As confidentially submitted to the Securities and Exchange Commission on March 24, 2023. This draft registration statement has not been publicly filed with the Securities and Exchange Commission and all information herein remains confidential.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Sagimet Biosciences Inc.

(Exact name of registrant as specified in its charter)

Delaware	**2834**	**20-5991472**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

Sagimet Biosciences Inc.
155 Bovet Road, Suite 303
San Mateo, California 94402
(650) 561-8600

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

David Happel
President and Chief Executive Officer
155 Bovet Road, Suite 303
San Mateo, California 94402
(650) 561-8600

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Rachael Bushey **Marianne Sarrazin** **Alicia Tschirhart** **Goodwin Procter LLP** **Three Embarcadero Center, 28th Floor** **San Francisco, California 94111** **(415) 733-6000**	**Dennis Hom** **Chief Financial Officer** **155 Bovet Road, Suite 303** **San Mateo, California 94402** **(650) 561-8600**	**John T. McKenna** **Natalie Y. Karam** **Denny Won** **Cooley LLP** **3175 Hanover Street** **Palo Alto, California 94304** **(650) 843-5000**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box: ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

SUBJECT TO COMPLETION, DATED , 2023

Shares

Class A Common Stock

This is an initial public offering of shares of Class A common stock of Sagimet Biosciences Inc.

We are offering shares of our Class A common stock. Prior to this offering, there has been no public market for our Class A common stock. It is currently estimated that the initial public offering price per share will be between $ and $. We intend to apply to have our Class A common stock approved for listing on The Nasdaq Global Market under the symbol "SGMT."

We are an "emerging growth company" as defined under the federal securities laws and, as such, we have elected to comply with certain reduced reporting requirements.

Following this offering, we will have two classes of common stock: Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock will be identical, except with respect to voting and conversion. Each share of Class A common stock will be entitled to one vote per share and shares of Class B common stock will be non-voting, except as may be required by law. Each share of Class B common stock may be converted at any time into one share of Class A common stock at the option of its holder, subject to the ownership limitations provided for in our amended and restated certificate of incorporation to be in effect upon the completion of this offering.

Investing in our Class A common stock involves a high degree of risk. See the section titled "Risk Factors" beginning on page 12.

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions[(1)]	$	$
Proceeds, before expenses, to us	$	$

(1) See "Underwriting" for a description of the compensation payable to the underwriters.

The underwriters may also exercise their option to purchase up to an additional shares of Class A common stock from us, at the initial public offering price, less the underwriting discounts and commissions, for 30 days after the date of this prospectus.

The underwriters expect to deliver the shares of Class A common stock on or about , 2023.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Goldman Sachs & Co. LLC **TD Cowen** **Piper Sandler**

JMP Securities
A CITIZENS COMPANY

, 2023

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Through and including , 2023, (the 25th day after the date of this prospectus), all dealers effecting transactions in our Class A common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Neither we nor the underwriters have authorized anyone to provide you any information or make any representations other than those contained in this prospectus or in any free writing prospectuses prepared by or on behalf of us or to which we have referred you. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriters are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus or in any applicable free writing prospectus is current only as of its date, regardless of its time of delivery or any sale of shares of our Class A common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

For investors outside of the United States: we have not, and the underwriters have not, done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than the United States. Persons outside of the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of our Class A common stock and the distribution of this prospectus outside of the United States.

Sagimet Biosciences Inc. and our logo are our trademarks and are used in this prospectus. This prospectus also includes trademarks, tradenames and service marks that are the property of other organizations. Solely for convenience, our trademarks and tradenames referred to in this prospectus appear without the ™ symbol, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights, or the right of the applicable licensor, to these trademarks and tradenames.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our Class A common stock. You should read this entire prospectus carefully, including the sections of this prospectus titled "Risk Factors," "Special Note Regarding Forward-Looking Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our financial statements and the related notes included elsewhere in this prospectus, before making an investment decision. Unless otherwise indicated, all references in this prospectus to "Sagimet," the "company," "we," "our," "us" or similar terms refer to Sagimet Biosciences Inc.

Overview

We are a clinical-stage biopharmaceutical company developing novel therapeutics called fatty acid synthase (FASN) inhibitors that target dysfunctional metabolic pathways in diseases resulting from the overproduction of the fatty acid, palmitate. Our lead drug candidate, denifanstat, is an oral, once-daily pill and selective first-in-class FASN inhibitor in development for the treatment of nonalcoholic steatohepatitis (NASH), for which there are no treatments currently approved in the United States or Europe. Denifanstat has been studied in over 600 people to date and we are currently testing it in our FASCINATE-2 Phase 2b trial in NASH. The interim results, which were presented at the American Association for the Study of Liver Diseases (AASLD) meeting in November 2022, showed statistically significant improvements across key markers of disease in patients treated with denifanstat, including an approximately 34% reduction in liver fat and 67% responder rate (defined as reduction in liver fat by 30% or more) at 26 weeks as compared to baseline. These results are consistent with earlier findings from our FASCINATE-1 Phase 2 trial, and strengthen our belief that the topline liver biopsy results we expect to announce in the first quarter of 2024 will directly show improvement in disease. Additionally, our precision medicine approach is core to our development strategy in NASH, and includes the application of pharmacodynamic and predictive biomarkers to confirm target engagement and clinical response in patients treated with denifanstat. We are also evaluating the promise of FASN inhibition, beyond NASH, in additional disease areas in which dysregulation of fatty acid metabolism also plays a key role, including in acne and certain forms of cancer.

