factors discussed in this Quarterly Report on Form 10-Q, our Annual Report on Form 10-K and other filings with the Securities and Exchange Commission, or SEC.

As a result of these and other factors, we may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. We do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

FLEX PHARMA, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

	March 31, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 53,999,629	$ 66,686,695
Marketable securities	30,377,177	24,652,348
Inventory	112,569	—
Prepaid expenses and other current assets	1,992,445	908,574
Total current assets	86,481,820	92,247,617
Marketable securities	—	2,312,949
Property and equipment, net	578,539	382,437
Other assets	64,800	—
Restricted cash	126,835	126,835
Total assets	$ 87,251,994	$ 95,069,838
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 1,541,295	$ 875,646
Accrued expenses and other current liabilities	1,478,547	1,947,374
Deferred rent, current portion	24,174	24,381
Total current liabilities	3,044,016	2,847,401
Deferred rent, net of current portion	22,575	14,587
Other long term liabilities	15,442	15,442
Total liabilities	3,082,033	2,877,430
Stockholders' equity:		
Preferred stock, $0.0001 par value; 10,000,000 shares authorized at March 31, 2016 and December 31, 2015; none issued or outstanding at March 31, 2016 and December 31, 2015	—	—
Common stock, $0.0001 par value; 100,000,000 shares authorized at March 31, 2016 and December 31, 2015; 17,967,891 and 17,943,880 shares issued at March 31, 2016 and December 31, 2015, respectively, and 16,004,746 and 15,741,618 shares outstanding at March 31, 2016 and December 31, 2015, respectively	1,601	1,574
Additional paid-in capital	130,893,706	129,367,978
Accumulated other comprehensive income (loss)	19,605	(24,654)
Accumulated deficit	(46,744,951)	(37,152,490)
Total stockholders' equity	84,169,961	92,192,408
Total liabilities and stockholders' equity	$ 87,251,994	$ 95,069,838

See accompanying notes to condensed consolidated financial statements.

FLEX PHARMA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Costs and expenses:		
Cost of production	$ 197,020	$ —
Research and development	4,387,079	2,804,946
Selling, general and administrative	5,111,695	3,216,212
Total costs and expenses	9,695,794	6,021,158
Loss from operations	(9,695,794)	(6,021,158)
Interest income, net	103,333	3,577
Net loss	$ (9,592,461)	$ (6,017,581)
Net loss attributable to common stockholders	$ (9,592,461)	$ (6,017,581)
Net loss per share attributable to common stockholders — basic and diluted	$ (0.61)	$ (0.59)
Weighted-average number of common shares outstanding — basic and diluted	15,843,532	10,179,955

See accompanying notes to condensed consolidated financial statements.

FLEX PHARMA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (Unaudited)

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Net loss	$ (9,592,461)	$ (6,017,581)
Other comprehensive gain:		
Unrealized gain on available-for-sale securities	44,259	—
Comprehensive loss	$ (9,548,202)	$ (6,017,581)

See accompanying notes to condensed consolidated financial statements.

FLEX PHARMA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Operating activities		
Net loss	$ (9,592,461)	$ (6,017,581)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	30,813	9,359
Stock-based compensation expense	1,518,161	1,745,760
Amortization and accretion on investments	46,129	—
Changes in operating assets and liabilities:		
Restricted cash	—	(27)
Inventory	(112,569)	—
Prepaid expenses and other current assets	(1,083,871)	(684,278)
Other assets	(64,800)	(35,200)
Accounts payable	594,639	311,305
Accrued expenses and other current liabilities	(517,446)	536,148
Deferred rent	7,781	(6,220)
Net cash used in operating activities	(9,173,624)	(4,140,734)
Investing activities		
Purchases of marketable securities	(12,013,945)	—
Proceeds from maturities and sales of marketable securities	8,600,195	—
Purchases of property and equipment	(107,286)	(26,395)
Net cash used in investing activities	(3,521,036)	(26,395)
Financing activities		
Proceeds from initial public offering, net of offering costs	—	80,435,430
Proceeds from exercise of common stock	7,594	—
Proceeds from early exercise of common stock	—	400,000
Net cash provided by financing activities	7,594	80,835,430
Net (decrease) increase in cash and cash equivalents	(12,687,066)	76,668,301
Cash and cash equivalents at beginning of period	66,686,695	33,854,153
Cash and cash equivalents at end of period	$ 53,999,629	$ 110,522,454
Supplemental cash flow information		
Property and equipment purchases included in accounts payable and accrued expense at March 31, 2016 and 2015	$ 226,309	$ 23,336
Property and equipment purchases included in accrued expense at December 31, 2015	$ 106,680	$ —
IPO issuance costs included in accounts payable and accrued expenses at December 31, 2014	$ —	$ 499,549
IPO issuance costs paid in cash through December 31, 2014	$ —	$ 575,245

See accompanying notes to condensed consolidated financial statements.

FLEX PHARMA, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. Organization and operations

The Company

Flex Pharma, Inc. (the "Company") is a biotechnology company that is developing innovative and proprietary treatments for nocturnal leg cramps, muscle cramps and spasms associated with severe neuromuscular conditions, and exercise-associated muscle cramps. The Company's product candidates are based on the potential mechanism of action described as Chemical Neuro Stimulation, which is the process by which a small molecule chemical signal, acting topically, induces a neuronal sensory signal that produces a beneficial effect. The Company's product candidates activate certain receptors in primary sensory neurons, which then act via neuronal circuits to reduce the repetitive firing, or hyperexcitability, of alpha-motor neurons in the spinal cord, thereby preventing or reducing the frequency and intensity of muscle cramps and spasms. The Company intends to initially focus drug development efforts on developing products to treat nocturnal leg cramps, spasms, spasticity and cramping associated with multiple sclerosis and motor neuron disease, such as amyotrophic lateral sclerosis. In the second quarter of 2016, the Company also expect to launch a consumer brand with a cornerstone product to prevent and treat exercise-associated muscle cramps.

The Company is subject to risks common to companies in the biotechnology and consumer products industries, including, but not limited to, risks of failure of pre-clinical studies, clinical studies and clinical trials, the need to obtain marketing approval for its drug product candidates, the need to successfully commercialize and gain market acceptance of its drug product candidates and its consumer products, dependence on key personnel, protection of proprietary technology, compliance with government regulations, development by competitors of technological innovations and ability to transition from pilot-scale manufacturing to large-scale production of products.

In February 2015, the Company sold 5,491,191 shares of common stock (inclusive of 91,191 shares of common stock sold by the Company pursuant to the exercise of an overallotment option granted to the underwriters in connection with the offering) through an underwritten initial public offering ("IPO") at a price of $16.00 per share. The aggregate net proceeds received by the Company from the offering were approximately $79,900,000, after deducting underwriting discounts and commissions and offering expenses payable by the Company of approximately $8,000,000 (See Note 2).

Liquidity

The Company has incurred an accumulated deficit of $46,744,951 since inception and will require substantial additional capital to fund its research and development and the launch and growth of its consumer brand and cornerstone consumer product. The Company had unrestricted cash, cash equivalents and marketable securities of $84,376,806 at March 31, 2016. The Company believes its existing cash, cash equivalents and marketable securities will be sufficient to allow the Company to fund its current operating plan for at least the next 12 months.

2. Summary of significant accounting policies and recent accounting pronouncements

The accompanying unaudited condensed consolidated financial statements reflect the application of certain significant accounting policies as described below and elsewhere in these notes to the condensed consolidated financial statements. As of March 31, 2016, the Company's significant accounting policies, which are detailed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (the "2015 10-K"), have not changed, other than as noted below.

Inventory

The Company expects to launch its cornerstone consumer product in the second quarter of 2016 and began capitalizing inventory costs associated with this product in the first quarter of 2016, when it was determined that the inventory costs had probable future economic benefit. Inventory is stated at the lower of cost or estimated net realizable value, on a first-in, first-out ("FIFO") basis.

The Company outsources the manufacture of its consumer product to a co-packer. Inventory at March 31, 2016 includes raw materials and work-in-process related to the initial production run of its consumer product that will be sold upon launch.

The Company periodically analyzes its inventory levels and writes down inventory that has become obsolete, has a cost basis in excess of its estimated realizable value, or exceeds projected sales. Estimates of excess inventory consider factors such as inventory levels, production requirements, projected sales and the estimated shelf-lives of inventory components. Inventory write-offs are recorded as a component of cost of production (or cost of product revenue upon revenue generation).

Unaudited interim financial information

Certain information and footnote disclosures normally included in the Company's annual financial statements have been condensed or omitted. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the 2015 10-K.

The condensed consolidated financial statements as of March 31, 2016, for the three months ended March 31, 2016 and 2015, and the related information contained within the notes to the condensed consolidated financial statements, are unaudited. The unaudited condensed consolidated financial statements have been prepared on the same basis as annual audited consolidated financial statements, and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of the Company's condensed consolidated financial position as of March 31, 2016, and the statements of operations, comprehensive loss and cash flows for the three months ended March 31, 2016 and 2015. The results for the three months ended March 31, 2016 are not necessarily indicative of results to be expected for the year ending December 31, 2016, or any other future annual or interim periods.

Initial public offering

On February 3, 2015, the Company completed its IPO, whereby the Company sold 5,491,191 shares of its common stock (inclusive of 91,191 shares of common stock sold by the Company pursuant to the exercise of an overallotment option granted to the underwriters in connection with the IPO) at a price of $16.00 per share. The shares began trading on the Nasdaq Global Market on January 29, 2015. The aggregate net proceeds received by the Company from the IPO were approximately $79,900,000, after deducting underwriting discounts and commissions and other offering expenses payable by the Company. Upon the closing of the IPO, all outstanding shares of convertible preferred stock converted into 6,971,108 shares of common stock. Additionally, the Company is now authorized to issue 100,000,000 shares of common stock.

Deferred IPO issuance costs, which primarily consisted of direct incremental legal and accounting fees related to the Company's IPO, were previously capitalized at December 31, 2014. Upon the closing of the IPO in February 2015, IPO issuance costs, which totaled $1,848,737, were offset against the IPO proceeds within additional paid-in capital.

Basis of presentation and use of estimates

The accompanying condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Any reference in these notes to applicable guidance is meant to refer to the authoritative United States generally accepted accounting principles as found in the Accounting Standards Codification ("ASC") and Accounting Standards Update ("ASU") of the Financial Accounting Standards Board ("FASB"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. On an ongoing basis, the Company's management evaluates its estimates, which include, but are not limited to, estimates related to clinical study accruals, estimates related to inventory realizability, stock-based compensation expense, and amounts of expenses during the reported period. The Company bases its estimates on historical experience and other market-specific or other relevant assumptions that it believes to be reasonable under the circumstances. Actual results may differ from those estimates or assumptions.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: TK Pharma, Inc., a Massachusetts Securities Corporation, and Flex Innovation Group LLC, which contains the

Company's consumer-related operations. All significant intercompany balances and transactions have been eliminated in consolidation.

Concentration of Risk

The Company outsources the manufacture of its cornerstone consumer product to a co-packer that produces bottled finished goods. The Company also sources certain raw materials from sole suppliers. A disruption in the supply of materials or the production of finished goods could significantly impact the Company's revenues in the future as alternative sources of raw materials and co-packing may not be available at commercially reasonable rates or within a reasonably short period of time.

Recent accounting pronouncements

In July 2015, the FASB issued ASU No. 2015-11, *Inventory (Topic 330)*. This ASU simplifies the measurement of inventory by requiring certain inventory to be measured at the lower of cost or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The amendments in this ASU are effective for fiscal years beginning after December 15, 2016 and for interim periods therein. Subsequent measurement is unchanged for inventory measured using LIFO or the retail inventory method. The Company is currently in the process of evaluating the impact of the guidance related to the Company's consumer product launch.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU provides for a single comprehensive model for use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The accounting standard is effective for interim and annual periods beginning after December 15, 2016 with no early adoption permitted. In July 2015, the FASB deferred the effective date of this accounting update to annual periods beginning after December 15, 2017, along with an option to permit early adoption as of the original effective date. The Company is required to adopt the amendments in the ASU using one of two acceptable methods: retrospectively to all prior reporting periods presented, with certain practical expedients permitted; or retrospectively with the cumulative effect of initially adopting the ASU recognized at the date of initial application. The Company is currently in the process of evaluating the impact of the guidance related to the Company's anticipated launch of its consumer product in the second quarter of 2016.

In August 2014, the FASB issued ASU No. 2014-15 *Presentation of Financial Statements - Going Concern (Subtopic 205-40)*. The ASU requires management of public and private companies to evaluate whether there is substantial doubt about the entity’s ability to continue as a going concern within one year after the date that the financial statements are issued. Management’s evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. If conditions or events raise substantial doubt about an entity’s ability to continue as a going concern, and substantial doubt is not alleviated after consideration of management’s plans, an entity should include a statement in the footnotes indicating that there is substantial doubt about the entity’s ability to continue as a going concern within one year after the date that the financial statements are issued. The new standard is effective for annual periods ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. The Company has concluded, that if this standard had been adopted as of March 31, 2016, substantial doubt about the Company’s ability to continue as a going concern does not exist.

In February 2016, the FASB issued ASU No. 2016-02 *Leases*. The ASU requires lessees to recognize the assets and liabilities on their balance sheet for the rights and obligations created by most leases and continue to recognize expenses on their income statements over the lease term. It will also require disclosures designed to give financial statement users information on the amount, timing, and uncertainty of cash flows arising from leases. The guidance is effective for annual reporting periods beginning after December 15, 2018, and interim periods within those years. Early adoption is permitted for all entities. The Company is currently evaluating the impact of ASU 2016-02 on its consolidated financial statements and disclosures.

In March 2016, the FASB issued ASU No. 2016-09 *Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. The ASU simplifies several aspects of the accounting for employee share-based payment transactions. The amendments in the update include income tax consequences related to excess tax benefits and tax deficiencies, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The guidance is effective for annual reporting periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted for all entities in any interim or annual period. The Company is currently evaluating the impact of ASU 2016-09 on its consolidated financial statements and disclosures.

The Company believes that the impact of other recently issued standards that are not yet effective will not have a material effect on its consolidated financial position or results of operations upon adoption.

3. Fair value measurements

The Company records cash equivalents and marketable securities at fair value. ASC Topic 820 *Fair Value Measurements and Disclosures* established a fair value hierarchy for those instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company's own assumptions (unobservable inputs). The hierarchy consists of three levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active, or inputs which are observable, directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs that reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability in which there is little, if any, market activity for the asset or liability at the measurement date.

The following tables summarize the cash equivalents and marketable securities measured at fair value on a recurring basis as of March 31, 2016 and December 31, 2015:

	Level 1	Level 2	Level 3	Balance as of March 31, 2016
Cash equivalents	$ 48,639,662	$ —	$ —	$ 48,639,662
Marketable securities:				
Corporate debt securities	—	18,359,147	—	18,359,147
U.S. government agency securities	—	12,018,030	—	12,018,030
	$ 48,639,662	$ 30,377,177	$ —	$ 79,016,839

	Level 1	Level 2	Level 3	Balance as of December 31, 2015
Cash equivalents	$ 58,575,348	$ 1,410,322	$ —	$ 59,985,670
Marketable securities:				
Corporate debt securities	—	26,965,297	—	26,965,297
	$ 58,575,348	$ 28,375,619	$ —	$ 86,950,967

Cash equivalents and marketable securities have been initially valued at the transaction price and subsequently valued, at the end of each reporting period, utilizing third-party pricing services or other market observable data. The pricing services utilize industry standard valuation models, including both income and market based approaches and observable market inputs to determine value. The majority of the Company's cash equivalents consist of money market funds that are valued based on publicly available quoted market prices for identical

securities as of March 31, 2016. After completing its validation procedures, the Company did not adjust or override any fair value carrying amounts of as of March 31, 2016.

The Company evaluates transfers between levels at the end of each reporting period. There were no transfers of assets or liabilities between Level 1 and Level 2 during the three months ended March 31, 2016 or the year ended December 31, 2015. The Company had no financial assets or liabilities that were classified as Level 3 at any point during the three months ended March 31, 2016 or the year ended December 31, 2015.

4. Cash equivalents and marketable securities

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Cash equivalents as of March 31, 2016 and December 31, 2015 consisted of money market funds.

Marketable securities as of March 31, 2016 consisted of corporate debt securities and U.S. government agency securities. Marketable securities as of December 31, 2015 consisted of corporate debt securities. Management determines the appropriate classification of the securities at the time they are acquired and evaluates the appropriateness of such classifications at each balance sheet date. The Company classifies its marketable securities as available-for-sale pursuant to ASC 320, *Investments – Debt and Equity Securities*. Marketable securities are recorded at fair value, with unrealized gains and losses included as a component of accumulated other comprehensive income (loss) in stockholders' equity and a component of total comprehensive income (loss) in the condensed consolidated statement of comprehensive income (loss), until realized. Realized gains and losses are included in investment income on a specific-identification basis. There were immaterial realized gains on marketable securities during the three months ended March 31, 2016. The Company did not have marketable securities during the three months ended March 31, 2015.

The Company reviews marketable securities for other-than-temporary impairment whenever the fair value of a marketable security is less than the amortized cost and evidence indicates that a marketable security's carrying amount is not recoverable within a reasonable period of time. Other-than-temporary impairments of investments are recognized in the consolidated statement of operations if the Company has experienced a credit loss, has the intent to sell the marketable security, or if it is more likely than not that the Company will be required to sell the marketable security before recovery of the amortized cost basis. Evidence considered in this assessment includes reasons for the impairment, compliance with the Company's investment policy, the severity and the duration of the impairment and changes in value subsequent to the end of the period.

Marketable securities at March 31, 2016 and December 31, 2015 consisted of the following:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
As of March 31, 2016				
Current (due within 1 year):				
Corporate debt securities	$ 18,344,828	$ 16,265	$ (1,946)	$ 18,359,147
U.S. government agency securities	12,012,744	5,286	—	12,018,030
Total	$ 30,357,572	$ 21,551	$ (1,946)	$ 30,377,177

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
As of December 31, 2015				
Current (due within 1 year):				
Corporate debt securities	$ 24,666,607	$ 1,878	$ (16,137)	$ 24,652,348
Noncurrent (due after 1 year through 5 years):				
Corporate debt securities	2,323,344	—	(10,395)	2,312,949
Total	$ 26,989,951	$ 1,878	$ (26,532)	$ 26,965,297

At March 31, 2016, all investments held by the Company were classified as current. The Company had $24,652,348 of marketable securities classified as current and $2,312,949 of marketable securities classified as noncurrent as of December 31, 2015. Investments classified as current have maturities of less than one year. Investments classified as noncurrent are those that (i) have a maturity greater than one year and (ii) management

does not intend to liquidate within the next year, although these funds are available for use and therefore classified as available-for-sale.

The Company held two and eleven debt securities that were in an unrealized loss position at March 31, 2016 and December 31, 2015, respectively, all of which have been in a continuous loss position for less than 12 months. The aggregate fair value of debt securities in an unrealized loss position was $4,611,360 and $24,967,915 at March 31, 2016 and December 31, 2015, respectively. There were no individual securities that were in a significant unrealized loss position as of March 31, 2016 or December 31, 2015. The Company evaluated its securities for other-than-temporary impairment and considered the decline in market value for the securities to be primarily attributable to current economic and market conditions. The Company has the intent and ability to hold such securities until recovery. Based on this analysis, these marketable securities were not considered to be other-than-temporarily impaired as of March 31, 2016.

5. Inventory

The Company began capitalizing inventory as of March 31, 2016, as it was determined that the inventory had a probable future economic benefit. Inventory has been recorded at cost as of March 31, 2016. Costs capitalized at March 31, 2016 relate to the initial production run of the Company's cornerstone consumer product that will be sold upon launch. The Company held no inventory at December 31, 2015. Work in process is calculated based upon a buildup of cost for each stage of production.

The following table presents inventory:

	March 31, 2016	December 31, 2015
Raw materials	$ 60,842	$ —
Work in process	51,727	—
Total inventory	$ 112,569	$ —

In the first quarter of 2016, the Company wrote off materials purchased for finished goods that, upon completion of the initial production run, are not expected to be sold based upon projected sales, a 12 month product shelf life and production requirements. This write-off totaled $185,298 and is included as a cost of production in the accompanying condensed consolidated statement of operations.

6. Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consisted of the following:

	March 31, 2016	December 31, 2015
Payroll and employee-related costs	$ 569,434	$ 1,299,248
Research and development costs	419,043	307,666
Consumer product-related costs	293,985	198,887
Professional fees	196,085	129,625
Other	—	11,948
Total	$ 1,478,547	$ 1,947,374

7. Common stock

As of March 31, 2016, the Company had authorized 100,000,000 shares of common stock, $0.0001 par value per share. Each share of common stock is entitled to one vote. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the board of directors. The Company does not intend to declare dividends for the foreseeable future.

Restricted common stock to founders

In March 2014, the Company sold 4,553,415 shares of restricted common stock to the founders of the Company ("recipients"), for $0.0004 per share, for total proceeds of $1,950. In April 2014, based upon anti-dilution provisions granted to the recipients, an additional 867,314 shares of restricted common stock were sold to the same recipients, after which the anti-dilution provisions were terminated. The restricted common stock vested 25% upon issuance, and the remaining 75% vests ratably over four years, during which time the Company has the right to repurchase the unvested shares held by a recipient if the relationship between such recipient and the Company ceases. If the relationship terminates, the Company has 90 days to repurchase unvested shares at $0.0004 per share. Such shares are not accounted for as outstanding until they vest. There were 3,472,543 shares of restricted common stock outstanding as of March 31, 2016. Unvested restricted common stock awards to non-employees are re-measured at each vest date and each financial reporting date.

The following is a summary of restricted common stock activity:

	Number of Shares	Weighted-Average Grant Date Fair Value
Non-vested at December 31, 2015	2,202,262	$ 0.10
Issued	—	—
Vested	(254,076)	0.10
Non-vested at March 31, 2016	1,948,186	$ 0.10

Restricted common stock to consultants

During the three months ended March 31, 2016, the Company issued 18,194 shares of restricted common stock to non-employee consultants and advisors. The Company has the right to repurchase any unvested shares held by a recipient if the relationship between such recipient and the Company ceases. If the relationship terminates, the Company has 90 days to repurchase unvested shares at $0.0001 per share. Such shares are not accounted for as outstanding until they vest. There were 3,235 shares of restricted common stock outstanding as of March 31, 2016. Unvested restricted common stock awards to non-employees are re-measured at each vest date and each financial reporting date.

The following is a summary of restricted common stock activity:

	Number of Shares	Weighted-Average Grant Date Fair Value
Non-vested at December 31, 2015	—	$ —
Issued	18,194	9.51
Vested	(3,235)	9.50
Non-vested at March 31, 2016	14,959	$ 9.51

8. Stock-based compensation

In March 2014, the Company adopted the Flex Pharma, Inc. 2014 Equity Incentive Plan (the "2014 Plan"), under which it had the ability to grant incentive stock options, non-qualified stock options, restricted stock awards, restricted stock units and stock appreciation rights to purchase up to 116,754 shares of common stock. In April

2014, the Company amended the 2014 Plan to reserve for the issuance of up to 1,451,087 shares of common stock pursuant to equity awards. In September 2014, the Company further amended the 2014 Plan to reserve for the issuance of up to 2,070,200 shares of common stock pursuant to equity awards. Terms of stock award agreements, including vesting requirements, were determined by the board of directors, subject to the provisions of the 2014 Plan. For options granted under the 2014 Plan, the exercise price equaled the fair market value of the common stock as determined by the board of directors on the date of grant. No further awards will be granted under the 2014 Plan.

In January 2015, the Company's board of directors adopted, and the Company's stockholders approved, the 2015 Equity Incentive Plan (the "2015 Plan"), which became effective immediately prior to the closing of the Company's IPO. The 2015 Plan provides for the grant of incentive stock options ("ISOs"), nonstatutory stock options, restricted stock awards, restricted stock units, stock appreciation rights, performance-based stock awards, and other stock-based awards. Additionally, the 2015 Plan provides for the grant of performance-based cash awards. ISOs may be granted only to the Company's employees. All other awards may be granted to the Company's employees, including officers, and to non-employee directors and consultants. As of March 31, 2016, there were 388,604 shares remaining available for the grant of stock awards under the 2015 Plan.

The Company has awarded stock options to its employees, directors, advisors and consultants, pursuant to the plans described above. Stock options subsequent to the completion of the Company's IPO are granted with an exercise price equal to the closing market price of the Company's common stock on the date of grant. Stock options generally vest over one to four years and have a contractual term of ten years. Stock options are valued using the Black-Scholes option pricing model and compensation cost is recognized based on the resulting value over the service period. Unvested awards to non-employees are re-measured at each vest date and at each financial reporting date. The following table summarizes stock option activity for employees and non-employees for the three months ended March 31, 2016:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2015	1,824,973	$ 8.34		
Granted	566,650	9.41		
Exercised	(5,817)	1.31		
Cancelled or forfeited	(49,138)	11.32		
Outstanding at March 31, 2016	2,336,668	$ 8.55	8.92	$ 7,680,874
Exercisable at March 31, 2016	482,454	$ 6.27	8.42	$ 2,757,241
Vested or expected to vest at March 31, 2016	2,116,993	$ 8.35	8.87	$ 7,501,472

Total stock-based compensation expense recognized for employee and non-employee restricted common stock, and stock options granted to employees and non-employees is included in the Company's condensed consolidated statement of operations as follows:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Research and development	$ 595,466	$ 957,210
Selling, general and administrative	922,695	788,550
Total	$ 1,518,161	$ 1,745,760

As of March 31, 2016, there was approximately $15,752,157 of total unrecognized compensation cost related to unvested equity awards. Total unrecognized compensation cost will be adjusted for the re-measurement of non-employee awards as well as future changes in employee and non-employee forfeitures, if any. The Company expects to recognize that cost over a remaining weighted-average period of 2.46 years.

In November 2015, the Company granted 150,000 performance-based stock options to an employee which are included in the table of stock option activity above. The options will vest based upon the achievement of certain future revenue milestones. As of March 31, 2016, the achievement of these vesting milestones was not considered probable. Unrecognized stock-based compensation expense related to this award was approximately $1,000,000 as of March 31, 2016. The Company records stock-based compensation expense for stock option grants subject to performance-based vesting over the remaining service period when management determines that achievement of the milestone is probable. Management evaluates when the achievement of a performance-based milestone is probable based on the relative satisfaction of the performance conditions as of the reporting date.

Employee stock purchase plan

In January 2015, the Company's board of directors adopted, and the Company's stockholders approved, the 2015 Employee Stock Purchase Plan (the "ESPP"), which became effective upon the date of execution of the underwriting agreement pursuant to which the Company's common stock was priced in connection with the IPO. As of March 31, 2016, the Company had not yet instituted any offering periods under the ESPP and no shares of the Company's common stock have been purchased under the ESPP.

9. Income taxes

Deferred tax assets and deferred tax liabilities are recognized based on temporary differences between the financial reporting and tax basis of assets and liabilities using statutory rates. A valuation allowance is recorded against deferred tax assets if it is more likely than not that some or all of the deferred tax assets will not be realized. Based upon the Company's history of operating losses and the uncertainty surrounding the realization of the favorable tax attributes in future tax returns, the Company has recorded a full valuation allowance against the Company's otherwise recognizable net deferred tax assets. There was no significant income tax provision or benefit for the three months ended March 31, 2016 or March 31, 2015.

10. Net loss per share

Basic net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted-average number of common shares and dilutive common stock equivalents outstanding for the period, determined using the treasury stock method and the if-converted method, for convertible securities, if inclusion of these is dilutive.

Because the Company has reported a net loss for the periods presented, diluted net loss per common share is the same as basic net loss per common share.

The following potentially dilutive securities outstanding, prior to the use of the treasury stock method or if-converted method, have been excluded from the computation of diluted weighted-average shares outstanding for the periods indicated, because including them would have had an anti-dilutive impact:

	March 31, 2016	March 31, 2015
Options to purchase common stock	2,336,668	1,154,161
Unvested restricted common stock	1,963,145	2,964,502
Unvested restricted common stock issued upon early exercise of stock options	—	37,064
Total	4,299,813	4,155,727

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

The following discussion and analysis should be read in conjunction with the unaudited financial information and the notes thereto included herein, as well as our audited consolidated financial statements and notes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2015. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of several factors, including those set forth under "Risk Factors" discussed in our Annual Report on Form 10-K for the year ended December 31, 2015.

Introduction

Our Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is provided in addition to the accompanying condensed consolidated financial statements and notes to assist readers in understanding our results of operations, financial condition, and cash flows. MD&A is organized as follows:

Overview - A discussion of our business and overall analysis of financial and other highlights affecting the company in order to provide context for the remainder of MD&A.

Results of Operations - An analysis of our financial results comparing the three months ended March 31, 2016 to the three months ended March 31, 2015.

Liquidity and Capital Resources - An analysis of changes in our condensed consolidated balance sheets and cash flows, and discussion of our financial condition and potential sources of liquidity.

Critical Accounting Policies and Significant Judgments and Estimates - A discussion of critical accounting policies that require us to make subjective estimates and judgments.

Overview

We are a biotechnology company that is developing innovative and proprietary treatments for nocturnal leg cramps, muscle cramps and spasms associated with severe neuromuscular conditions, and exercise-associated muscle cramps. Our product candidates are based on the potential mechanism of action we describe as Chemical Neuro Stimulation, which is the process by which a small molecule chemical signal, acting topically, induces a neuronal sensory signal that produces a beneficial effect. Our product candidates activate certain receptors in primary sensory neurons, which then act via neuronal circuits to reduce the repetitive firing, or hyperexcitability, of alpha-motor neurons in the spinal cord, thereby preventing or reducing the frequency and intensity of muscle cramps and spasms. We intend to initially focus our drug development efforts on developing products to treat nocturnal leg cramps, spasms, spasticity and cramping associated with multiple sclerosis and motor neuron disease, such as amyotrophic lateral sclerosis.

In the second quarter of 2016, we expect to launch a consumer brand with a cornerstone product to prevent and treat exercise-associated muscle cramps, or EAMCs. Using our extract formulation, we developed a consumer product that will be marketed primarily to endurance athletes experiencing EAMCs. Our cornerstone consumer product will be a 50 milliliter beverage containing a proprietary formulation of organic transient receptor potential, or TRP, ion channel activators. We expect to launch our consumer brand with our cornerstone product in the three select markets of Los Angeles, California, Boulder, Colorado and Boston, Massachusetts, and also expect a significant online presence. We have conducted pre-launch activities in each of these locations, which have

included, among other things, attending athletic events, providing product samples, gathering feedback, educating potential consumers of our product and launching a print and digital media campaign.

We have incurred an operating loss since our inception and we anticipate that we will continue to incur operating losses for at least the next several years. Our net loss was $9.6 million for the three months ended March 31, 2016 and $6.0 million for the three months ended March 31, 2015. Our accumulated deficit was $46.7 million as of March 31, 2016. To date, we have financed our operations with net proceeds from the private placement of our preferred stock and our initial public offering. We expect that our research and development and selling, general and administrative expenses will continue to increase from their current levels as we continue the development of our drug product candidates, and we will incur significant selling and marketing expense associated with the launch of our consumer brand, the launch of our cornerstone product in the second quarter of 2016 and any future consumer products. As a result, we will need additional capital to fund our future operations.

Recent Developments

On February 2, 2016, we announced that our extract formulation demonstrated efficacy in treating subjects with nocturnal leg cramps in a randomized, controlled, blinded study. In April 2016, we presented results from this study at the American Academy of Neurology (AAN) 68th Annual Meeting, where it had been selected for a late-breaking presentation. The extract formulation resulted in a median reduction of six total cramps over a two-week period compared with four cramps while the subjects were on vehicle control ($p<0.05$). During the treatment period, subjects saw a median increase of two total cramp-free nights compared with only one cramp free night while the subjects were on vehicle control ($p<0.01$). Statistically significant effects were also demonstrated on the following key endpoints: the physician-rated Clinical Global Impression of Change (CGI-C) ($p<0.01$); specific sleep disturbance measures ($p<0.05$); and specific pain measures ($p<0.01$). Additionally, the extract formulation appeared to be safe and well-tolerated and there were no serious adverse events reported. The positive effects were seen across a broad range of enrolled subjects; in addition, a subset of patients showed pronounced benefit.

Later this year, we expect to initiate another study in subjects with nocturnal leg cramps with a single molecule, TRP activator, with results expected in the first half of 2017. We expect this study will be a randomized, controlled, blinded, cross-over design and will be slightly larger than the previous study of our extract formulation. The study article will likely be formulated as an orally disintegrating tablet, or ODT. In addition, as part of our nocturnal leg cramps development program, we are also concurrently conducting smaller studies, exploring potentially alternative study designs, delivery mechanisms, dosage amounts and product formulations. We believe these studies will help inform the formal clinical trials that we expect to begin next year following the filing of an investigational new drug application, or IND, with the U.S. Food and Drug Administration.

In March 2016, we announced that Michelle Stacy, former President of Keurig Inc., had joined our Board of Directors.

In April 2016, we announced that results from a study showing our extract formulation prevented volitional muscle cramps were presented at the Experimental Biology conference. In the study, run by academics at The Pennsylvania State University, our extract formulation showed a statistically significant benefit in reducing muscle cramps in athletes as compared to vehicle control (as measured by the intensity-duration profile of voluntarily induced muscle cramps). Additionally, subject ratings of muscle soreness resulting from cramps were also lower compared to vehicle control. The research at the Noll Laboratory at Pennsylvania State University supports the development of our consumer product and complements our electrically-induced cramp model.

Components of Operating Results

Revenue

To date, we have not generated any revenue. In the future, we may generate revenue from a combination of consumer product sales, drug product sales, government or other third-party funding, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements, or a combination of these sources. To the extent any of our products are successfully commercialized, we expect that any revenue we generate will fluctuate from quarter to quarter as a result of the amount and timing of payments that we receive from the sale of our products, the timing and amount of license fees, milestone and other payments. If we fail to complete the development of our drug product candidates in a timely manner or obtain regulatory approval for them or fail to successfully commercialize our consumer products, our ability to generate future revenue, and our results of operations and financial position, would be materially adversely affected.

Cost of Production

We outsource the manufacture of our cornerstone consumer product to a co-packer. We began the initial production run of our cornerstone consumer product in the first quarter of 2016, in advance of our planned launch in the second quarter of 2016. The cost of production for the first quarter of 2016 includes an inventory write-off related to materials purchased for finished goods that, upon completion of production, are not expected to be sold based upon projected sales, a 12 month product shelf life and production requirements. Cost of production also includes depreciation expense related to manufacturing equipment purchased to support production.

Upon the launch of our cornerstone consumer product, cost of production (or cost of product revenue upon revenue generation) will include the cost of raw materials utilized in the manufacture of our consumer product, co-packing fees, repacking fees, in-bound freight charges, as well as other expenses incurred during the manufacture of the Company's finished goods. Also included in this cost will be any future write-offs of inventory that has become obsolete, that has a cost basis in excess of its estimated realizable value, or exceeds projected sales. The amount of any future inventory write-off will vary based upon factors such as inventory levels, production levels, projected sales of our consumer product and shelf-lives of our inventory components. If we are not successful in generating sufficient levels of revenue from our consumer product or if our other estimates prove to be inaccurate, additional inventory write-downs may be required.

Research and Development Expenses

Our research and development expenses to date have related primarily to the development and testing of our extract formulation for muscle cramps in the United States. We also incurred research and development expenses related to the testing and development of a single molecule, chemically synthesized, TRP ion channel activator, including FLX-787, our clinical candidate outside the United States. Research and development costs include salaries and other compensation-related costs, such as stock-based compensation, for research and development employees, costs of clinical studies of our extract formulation and drug product candidates including costs of clinical studies outside of the United States, costs for consultants who we utilize to supplement our personnel, fees paid to third-parties, facilities and overhead expenses, cost of laboratory supplies and other outside expenses.

Research and development activities are central to our business model. Drug product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect our research and development expenses to increase in the future as we increase personnel and compensation costs, increase our research efforts, conduct clinical studies and trials in multiple indications, and perform preclinical work on our drug product candidates. It is difficult to determine, with certainty, the duration and completion costs of our current or future preclinical programs, clinical studies and clinical trials of our product candidates.

In addition, the probability of success for each drug product candidate will depend on numerous factors, including competition, product safety and efficacy, manufacturing capability and commercial viability. We will determine which programs to pursue and how much to fund each program in response to the scientific and clinical success of our drug product candidates, as well as an assessment of each product candidate's commercial potential.

Research and development expenses also include costs incurred related to our cornerstone consumer product, including athlete-based efficacy studies, product formulation work, stability studies and other efforts.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of salaries and other compensation-related costs, including stock-based compensation, for personnel in executive, finance and accounting, legal, corporate communications and general administration roles. Other significant costs include professional service fees including legal fees relating to patent and corporate matters, accounting fees, insurance costs, costs for consultants who we utilize to supplement our personnel, travel costs, and facility and office-related costs not otherwise included in research and development expenses.

Selling, general and administrative expenses also include costs related to our consumer brand and our cornerstone product. To date, these costs have included personnel costs, brand development costs, market research costs, product design costs, pre-launch activity costs and other external costs. We are preparing to launch our cornerstone consumer product in the second quarter of 2016 and expect to initially target the following select geographic markets: Los Angeles, California, Boulder, Colorado and Boston, Massachusetts. We have continued pre-launch activities through March 31, 2016, which have included, among other things, attending athletic events, providing product samples, gathering feedback, educating potential consumers of our product, and launching a print a

nd digital media campaign. As we prepare to launch our cornerstone consumer product in the second quarter of 2016, costs will increase as we hire additional personnel to support our pre-launch and launch activities and incur costs related to branding, packaging, distribution, print and digital media and other related sales and promotion activities. In the future, we may also pursue relationships with endurance athletes, figures or teams prominent in the athletic community.

We anticipate that our selling, general and administrative expenses will increase in the future to support the commercialization of our cornerstone consumer product, the potential commercialization of future consumer products and drug product candidates and the increased general and administrative needs of the organization.

Interest Income, Net

Interest income, net primarily consists of interest income from our cash, cash equivalents and marketable securities, amortization and accretion of investment premiums and realized gains and losses.

Results of Operations

Three Months Ended March 31, 2016 Compared to the Three Months Ended March 31, 2015

The following table sets forth the results of operations for the three months ended March 31, 2016 compared to the three months ended March 31, 2015.

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Change
Costs and expenses:			
Cost of production	$ 197,020	$ —	$ 197,020
Research and development	4,387,079	2,804,946	1,582,133
Selling, general and administrative	5,111,695	3,216,212	1,895,483
Total costs and expenses	9,695,794	6,021,158	3,674,636
Loss from operations	(9,695,794)	(6,021,158)	(3,674,636)
Interest income, net	103,333	3,577	99,756
Net loss	$ (9,592,461)	$ (6,017,581)	$ (3,574,880)

Cost of Production

Cost of production was $0.2 million for the three months ended March 31, 2016 and primarily related to an inventory write-off of material purchased for finished goods that, upon completion of production, are not expected to be sold based upon projected sales, a 12 month product shelf life and production requirements. There was no cost of production for the three months ended March 31, 2015.

Research and Development Expenses

Research and development expenses were $4.4 million for the three months ended March 31, 2016 compared to $2.8 million for the three months ended March 31, 2015. The increase of $1.6 million was primarily related to:

- $1.3 million of increased costs related to IND-supporting pre-clinical activities for our drug product candidate, clinical studies of our extract formulation and clinical studies of alternate formulations of our extract formulation;
- $0.4 million of costs for clinical studies of our clinical candidate outside the United States, FLX-787;
- $0.3 million increase in salaries expense related to increased headcount; and

- $0.4 million decrease in stock-based compensation expense, primarily due to the impact of the lower current year stock price on the revaluation of non-employee stock awards, partially offset by current quarter stock option awards.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $5.1 million for the three months ended March 31, 2016 compared to $3.2 million for the three months ended March 31, 2015. The increase of $1.9 million was primarily related to:

- $0.9 million of increased personnel costs including salaries and other compensation-related costs, including stock-based compensation, as we added personnel to support the launch of our consumer brand with a cornerstone product, as well as additional administrative personnel hired to support our growth and increased activities;
- $0.8 million of increased external costs related to developing our consumer brand and cornerstone consumer product, including brand development and strategy costs, marketing and promotional costs and pre-launch activities. These costs increased in the current quarter in advance of the consumer launch in the second quarter of 2016;
- $0.1 million of increased external consulting costs incurred to supplement our general and administrative personnel due to increased personnel and activity; and
- $0.1 million increase in other costs, including professional service fees such as legal costs, due to increased activity versus the prior year.

Liquidity and Capital Resources

Overview

Since inception, we have incurred an operating loss and we anticipate that we will continue to incur operating losses for at least the next several years. To date, we have not generated any revenues. We expect that our research and development and selling, general and administrative expenses will continue to increase, and we will incur significant sales and marketing expense associated with the launch and commercialization of our consumer brand with our cornerstone consumer product. As a result, we will need additional capital to fund our operations, which we may raise through a combination of equity offerings, debt financings, other third-party funding, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements.

Since our inception, we have financed our operations through private placements of equity securities and our IPO, which we completed in February 2015. As of March 31, 2016, we had $84.4 million in cash, cash equivalents and marketable securities, which were held in bank deposit accounts, money market funds, corporate debt and U.S. government agency securities.

Sources of Liquidity

Cash Flows

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Net cash (used in) provided by:		
Operating activities	$ (9,173,624)	$ (4,140,734)
Investing activities	(3,521,036)	(26,395)
Financing activities	7,594	80,835,430
Net (decrease) increase in cash and cash equivalents	$ (12,687,066)	$ 76,668,301

Operating Activities

The increase in cash used in operations for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 was primarily due to our significant increase in operations. For the three months ended March 31, 2016, we incurred increased costs related to our personnel, increased costs related to our research and development efforts including clinical study costs, increased costs associated with our consumer product development and launch efforts and increased costs needed to support our operations.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2016 related to $3.4 million of net purchases and sales of marketable securities. We did not hold any marketable securities during the three months ended March 31, 2015. Property and equipment acquisitions increased $0.1 million primarily related to manufacturing equipment used to produce our consumer product.

Financing Activities

Net cash provided by financing activities was $7,594 during the three months ended March 31, 2016 compared to $80.8 million for the three months ended March 31, 2015. During the three months ended March 31, 2015, we completed our IPO, which resulted in net proceeds of $79.9 million.

As of March 31, 2016, we had no long-term debt.

We currently have no ongoing material financial commitments, such as lines of credit or guarantees that are expected to affect our liquidity over the next five years, other than leases.

Funding Requirements

We expect that we will require additional funding to support the launch and growth of our consumer brand and products and to develop and commercialize our drug product candidates. In addition, if we receive regulatory approval for any of our drug product candidates, and if we choose not to grant rights to commercialize our drug products to partners, we expect to incur significant commercialization expenses related to product manufacturing, sales, marketing and distribution activities. We also expect to incur additional costs to support our operations as well as the costs associated with operating as a public company.

Until we can generate a sufficient amount of revenue from our products, if ever, we expect to finance future cash needs through public or private equity or debt offerings. Additional capital may not be available on reasonable terms, if at all. If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we may have to significantly delay, scale back or discontinue the development or commercialization of one or more of our product candidates. If we raise additional funds through the issuance of additional debt or equity securities, it could result in dilution to our existing stockholders, increased fixed payment obligations and these securities may have rights senior to those of our common stock. If we incur indebtedness, we could become subject to covenants that would restrict our operations and potentially impair our competitiveness, such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. Any of these events could significantly harm our business, financial condition and prospects.

Our primary uses of capital are, and we expect will continue to be, compensation and related expenses, clinical costs, third-party research and development costs, legal and other regulatory expenses, manufacturing, marketing, promotion and selling costs related to our consumer brand and products, external consulting costs and general administrative and overhead costs. Our future funding requirements will be heavily reliant upon the resources required to support our drug product candidates as well as our consumer brand and products.

Pre-Clinical Drug Product Candidates

The successful development of any drug product candidate is highly uncertain. As such, at this time, we cannot reasonably estimate or know the nature, timing and costs of the efforts that will be necessary to complete the development of our future drug product candidates. We are also unable to predict when, if ever, material net cash inflows will commence from the sale of drug product candidates. This is due to the numerous risks and uncertainties associated with developing drug products, including the uncertainty of:

- successfully enrolling, and completing, clinical studies and trials;
- receiving marketing approvals from applicable regulatory authorities;
- establishing arrangements with third-party manufacturers;

- obtaining and maintaining patent and trade secret protection and regulatory exclusivity; and
- launching commercial sales of our products, if and when approved, whether alone or in collaboration with others.

A change in the outcome of any of these variables with respect to the development of any of our drug product candidates would significantly change the costs and timing associated with the development of that drug product candidate.

As all of our drug product candidates are in the early stage of development and the outcome of these efforts is uncertain, we cannot estimate the actual amounts necessary to successfully complete the development and commercialization of our drug product candidates.

Consumer Brand and Products

The development and launch of our consumer brand, our cornerstone product and future products is uncertain, including the timing and resources needed to support successful commercialization. Our future success depends, in large part, on our ability to implement a launch and growth strategy that establishes distribution and placement of our products, attracts consumers to our cornerstone product and future product offerings and maintains brand loyalty for our consumer products.

Our future funding requirements will be impacted by our ability to successfully launch and grow our consumer brand and products. Delays or unexpected costs related to the consumer brand and cornerstone product launch and growth plans could significantly change the costs and the timing of such costs associated with our consumer products

Outlook

Based on our research and development plans, our consumer brand and cornerstone product launch plans and our expectations of timing related to the progress of our clinical programs, we expect that our existing cash resources and marketable securities will enable us to fund our costs and expenses and capital expenditure requirements through mid-2018. We have based this estimate on assumptions that may prove to be wrong, however, and we could use our capital resources sooner than we expect. Additionally, the process of testing drug product candidates in clinical trials is costly, as are the resources required to launch a consumer brand and products, and the timing of progress of these efforts is uncertain.

Contractual Obligations

There have been no material changes to our contractual obligations from those described in our Annual Report on Form 10-K for the year ended December 31, 2015.

Off-Balance Sheet Arrangements

We did not have during the period presented, and we do not currently have, any off-balance sheet arrangements, as defined under SEC rules.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the condensed consolidated balance sheet and the reported amounts of expenses during the reporting period. In accordance with GAAP, we base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances at the time such estimates are made. Actual results may differ materially from our estimates and judgments under different assumptions or conditions. We periodically review our estimates in light of changes in circumstances, facts and experience. The effects of material revisions in estimates are reflected in our consolidated financial statements prospectively from the date of the change in estimate.

There have been no material changes to our critical accounting policies 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, 2015, other than as noted below.

Inventory

Inventory consists of costs related to the manufacture of our cornerstone consumer product, which is produced for us by a co-packer.

Beginning in the first quarter of 2016, we began to capitalize inventory costs associated with our cornerstone consumer product when it was determined that the inventory had a probable future economic benefit. Inventory is stated at the lower of cost or estimated net realizable value, on a first-in, first-out, or FIFO, basis. We periodically analyze our inventory levels, and write down inventory that has become obsolete, that has a cost basis in excess of its estimated realizable value or exceeds projected sales.

We may need to record additional inventory write-downs in the future which will vary based upon factors such as inventory levels, production levels, projected sales of our consumer product and shelf-lives of our inventory components. Our cornerstone consumer product is expected to have a 12 month shelf life upon launch. If we are not successful in generating sufficient levels of sales from our consumer product or if our other estimates prove to be inaccurate, additional inventory write-downs may be required.

During the first quarter of 2016, we recorded an inventory write-down of excess inventory totaling $0.2 million, based upon our analysis of projected sales, a 12 month product shelf life and production requirements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The market risk inherent in our financial instruments and in our financial position represents the potential loss arising from adverse changes in interest rates. As of March 31, 2016, we had cash, cash equivalents and marketable securities of $84.4 million. We invest our cash in a variety of financial instruments, principally money market funds, U.S. government securities, investment-grade corporate notes and commercial paper. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates. Available for sale securities that we invest in are subject to interest rate risk and may fall in value if market interest rates increase. Due to the short-term duration of our investment portfolio and the low risk profile of our investments, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our portfolio.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic and current reports that we file under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with the SEC 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 our management, including our chief executive officer and principal financial and accounting officer, as appropriate, to allow timely decisions regarding required disclosure.

As of March 31, 2016, we have evaluated, under the supervision and with the participation of our management, including the chief executive officer and the principal financial and accounting officer, the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Our 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 upon our evaluation, the chief executive officer and the principal financial and accounting officer concluded that our disclosure controls and procedures were effective. Accordingly, management believes that the condensed consolidated financial statements included in this report fairly present in all material respects our consolidated financial condition, results of operations and cash flow for the periods presented

Changes in Internal Control over Financial Reporting

During the three months ended March 31, 2016, there was no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently a party to any material legal proceedings.

Item 1A. Risk Factors

You should carefully review and consider the information regarding certain factors that could materially affect our business, financial condition or future results set forth under Item 1A. (Risk Factors) in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

There have been no material changes to the risk factors included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, except as follows:

Risks Related to Our Business Operations and Industry

We depend on third party manufacturers and suppliers, including sole source manufacturers and suppliers, for our consumer product. We may not be able to maintain these relationships and could experience supply disruptions outside of our control.

We rely on a network of third-party manufacturers to supply materials and manufacture our cornerstone consumer product. Our supply chain for sourcing raw materials and manufacturing is a multi-step endeavor. Third-party contract suppliers provide us with raw materials, and our co-packer converts these raw materials into finished goods available for sale. Establishing and managing this supply chain requires a significant financial commitment and the creation and maintenance of numerous third-party contractual relationships. Although we attempt to effectively manage the business relationships with companies in our supply chain, we do not have control over their operations. As a result of our reliance on these third-party manufacturers and suppliers, including a sole source co-packer and sole source suppliers of certain components of our consumer product, we could be subject to significant supply disruptions.

We currently rely, and expect to continue to rely, on a sole source third-party co-packer to manufacture, bottle and package our consumer product and have entered into a production agreement with this co-packer. We rely on other third-parties as the sole source of the raw materials for our consumer product and we have not yet entered into long term arrangements with these suppliers. There can be no assurance any of our sole source third-party manufacturers and suppliers will meet our commercial demands in a timely manner or that we will be to identify and establish relationships with qualified additional or back-up suppliers and manufacturers. Any supply or manufacturing disruptions could disrupt the sales of our consumer product, which could have a material, adverse impact on our business.

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

Recent sales of unregistered securities.

None.

Use of Proceeds

In February 2015, we completed our initial public offering pursuant to a registration statement on Form S-1 (File No. 333-201276), which the SEC declared effective on January 28, 2015. In our initial public offering, we issued and sold 5,491,191 shares of common stock (inclusive of 91,191 shares of common stock sold by us pursuant to the exercise of an overallotment option granted to the underwriters in connection with the offering) at a public offering price of $16.00 per share, for aggregate gross offering proceeds of $87.9 million. The managing underwriters for our initial public offering were Jefferies LLC, Piper Jaffray & Co., JPM Securities LLC, Cantor Fitzgerald & Co., and Roth Capital Partners, LLC.

The aggregate net proceeds received by us from our initial public offering were $79.9 million, after deducting underwriting discounts and commissions and offering expenses payable by us. No offering expenses were paid directly or indirectly to any of our directors or officers (or their associates) or persons owning 10% or more of any class of our equity securities or to any other affiliates or to any other persons.

There has been no material change in the use of proceeds from our initial public offering as described in our final prospectus dated January 28, 2015 and filed with the SEC pursuant to Rule 424(b)(4) on January 29, 2015.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit number		Description of Document
3.1	(1)	Amended and Restated Certificate of Incorporation of the Registrant.
3.2	(1)	Amended and Restated Bylaws of the Registrant.
4.1	(2)	Form of Common Stock Certificate of the Registrant.
4.2	(2)	Amended and Restated Investors' Rights Agreement, dated July 23, 2014, by and among the Registrant and certain of its stockholders.
10.1	†	Production Agreement with Aseptic Solutions USA, LLC ("Aseptic") and Flex Innovation Group LLC, a wholly owned subsidiary of the Registrant.
31.1		Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
31.2		Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
32.1		Certification of Principal Executive Officer and Principal Financial Officer pursuant to Rule 13a-14(b) or 15d-14(b) of the Exchange Act and 18 U.S.C. Section 1350.
101		The following materials from Flex Pharma, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, formatted in XBRL (eXtensible Business Reporting Language):(i) Unaudited Condensed Consolidated Balance Sheets, (ii) Unaudited Condensed Consolidated Statements of Operations (iii) Unaudited Condensed Consolidated Statements of Comprehensive Loss, (iv) Unaudited Condensed Consolidated Statements of Cash Flows, and (v) Notes to Unaudited Condensed Consolidated Financial Statements.

(1) Incorporated by reference to the Registrant's Current Report on Form 8-K, filed with the SEC on February 9, 2015.

(2) Incorporated by reference to the Registrant's Registration Statement on Form S-1 (File No. 333-201276), as amended.

† Confidential treatment requested under 17 C.F.R. ß200.80(b)(4) and Rule 24b-2. The confidential portions of this exhibit have been omitted and are marked accordingly. The confidential portions have been provided separately to the SEC pursuant to the confidential treatment request.

SIGNATURES

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

FLEX PHARMA, INC.

By: /s/ Christoph Westphal

Christoph Westphal, M.D., Ph.D.
President and Chief Executive Officer

By: /s/ John McCabe

John McCabe
Vice President, Finance (Principal Financial and Accounting Officer)

Date: May 4, 2016

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of this exhibit has been filed separately with the SEC.

Exhibit 10.1

PRODUCTION AGREEMENT

Dated: March 25, 2016

ASEPTIC SOLUTIONS USA, LLC, a California Limited Liability Company ("ASEPTIC") located at 484 Alcoa Circle, Corona, CA 92880 and Flex Innovation Group LLC ("CUSTOMER") located at 800 Boylston Street, 24th Floor, Boston, MA 02199 agree as follows:

1.SCOPE OF SERVICES:

1.1. By this Agreement, including any and all attachments, exhibits, and technical specifications, ASEPTIC and CUSTOMER are entering into a business relationship in which CUSTOMER will retain the services of ASEPTIC for the manufacturing, bottling and packaging of CUSTOMER'S products described further in the attached Exhibit A (hereinafter "Products"). Nothing in this Agreement will operate to place any restriction on ASEPTIC manufacturing products that are similar to the Products for parties other than CUSTOMER, provided that Aseptic shall not use the CUSTOMER's Confidential Information in the production of products for such third parties.

2.TERM:

2.1. The initial term of this Agreement shall be for a period of two years from the date set forth above (the "Initial Term"), and will automatically renew for one additional one (1) year period, unless either party elects not to renew by providing written notice of non-renewal at least [**] days prior to expiration of the initial term. All such notices shall be in writing, consistent with the provision of Section 26 herein.

2.2. Upon and after the expiration or termination of this Agreement, the following provisions shall apply: (i) CUSTOMER shall pay to ASEPTIC all sums owing to ASEPTIC for outstanding, undisputed Product invoices; (ii) the parties shall make a good faith effort to resolve and settle any outstanding accounts or claims between them; (iii) except as otherwise agreed in writing work in progress on purchase orders accepted by ASEPTIC shall be completed and delivered and paid by CUSTOMER in accordance with this Agreement; (iv) CUSTOMER agrees to buy back at cost from ASEPTIC any and all special, unique, unusable or expired packaging items and/or raw materials purchased by ASEPTIC at the request of CUSTOMER in accordance with Section 8.7 (v) each party shall immediately cease using and return all Confidential Information and other proprietary data pertaining to the other party in accordance with Section 22. All of the items above shall take place within [**] of the termination or expiration of the Agreement.

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of this exhibit has been filed separately with the SEC.

3.EXCLUSIVITY

During the term of this Agreement, and any renewal periods, CUSTOMER shall not engage another co-packer to manufacture commercial quantities of the Products in the following U.S. states (the "Territory"): [**]. Notwithstanding the foregoing, nothing in this Agreement shall restrict CUSTOMER from engaging a third party to manufacture the Products in the Territory if during the Initial Term, [**].

4.ALLOCATION OF PRODUCTION CAPACITY:

The fees quoted in Exhibit A are based upon the manufacture of [**] units of the Product per year (the "Estimated Units"). In the event CUSTOMER submits purchase orders in any year that are, in the aggregate, less than the Estimated Units, ASEPTIC and CUSTOMER will negotiate in good faith an appropriate increase in fees for the future manufacture of Product. In the event CUSTOMER submits purchase orders in any year that are, in the aggregate, in excess of the Estimated Units, ASEPTIC and CUSTOMER will negotiate in good faith an appropriate decrease in fees for the future production of Product. ASEPTIC will use its best efforts to allocate sufficient production capacity each year to manufacture the Estimated Units, as such number of units may be adjusted in any forecast provided by CUSTOMER and approved by ASEPTIC.

5.PURCHASE ORDERS AND PAYMENT:

5.1. Each purchase order submitted by CUSTOMER pursuant to this Agreement shall include a delivery date for the Products to be manufactured pursuant to such purchase order. Unless the parties otherwise agree, in no event shall the delivery date set forth in a purchase order be less than the [**] days from the date such purchase order was submitted to ASEPTIC.

5.2. CUSTOMER shall place purchase orders with ASEPTIC, and ASEPTIC shall sell and deliver to CUSTOMER, quantities of the Products under the terms of this Agreement and such Purchase Orders. ASEPTIC shall manufacture and package the Products in strict compliance with the standards and specifications attached as Exhibit A and made a part of this Agreement (the "Specifications"), as such Specifications may be amended from time to time by written notice of CUSTOMER to ASEPTIC. Any modifications to the Specifications shall be appended to this Agreement. All purchases of the Products by CUSTOMER under this Agreement shall be pursuant to, and under the terms and conditions of, a duly authorized and issued CUSTOMER purchase order. The terms and conditions of the CUSTOMER purchase order form shall be in addition to and not in limitation of the terms and conditions of this Agreement. Any inconsistencies between the terms and conditions of the CUSTOMER purchase order form and this Agreement shall be resolved in favor of the terms and conditions of this Agreement. Any terms or conditions appearing on or incorporated into any invoice forms or other documents sent by ASEPTIC which are inconsistent with or in addition to the terms and conditions of this Agreement shall not apply.

5.3. Changes to the Specifications must be provided by CUSTOMER to ASEPTIC at least [**] days prior to the scheduled delivery date set forth in an applicable Purchase Order. All pack out instructions must be received by ASEPTIC at least [**] days prior to the scheduled delivery date.

5.4. Subject to Section 5.2 CUSTOMER shall have the right at any time to make changes in Specifications, quality requirements, materials packaging and time of delivery. CUSTOMER will provide these changes in writing to ASEPTIC. If any such changes cause an increase or decrease in the cost or the

time required for the performance of such changes, an equitable negotiated adjustment to Exhibit A shall be made in writing and signed by both CUSTOMER and ASEPTIC.

5.5. ASEPTIC shall manufacture all quantities of the Products specified in a duly authorized purchase order from CUSTOMER. Within [**] of receipt of a purchase order, ASEPTIC shall notify CUSTOMER in writing if it will not be able to manufacture Products in accordance with the delivery date specified in such purchase order. Following such notice, the parties shall work in good faith to determine the delivery date for such Products, which in no event shall be more than [**] days following the delivery date originally included in the applicable purchase order. ASEPTIC agrees to use all reasonable commercial endeavours to deliver the Products by the scheduled delivery date included in the Purchase Order; provided that nothing in this Agreement shall obligate ASEPTIC to give the CUSTOMER priority over any other customer of ASEPTIC with regard to the supply or delivery of the Products.

6. PAYMENT:

6.1. ASEPTIC shall invoice CUSTOMER for the Products on the date the Products have been delivered to CUSTOMER in accordance with Section 9 and released by ASEPTIC. Terms of payment shall be net [**] days from the date of delivery.

6.2. CUSTOMER shall pay to ASEPTIC in full and complete consideration for the manufacture of the Products, the prices specified on Exhibit A, attached hereto and made part hereof, for all Products manufactured, processed, and delivered in strict compliance with the Specifications and delivered as herein set forth.

7.PRODUCTION PLANNING:

7.1. CUSTOMER and ASEPTIC will work together to develop written [**] of the Products required. The [**] production forecast exists for the purpose of securing material supply and planning production capacity. ASEPTIC and CUSTOMER will work together to ensure that [**] production forecasts can be met. ASEPTIC will procure materials to meet the [**] production forecast and CUSTOMER and ASEPTIC will work together and agree upon the amount of materials to order and/or release [**].

7.2. ASEPTIC will provide, in writing to CUSTOMER any require investments or changes to its production facilities and/or systems to meet the [**] forecast. ASEPTIC and CUSTOMER will agree to any such investments in writing.

7.3. Any forecasts established pursuant to this Section 7 shall not be binding or otherwise limit or obligate CUSTOMER in its order of Products under this Agreement. Notwithstanding anything contained herein to the contrary, CUSTOMER shall not be required to purchase any minimum quantity of the Products.

7.4. ASEPTIC and CUSTOMER will agree upon Standard Loss Allowances in Exhibit B. [**] ASEPTIC will work with CUSTOMER to assist in improvement of material supply from approved suppliers, as well as participation in yield and loss improvement. Unless the parties otherwise agree in writing, CUSTOMER shall not be responsible for any losses in excess of such Standard Loss Allowances.

8.MATERIALS AND INGREDIENTS:

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of this exhibit has been filed separately with the SEC.

8.1. ASEPTIC will visually inspect CUSTOMER'S incoming materials and ingredients that are not supplied by ASEPTIC, and where appropriate, ASEPTIC will conduct random quality control tests and/or analysis of raw materials and ingredients specific to ASEPTIC'S normal and customary inspections. Should additional testing be required, including but not limited tests required by applicable dietary supplement / beverage regulations, such tests are subject to added charges or fees, which shall be agreed upon by the parties. ASEPTIC specifically excludes any warranties or guarantees regarding the quality or suitability of any materials or ingredients supplied by Customer, and CUSTOMER accepts full and total liability for all defective, imperfect, or otherwise unusable products resulting from improper, substandard or defective raw materials, ingredients, labels or packaging supplied by CUSTOMER or any third party on CUSTOMER'S behalf.

8.2. CUSTOMER is responsible to make sure that all ingredients and packaging supplied by them or their vendors are in usable condition, conform to the product specifications and are delivered to ASEPTIC'S production facility at least [**], but not more than [**], prior to ASEPTIC'S production schedule, unless other arrangements are approved by Aseptic in writing.

8.3. CUSTOMER shall provide a complete and valid Certificate of Analysis for all raw materials intended for use. Such Certificate of Analysis must accompany goods upon delivery. CUSTOMER shall be responsible for all ingredient testing required to qualify its vendors that provided dietary ingredient components, if applicable.

8.4. All ingredients provided by CUSTOMER shall be in full original containers (no partial containers) and must have a minimum of [**] percent ([**]%) remaining on its useable shelf life unless otherwise agreed in writing by ASEPTIC.

8.5. Any loss of ASEPTIC'S production time directly attributable to defective, out-of-specification, incomplete or untimely ingredients, raw materials, or packaging material supplied by CUSTOMER are subject to "downtime" charges of [**]. Such charges shall (i) be measured from [**], and (ii) in no event, exceed [**]. If the downtime for a production run exceeds [**], then ASEPTIC shall be entitled to manufacture products for its other customers.

8.6. All ingredients and raw materials that ASEPTIC supplies and uses for the manufacture of the Products ("Aseptic Ingredients") shall strictly conform to the Specifications. Suppliers of all other raw materials and ingredients for use in the manufacture of the Products shall be subject, at CUSTOMER's option, to the review and approval by CUSTOMER before receipt and use of raw materials and ingredients from such supplier. Such approval of ASEPTIC's suppliers shall not be unreasonably withheld. Any such review and approval of suppliers by CUSTOMER shall be gratuitous and shall not (i) relieve ASEPTIC of its obligations under this Agreement, including the duty to inspect all incoming raw materials and insure that they meet the Specifications, or (ii) constitute acceptance by CUSTOMER of any raw materials, ingredients, Products, or portion thereof. Nothing contained in this Agreement shall require that CUSTOMER use or purchase any Aseptic Ingredients for the manufacture of the Products.

8.7. At the termination of this Agreement, or anytime during the term of this Agreement on the request of ASEPTIC, CUSTOMER agrees in its discretion to buy back at its cost surrender or request ASEPTIC to dispose any and all special, unique, unusable or expired packaging items, ingredients and/or raw materials purchased by ASEPTIC at the request of CUSTOMER. ASEPTIC shall not make a request pursuant to the preceding sentence within [**] of its purchase of such packaging items, ingredients and materials. CUSTOMER shall pay ASEPTIC the actual and related costs of storing or disposing of the

materials and ingredients. In any event ASEPTIC shall have no liability for such materials or ingredients [**] days after such notification unless agreed to in writing.

9.DELIVERY OF PRODUCTS:

9.1. ASEPTIC shall package the Products in accordance with CUSTOMER's specifications. ASEPTIC shall deliver all Products purchased under this Agreement to CUSTOMER [**]. Until [**], risk of loss, outside of Standard Loss Allowances, for raw materials and work in process under ASEPTIC's control will be the sole responsibility of ASEPTIC and ASEPTIC will take all reasonable care in its storage of the Products on CUSTOMER's behalf.

9.2. ASEPTIC shall notify the CUSTOMER promptly of any delays or threatened delays in its performance. No acceptance of Products after the scheduled delivery date will waive CUSTOMER 's rights with respect to such late delivery, nor shall it be deemed a waiver of future compliance with the terms hereof.

9.3. All quality testing on the Products, including microbial testing shall be conducted by ASEPTIC. Products will be released to Customer on "QC Hold" immediately after production is completed pending results of microbiological testing. CUSTOMER agrees to not distribute or sell Products until a Certificate of Analysis is issued and the products have been unconditionally released by ASEPTIC.

9.4. ASEPTIC will manage all appropriate documentation for CUSTOMER to validate receipts against invoices for ingredients provided by CUSTOMER. ASEPTIC will manage inventories of raw materials and packaging materials at ASEPTIC's location (s). At CUSTOMER's request, ASEPTIC will provide copies of receipts and applicable inventory reports to CUSTOMER.

9.5. Risk of loss or damage to the Products shall pass to CUSTOMER upon [**].

9.6. CUSTOMER and ASEPTIC may mutually agree to store finished Products at the ASEPTIC warehouse located at 510 Alcoa Circle, Corona, CA, 92880. Once the Products have been delivered to this location, all Risk in the Products shall pass to CUSTOMER. CUSTOMER shall be liable to ASEPTIC for storage costs as listed in Exhibit A. ASEPTIC will provide a secure, suitable area at 510 Alcoa Circle for the Products and shall use reasonable care in maintaining the location. CUSTOMER shall insure and keep insured under an insurance policy acceptable to ASEPTIC all of the Products against loss of damage by theft, fire or such other perils as ASEPTIC may require. The CUSTOMER will cause ASEPTIC to be names as an additional insured and loss payee on such insurance policy, and, upon the request of ASEPTIC will procure from ASEPTIC insurer a certificate of CUSTOMER compliance with this provision.

10.ACCEPTANCE AND REJECTION PROCEDURES:

10.1. In the event that the Products (including their packaging) do not conform to the Specifications or applicable Laws (as defined below), CUSTOMER shall within [**] reject the Products and provide written notice to ASEPTIC describing the deficiencies [**] (such nonconformance will be referred to as "Deficiencies") in sufficient detail to allow ASEPTIC to correct the Deficiencies. Deficiencies include, but are not limited to: failure to meet labeling requirements caused by or arising from ASEPTIC's manufacturing, packaging or any part of the production of the Products within

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of this exhibit has been filed separately with the SEC.

ASEPTIC's purview or control; packaging of Products that does not conform with CUSTOMER s packaging specifications: microbial issues caused by improper sanitation; or loss of Products while stored in ASEPTIC's warehouse due to damage or negligence of ASEPTIC.

10.2. If CUSTOMER fails to give notice as specified in Section 10.2 then, [**] the Products shall conclusively be presumed to comply with the Product Specification and warranties in Section 16 below and, accordingly, CUSTOMER shall be deemed to have accepted the delivery of the Products in question and ASEPTIC shall have no liability to CUSTOMER with respect to that delivery (except in relation to liability for any latent Deficiencies which is not apparent on reasonable visual inspection by the CUSTOMER).

10.3. ASEPTIC is obligated to correct the Deficiencies so that the Products conform to the applicable Specifications or Laws at ASEPTIC's cost; provided, however, that Deficiencies shall exclude deficiencies caused by product formulations or materials provided by CUSTOMER.

10.4. The procedure in this Section 10 will be repeated with respect to revised Products to determine whether they are reasonably acceptable to CUSTOMER, unless and until CUSTOMER issues a final rejection of the revised Products, which final rejection shall not occur until the Products have been rejected on [**]. In the event of an unresolved dispute as to conformity of the Products with the Specifications or applicable Law, the parties shall within [**] days of CUSTOMER's written rejection or CUSTOMER's claim for failure of the Products to conform to the above standards, jointly appoint an independent laboratory to undertake the relevant testing and its findings shall be conclusive and binding upon the parties. The parties shall ensure that such independent laboratory is bound to the parties by obligations of secrecy no less strict than those applying to the parties under this Agreement. All costs related to this dispute process shall be borne by the unsuccessful party. If CUSTOMER issues a final rejection of any Products pursuant to this Section 10, CUSTOMER may charge back the Products to the ASEPTIC at the price CUSTOMER paid plus the cost of logistics, shipping or storage. ASEPTIC must pay back such charges within [**] of the CUSTOMER's final rejection of the Products. In addition, if the Products are rejected after delivery, ASEPTIC shall be fully responsible for the Products including but not limited to promptly issuing a credit or full refund, as appropriate for any properly rejected Products. If ASEPTIC fails to correct the Deficiencies, the CUSTOMER may terminate this Agreement immediately.

11. ADDITIONAL FEES:

11.1. The prices provided in Exhibit A are based upon all available information provided by CUSTOMER to ASEPTIC. Any additional services required by CUSTOMER that are not specifically included in Exhibit A, such as additional equipment changeovers, frozen drum chipping fees, certifications (Organic, Kosher etc.), additional lab testing including but not limited to dietary supplement ingredient testing, finish product testing, and end of shelf life testing, tests requested by CUSTOMER or required by law, nitrogen dosing, special packaging, unique formulations, logistic requests or changes which reduce efficiency, are subject to additional fees as determined by ASEPTIC's normal and customary practices. Where circumstances allow, ASEPTIC will provide notice and an estimate of fees prior to incurring extra charges. All such changes or modifications must be mutually agreed upon by the parties.

12. SPECIFICATIONS:

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of this exhibit has been filed separately with the SEC.

12.1. ASEPTIC acknowledges that CUSTOMER is and shall remain the owner of all recipes, formulations, Specifications, artwork, graphics, and label copy furnished by, or developed for, CUSTOMER and other confidential and proprietary information relating to the Products.

12.2. ASEPTIC shall manufacture the Products according to the Specifications, and in compliance with all governmental regulations and ASEPTIC'S professional standards and abilities.

12.3. Any changes or modifications to CUSTOMER'S Products, including formulations, ingredients, processes, and material handling, are subject to additional fees to reflect any increased or decreased cost of manufacture by ASEPTIC. All such additional fees shall be mutually agreed upon by the parties.

13. RECALL PROCEDURE:

13.1. If ASEPTIC has knowledge of a defect that would compromise the integrity or safety of the Product, mislabeling or non-conformance with the Specifications or Laws, ASEPTIC must notify the CUSTOMER as soon as practicable. In the event that CUSTOMER reasonably determines that is necessary or advisable to recall or otherwise remove a shipment of Products from the distribution system or marketplace for any reason, ASEPTIC shall cooperate fully in such recall or removal under such procedures as CUSTOMER shall reasonably proscribe or as mandated by applicable Laws. ASEPTIC shall be responsible for the cost of a recall to the extent such recall is attributable to ASEPTIC's negligence or willful misconduct in manufacturing the Products or if ASEPTIC has breached the warranties set forth in Section 16 hereof or elsewhere in this Agreement. Furthermore, if the recall is attributable solely to CUSTOMER's negligence or willful misconduct or due to any use, misuse or failure to comply with ASEPTIC's reasonable instructions in relation to the Products after delivery, CUSTOMER shall assume all costs associated with such recall. Unless precluded under applicable Laws, ASEPTIC shall not have the right to initiate any Product recalls without CUSTOMER's prior written consent and ASEPTIC shall immediately notify CUSTOMER of any communications from or with any governmental or quasi-governmental entity relating to the Product or the Facility. In the event a recall was legally required and not as a result of a failure by either party the costs shall be borne equally. If such defect is caused by or arises out of ASEPTIC's negligence, CUSTOMER may terminate this Agreement in accordance with the requirements of Section 24.1.1.

14. FACILITY ACCESS:

14.1. ASEPTIC shall manufacture the Products at its processing facilities at Corona, California or at such other facility as CUSTOMER and ASEPTIC shall mutually agree (the "Facility"). ASEPTIC warrants that the Facility is capable of manufacturing and processing the Products in accordance with the requirements of this Agreement and that ASEPTIC now solely operates, and for the term of this Agreement solely shall operate the Facility and all processing equipment located in the Facility. ASEPTIC represents and warrants that the Facility is registered with NSF International and complies with all applicable standards, protocols, criteria and requirements for facilities registered with NSF International. The manufacture of the Products shall comply with all applicable standards, protocols, criteria and requirements to enable the Products be certified by NSF International.

14.2. ASEPTIC will allow CUSTOMER, or any organization certifying the CUSTOMER'S Products, escorted access to the Facility during production, testing and storage of CUSTOMER'S products for the purposes of observing the manufacturing, testing, labeling, packaging and storing of

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of this exhibit has been filed separately with the SEC.

Products. CUSTOMER agrees to give CUSTOMER reasonable notice of any proposed visit to the Facility. Any such visits shall be during normal business hours on workdays.

15. QUALITY CONTROL AND RECORDS:

15.1. ASEPTIC shall maintain a quality control function to ensure product quality. ASEPTIC shall maintain sufficient records to demonstrate compliance and provide such documents to CUSTOMER upon request of CUSTOMER. CUSTOMER and ASEPTIC will work in good faith to set quality control inspection methods and frequency.

15.2. ASEPTIC shall comply with all applicable industry quality guidelines.

15.3. ASEPTIC shall maintain all records of chemical, physical, microbiological, and process tests of the basic ingredients and packaging materials, intermediate products, and finished Products that ASEPTIC conducts or that it requires from its suppliers. ASEPTIC shall make all record and reference samples relating to the Product available for inspection by CUSTOMER's duly qualified personnel or by the relevant governmental or regulatory authority.

15.4. ASEPTIC shall make available to CUSTOMER manufacturing batch reports and test results at the end of any Product run as requested by CUSTOMER. ASEPTIC shall make available to CUSTOMER or regulatory agencies the executive summary, providing reasonable detail, of the following items if applicable to the production of the Products or the ingredients used therein: of safety audit reports, GMP audits and other audit reports, HACCP Plan, product safety assessments, recall plan and procedures and any substantiated claims and testing results to support such claims. ASEPTIC shall immediately notify CUSTOMER in writing and by telephone, in the event of any known deviations of such processes or deviations that may compromise safety, product integrity, product labeling, consumer safety, compliance with Specifications or Laws describing in detail the deviation, including steps necessary to remedy, and discussion of possible resolution of any problems which have arisen.

15.5. For a period of at least [**] years from the date of manufacture, ASEPTIC agrees to keep records, reports, test results and certifications relating to the manufacture of the Products (including all such records, reports, test results and certifications described in this Section 15), and upon request of CUSTOMER, to make these records available to CUSTOMER for inspection and/or photocopying.

15.6. Notwithstanding the foregoing, ASEPTIC shall not be required to provide CUSTOMER with information pursuant to Sections 15.3 through 15.5 that ASEPTIC reasonably deems confidential and proprietary (e.g., ASEPTIC processing technology).

16. WARRANTIES AND LIMITATION OF DAMAGES:

16.1. ASEPTIC warrants to CUSTOMER that (i) all Products provided to CUSTOMER pursuant to this Agreement shall be produced and packaged in strict accordance with the Specifications, and shall not be adulterated or misbranded within the meaning of, the Federal Food, Drug, and Cosmetic Act, as amended (the "FD&C Act"), the Dietary Supplement Health and Education Act of 1994 and all other applicable federal, state and local laws, rules and regulations (collectively, "Laws"), (ii) no Products provided to CUSTOMER pursuant to this Agreement shall be an article which may not, under the applicable provisions of the FD&C Act, be introduced into interstate commerce, (iii) all packaging

material utilized in connection with the Products provided to CUSTOMER pursuant to this Agreement shall be free of any poisonous or deleterious substance which may make the Products enclosed therein fail to conform to clause (i) or (ii) of this paragraph, (iv) all materials, ingredients, supplies, and packaging materials that ASEPTIC uses in the manufacture of the Products (other than materials and ingredients provided by CUSTOMER) ("ASEPTIC Sourced Goods") shall be provided by suppliers approved by the CUSTOMER and comply with the specifications provided by CUSTOMER for such goods; (v) ASEPTIC shall pass through to CUSTOMER any warranty provided by supplier of the ASEPTIC Sourced Goods and provide CUSTOMER with a certificate of analysis relating to any such goods; (vi) ASEPTIC shall conduct tests reasonably necessary to ensure that the Products provided to CUSTOMER pursuant to this Agreement are safe for human consumption and conform to the requirements of this Agreement when delivered to CUSTOMER, and (vii) all Products shall be manufactured in accordance with applicable standards, criteria and requirements to enable the Products to be certified as Organic and/or Kosher.

16.2. ASEPTIC further warrants that in performance of work under this Agreement it has complied with or shall comply with all applicable federal, state, local laws and ordinances now or hereafter enacted including, but not limited to OSHA, the Fair Labor Standards Act of 1938 (29 USC 20 1 -2 1 9), the Foreign Corrupt Practices Act (15 USC 78), and the Equal Opportunity and Affirmative Action Regulations.

16.3. [**]

16.4. [**]

16.5. CUSTOMER warrants and guarantees (i) the Products manufactured in accordance with the Specifications, (ii) ingredients and packaging supplied by Customer and its vendors (other than ASEPTIC), and (iii) label information and claims, conform with all requirements in all countries, territories, municipalities, counties and the like for which the products are intended to be sold or distributed.

16.6. ASEPTIC shall not be responsible for any damages to the extent such damages result from: (a) any warehousing, distribution or handling of the Products once they leave ASEPTIC'S control, (b) the negligence or willful misconduct of CUSTOMER, its employees, representatives or agents, or (c) defects or other non-conformity of any ingredient or material supplied CUSTOMER or any of CUSTOMER's vendors (other than ASEPTIC), utilized in the production of Products or an incorrect Product Specification, unless such damages are caused by the negligence of ASEPTIC.

16.7. EXCEPT FOR THE WARRANTIES SET FORTH IN THIS AGREEMENT, ASEPTIC SPECIFICALLY DISCLAIMS ALL WARRANTIES OR GUARANTEES, EXPRESS OR IMPLIED, ARISING BY OPERATION OF LAW OR OTHERWISE, INCLUDING WITHOUT LIMITATION, WARRANTIES REGARDING THE QUALITY OR SUITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT TO THE MAXIMUM EXTENT PERMITTED UNDER LAW.

CUSTOMER and ASEPTIC specifically disclaim and waive as to each other and their respective officers, directors, employees and agents, any and all punitive, exemplary and consequential damages, whether arising in contract, tort or any other theory, even if informed of the possibility of such damages and notwithstanding any failure of essential purpose of any limited remedy provided herein.

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of this exhibit has been filed separately with the SEC.

In no event (including, without limitation, any termination of this Agreement in accordance with the terms hereof) will either party be liable to the other party for any indirect, special or consequential damages whatsoever (including, without limitation, lost profits) arising out of or relating to this Agreement or either party's performance under this Agreement. Nothing in this Section 16 shall exclude any liability on the part of either party for fraud or fraudulent misrepresentation or for death or injury resulting for negligence of such party. Except for a party's breach of Section 22 of this Agreement, each party's liability to the other party shall not exceed [**].

16.8. Should CUSTOMER elect to include a "Best By Date" or "Expiration Date" beyond the applicable warranty periods stated herein above, CUSTOMER shall assume all risk of loss, damage or claims made by third parties, and indemnify and defend ASEPTIC, to the extent that such loss, damage or claim results solely from human consumption of the Products beyond the applicable warranty period stated herein. For the avoidance of doubt, CUSTOMER does not assume any such risk of loss, damage or claims or indemnity obligations if the cause of such loss, damage or claim was present prior to the expiration of such warranty period.

16.9. CUSTOMER warrants that its labeling, design, Product claims, nutritional information, ingredient identification, and all matters related to its labeling are true and lawful, and not copyrighted or patented by any third party. CUSTOMER also guarantees ASEPTIC that all ingredient labeling and formulas are true and accurate and in material compliance with all applicable state and federal laws of the United States and all other countries that CUSTOMER intends to sell or distribute its products. CUSTOMER agrees to indemnify and defend ASEPTIC from all liability, damages, including reasonable attorney fees that may be incurred in any legal action connected with such infringements, false claims, misleading statements, including errors and/or omissions intended or not, which ASEPTIC finds necessary to defend.

17. DIETARY SUPPLEMENTS:

17.1. If one or more of CUSTOMER'S Products set forth in Exhibit A to this Agreement are Dietary Supplements as defined under the Dietary Supplement Health and Education Act of 1994 (DSHEA), then CUSTOMER shall comply with all FDA regulations, requirements and guidelines pertaining to Dietary Supplements including, but not limited to the Dietary Supplement Health and Education Act of 1994 (DSHEA) and 21 CFR 111.

17.2. Customer shall provide ASEPTIC with, and any and all certificates and independent laboratory testing results validating the identity, strength, quality and purity of all Dietary Supplement components and ingredients supplied by CUSTOMER. Vendor Certificates of Analysis for each ingredient are also required by CUSTOMER at the time of delivery and must be provided by CUSTOMER. Certificates of Analysis will not be a substitute for the independent third party testing and validation required under 21 CFR 111 unless CUSTOMER provides supporting documentation evidencing the Vendor has been qualified as defined by 21 CFR 111.

17.3. CUSTOMER shall also be responsible for the cost of all testing and validation of the active ingredients or components in the finished Products. Should CUSTOMER elect to conduct such tests, CUSTOMER shall provide ASEPTIC with copies of all test results immediately upon CUSTOMER receiving the test results and prior to Product being released by ASEPTIC. In the event CUSTOMER fails to test the finished Products or fails to provide ASEPTIC with timely test results, ASEPTIC shall

conduct any and all tests required to comply with all governmental regulations either internally or through outside laboratories. CUSTOMER agrees to reimburse ASEPTIC for the costs of the tests as well as ASEPTIC's cost and expenses associated with conducting the tests or obtaining the test results from independent laboratories. For the avoidance of doubt, nothing in this Section 17.3 shall relieve ASEPTIC from performing the microbial testing required by Section 9.3.

18. ACIDIFIED FOODS:

18.1. If one or more of CUSTOMER'S Products are determined either by ASEPTIC or any Governmental Agency to be an "acidified food" as defined under Title 17 California Code of Regulations, 21 CFR 108, 21 CFR 114 or other Governmental regulation, then ASEPTIC may be required to submit CUSTOMER'S formula(s) for evaluation and determination of the proper process authority prior to producing the affected Product.

18.2. CUSTOMER acknowledges that Products so designated as "acidified foods" may require substantially different process parameters, including but not limited to thermal processing times and/or temperatures than similar products that fall under high acid definition, or require other changes to Product specifications to comply with the Regulations. ASEPTIC reserves the right to i) refuse to produce the acidified formulations, ii) request CUSTOMER to reformulate the Product to acceptable pH limits, and/or iii) increase the tolling fees to account for any increased costs related to new process recommendations.

19. INDEMNITY:

19.1. ASEPTIC shall indemnify CUSTOMER (including its parent, affiliate, and subsidiary companies) and its customers, officers, employees and affiliates from and against all losses, claims, damages, and expenses (including, but not limited to, expenses of investigation, settlement, litigation, and attorneys' fees incurred in connection therewith) from recalls by governmental authorities, or by CUSTOMER in reasonable anticipation of a governmental recall, of any of the Products that ASEPTIC ships or delivers pursuant to this Agreement, or other losses, claims, damages, actions, and expenses (including, but not limited to, expenses of investigation, settlement, litigation, or attorneys' fees incurred in connection therewith) to which CUSTOMER (including its parent, affiliate, and subsidiary companies) may become subject by reason of any breach by ASEPTIC of the warranties or representations provided in Section 16 of this Agreement.

20. TAXES:

20.1. CUSTOMER shall pay all applicable sales, value added, use taxes, excise taxes, CRV fees, and/or import duties or amounts levied in lieu thereof imposed under the authority of any taxing jurisdiction, or if exempted, CUSTOMER shall furnish ASEPTIC with the appropriate exemption certificates or other documentation as may be required.

21. TRADEMARKS AND TRADE NAMES:

21.1. Nothing contained in this Agreement shall be deemed to give ASEPTIC any right, title, or interest in or to CUSTOMER'S trademarks and trade names, or the trademarks and trade names of any parent, affiliate, or subsidiary company of CUSTOMER. ASEPTIC may not use any of such trademarks or trade names, except as CUSTOMER authorizes in writing.

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of this exhibit has been filed separately with the SEC.

22. CONFIDENTIAL INFORMATION:

22.1. During the course of their business relationship, each party may disclose to the other party certain information which the disclosing party considers proprietary and confidential, including but not limited to the terms of this Agreement as well as information concerning Product formulations, the Specifications, manufacturing and processing methods, business and technology plans, distribution strategies, sales, costs, pricing, marketing, customers, suppliers and research and development (collectively, "Confidential Information"). For purposes hereof, information that is already in the public domain, or subsequently becomes available to the public, shall not be considered to be Confidential Information. The parties each agree that all Confidential Information shall be used by the receiving party solely for the purposes contemplated by this Agreement, shall be kept strictly confidential and shall not, without the disclosing party's prior written consent, be disclosed by the receiving party in any manner whatsoever, except as required to comply with applicable laws or regulations, or with a court or administrative order, subpoena, civil investigative demand or other legal process. The receiving party shall be liable for any failure of its employees, agents or representatives to comply with the confidentiality obligations set forth in this Section. ASEPTIC expressly agrees that it shall not, and shall cause its affiliates, officers, directors, employees, agents and representatives not to, make any attempt to reverse engineer any formula or product base of CUSTOMER.

22.2. The parties expressly acknowledge and agree that any breach or threatened breach of this Section 23 may cause immediate and irreparable harm to the disclosing party which may not be adequately compensated by damages. Each party therefore agrees that in the event of such breach or threatened breach and in addition to any remedies available at law, the disclosing party shall have the right to secure equitable and injunctive relief, without bond, in connection with such a breach or threatened breach.

23. INSURANCE:

23.1. ASEPTIC shall, at its sole expense, procure and maintain in full force and effect throughout the term of this Agreement at least the following insurance:

23.1.1. Workers Compensation. Worker's Compensation and Employer's Liability Insurance in ASEPTIC's name in amounts [**].

23.1.2. Liability Insurance. ASEPTIC will maintain comprehensive liability insurance, on an occurrence form, including broad form contractual liability, contractor's protective liability in ASEPTIC's Name and product liability and completed operations endorsements with minimum limits of [**] dollars ($[**]) per occurrence for damage, injury and/or death to persons, and excess umbrella liability insurance endorsement with minimum limits of [**] dollars ($[**]) per occurrence for damage injury and/or death and/or injury to property.

23.1.3. Business contents and equipment insurance. ASEPTIC will maintain business contents and equipment insurance in amounts of $[**] per occurrence.

23.2. Upon request, ASEPTIC will provide certificates of insurance to CUSTOMER, which names CUSTOMER as additional insured. ASEPTIC will provide written notice of any cancellation of insurance and/or change in insurance provider.

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of this exhibit has been filed separately with the SEC.

24. TERMINATION:

24.1. CUSTOMER may terminate this Agreement:

24.1.1. If ASEPTIC breaches or violates any of the warranties, representations, agreements, covenants, or conditions that this Agreement contains or requires and ASEPTIC fails to remedy the breach or violation within [**] days after receipt from CUSTOMER of written notice of the breach or violation; or

24.1.2. If ASEPTIC fails to [**].

24.1.3. If ASEPTIC makes an assignment for the benefit of its creditors, commits any act of bankruptcy, has a receiver appointed, or otherwise admits of its inability to pay its debts as they mature, or if a private party garnishes its assets or a governmental authority sequesters its assets; or

24.1.4. If ASEPTIC attempts to assign or transfer any interest under this Agreement without the prior written consent of CUSTOMER, which shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, ASEPTIC shall have the right, without CUSTOMER's consent, to assign or transfer its interest under this Agreement to (a) an affiliate, subsidiary or parent of ASEPTIC; (b) an entity with which ASEPTIC is merged or consolidated; or (c) an entity which purchases or otherwise acquires all of the assets and/or stock of ASEPTIC, provided such entity shall be bound by all of the terms and conditions contained in this Agreement.

24.2. ASEPTIC may terminate this Agreement:

24.2.1. If CUSTOMER breaches or violates any of the agreements, covenants, or conditions that this Agreement requires or contains and CUSTOMER fails to remedy the breach or violation within [**] days after receipt from ASEPTIC of written notice of the breach or violation; or

24.2.2. If CUSTOMER makes an assignment for the benefit of its creditors, commits an act of bankruptcy, has a receiver appointed, or otherwise admits of its inability to pay its debts as they mature.

24.3. In the event of termination of this Agreement, such termination shall be without prejudice to any rights that may have accrued to ASEPTIC or CUSTOMER at the date of termination. In the event of termination or expiration of this Agreement, ASEPTIC immediately shall account for and return to CUSTOMER all packaging materials and ingredients that CUSTOMER has supplied pursuant to this Agreement.

25. ENTIRE AGREEMENT:

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of this exhibit has been filed separately with the SEC.

25.1. This Agreement, including all exhibits attached hereto, represents the entire final expression of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and all prior written negotiations, discussions and agreements related to the subject matter hereof. No amendment to this Agreement shall be binding unless such amendment is in writing and signed by both parties, and in the form of an addendum to this Agreement.

26. NOTICE:

26.1. All notices or other communications hereunder shall be in writing (including facsimile transmission) and shall be sufficiently given and telephonically confirmed as follows:

If to: ASEPTIC, to the attention of Carl Garcia/COO
484 Alcoa Circle
Corona, CA 92880

If to: CUSTOMER, to the attention of Robert Hadfield, General Counsel
800 Boylston Street, 24th Floor
Boston, MA 02481

27. LAW:

27.1. This Agreement shall be interpreted and governed in accordance with the laws of the State of California without regard to its conflict of laws principles.

28. RELATIONSHIP OF PARTIES:

28.1. It is the intent of the parties that during the term of this Agreement, ASEPTIC and CUSTOMER shall be independent contractors, and nothing set forth herein shall be deemed or construed to render the parties joint-venture partners or employer and employee. No party is authorized to make any commitment or representation on the other's behalf.

29. ASSIGNMENT:

29.1. Neither this Agreement nor any rights or obligations hereunder may be assigned or otherwise transferred by either party without the prior written consent of the other party (which consent shall not be unreasonably withheld); provided, however, that either party may assign this Agreement and its rights and obligations hereunder without the other party's consent (a) in connection with the transfer or sale of all or substantially all of the business of such party to which this Agreement relates, or (b) to any affiliate. The rights and obligations of the parties under this Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties. Any assignment not in accordance with this Agreement shall be void.

30. SURVIVAL:

No expiration or termination of this Agreement shall release either party from any obligation accrued prior to the date of such expiration or termination or from any obligations surviving the expiration or termination of this Agreement. Without limiting the generality of the foregoing, it is specifically

acknowledged and agreed that the provisions contained in each of the following Sections shall survive the expiration or termination of this Agreement: Sections 8.7, 13, 15, 16, 19, 21, 22, 29 and 30.

31. COUNTERPARTS:

31.1. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one agreement. This Agreement includes all exhibits and attachments referenced herein.

[Remainder of Page Intentionally Left Blank]

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of this exhibit has been filed separately with the SEC.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written and agree to the terms and conditions set forth herein.

ASEPTIC SOLUTIONS USA VENTURES, LLC **FLEX INNOVATION GROUP LLC**

By: /s/ Carl Garcia By: /s/ John McCabe

Name: Carl Garcia Name: John McCabe

Title: Sr. Director Title: VP Finance

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of this exhibit has been filed separately with the SEC.

Exhibit A

Product Information

[**]

Tolling and Packaging Fees

[**]

Standard Other Packaging Items

[**]

Customer Supplied Items

[**]

Warehouse Fees

[**]

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of this exhibit has been filed separately with the SEC.

Any other items not listed here and utilized in the production of the product will be charged at the appropriate rate.

CUSTOMER SIGNATURE

Dated: March 25, 2016 /s/ John McCabe

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of this exhibit has been filed separately with the SEC.

Exhibit B

Proposed Standard Loss Allowances*

Item	**Standard Loss**
[**]	[**]%
[**]	[**]%
[**]	[**]%
[**]	[**]%
[**]	[**]%

[**]

Exhibit 31.1

Certification Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Christoph Westphal, Chief Executive Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Flex Pharma, 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.

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/ CHRISTOPH WESTPHAL

Christoph Westphal, M.D., Ph.D.

President and
Chief Executive Officer(Principal Executive Officer)

May 4, 2016

Exhibit 31.2

Certification Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, John McCabe, Vice President, Finance, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Flex Pharma, 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.

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/ JOHN MCCABE

John McCabe

Vice President, Finance
(Principal Financial and Accounting Officer)

May 4, 2016

Exhibit 32.1

Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Flex Pharma, Inc. (the "Company") for the fiscal period ended March 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of their knowledge:

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

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

/s/ CHRISTOPH WESTPHAL

Christoph Westphal, M.D., Ph.D.

May 4, 2016

President and
Chief Executive Officer(Principal Executive Officer)

/s/ JOHN MCCABE

John McCabe

May 4, 2016

Vice President, Finance
(Principal Financial and Accounting Officer)

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