We believe that denifanstat is differentiated among treatments in development for NASH:

- ***Integral role of FASN in three key drivers of NASH.*** FASN is a key enzyme in de novo lipogenesis (DNL), the biochemical pathway responsible for production of palmitate resulting in excess liver fat buildup in NASH It is also directly involved in inflammation and fibrosis.
- ***Comprehensive improvements across biomarkers.*** Our clinical trial data to date have shown that denifanstat improves non-invasive biomarkers of NASH across liver fat, inflammation, and fibrosis —three major drivers of disease—and biomarkers of cardiometabolic health.
- ***Rigorous and de-risked development strategy.*** Our denifanstat program began with in-house discovery of a proprietary portfolio of FASN inhibitors, followed by a comprehensive demonstration of activity in pre-clinical models, FASN inhibition in human clinical trials and improvement of critical biomarkers of NASH and has been generally well-tolerated to date. We are currently focused on evaluating efficacy in the FASCINATE-2 Phase 2b clinical trial of biopsy-confirmed NASH patients.

Introduction to NASH

NASH is an aggressive form of nonalcoholic fatty liver disease (NAFLD), a condition where an abnormal buildup of excess fat (known as steatosis) occurs in the liver unrelated to the consumption of alcohol. According to a study published in 2023, NASH is a growing epidemic that affected more than 265 million people worldwide in 2019 and for which there are currently no approved treatments in the United States or Europe. It is often associated with insulin resistance, type 2 diabetes, cardiovascular disease, and an increase in overall mortality. Left untreated, damage to the liver can lead to cirrhosis or liver cancer, potentially making liver transplantation necessary.

Our lead drug candidate—denifanstat

Denifanstat, formerly known as TVB-2640, an oral, once-daily pill, is our selective first-in-class FASN inhibitor currently being developed for the treatment of NASH. Denifanstat was selected from our library

of over 1,200 internally-discovered and wholly owned FASN inhibitors that were identified through a rigorous medicinal chemistry and preclinical development effort. Denifanstat was advanced into clinical development based on its convenient oral administration, high selectivity for FASN, and excellent pharmacokinetic and pharmaceutical properties, including restricted penetration of the blood-brain barrier. Following a robust translational research program that demonstrated FASN inhibition reduced liver fat and decreased inflammation and fibrosis in multiple preclinical models, as well as a proof-of-mechanism clinical trial that demonstrated denifanstat's ability to inhibit hepatic DNL in humans, we embarked on two Phase 2 clinical trials in patients with NASH: FASCINATE-1 and FASCINATE-2. Across indications, denifanstat has been studied in over 600 people to date.

The FASCINATE-1 trial examined multiple doses of denifanstat, ranging from 25mg to 75mg daily, administered for 12 weeks compared to placebo in 142 patients in the United States and China. Denifanstat caused a rapid and robust reduction in liver fat that was statistically significant in the 50mg cohort, as well as improvements in inflammatory, fibrotic and cardiometabolic components of the disease. Denifanstat was generally well tolerated in these diverse populations. Based on the totality of the data, we selected the 50mg dose for further study.

The FASCINATE-2 trial has enrolled 168 subjects with biopsy confirmed NASH with moderate to advanced fibrosis (F2-F3) at baseline. These patients are being dosed with 50mg of denifanstat or placebo for one year. In November 2022, we announced results from a planned interim analysis of non-invasive tests (NITs) from a subset of patients and tolerability as of the data cut-off date of the interim analysis. At the end of dosing, a follow-up biopsy will be taken to evaluate the direct impact of the drug on disease at week 52. Topline liver biopsy results are expected in the first quarter of 2024.

Recently, we presented interim analysis results from NITs, also known as biomarkers, from 52 of the earliest patients enrolled in the FASCINATE-2 trial after they completed 26 weeks of dosing. These interim results were consistent with the conclusions of the FASCINATE-1 trial in this more advanced population of NASH patients. In this interim cohort, 67% of patients treated with denifanstat reduced their liver fat by 30% or more, and 45% of these responders reduced their liver fat by 50% or more. Third-party studies have shown that NASH patients qualifying as responders are much more likely to have improved liver histology than patients who do not achieve this goal. Denifanstat also showed a statistically significant decrease of 16.5 U/L ($p<0.05$), or a 25% decrease, in levels of ALT, which is a marker of hepatic inflammation and damage, and a statistically significant decrease of 0.34 ($p<0.05$) in enhanced liver fibrosis (ELF) score (Figure A). Decreases in ELF score suggest reduced levels of fibrosis. In addition to decreases in LDL-cholesterol, these improvements across biomarkers of liver fat, inflammation and fibrosis are consistent with those seen in the earlier FASCINATE-1 trial.

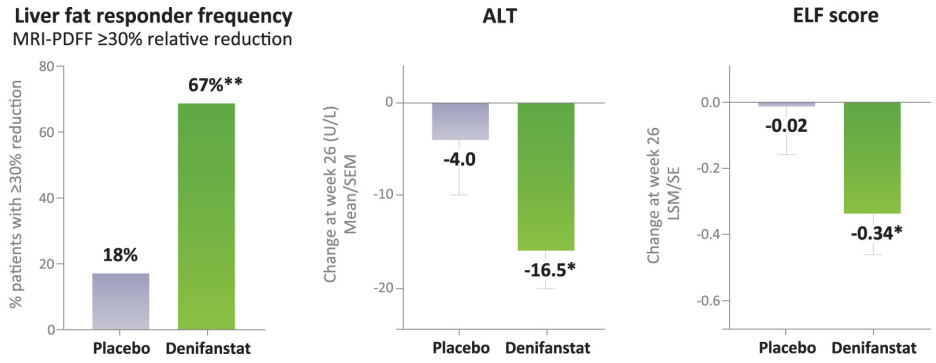

Figure A. FASCINATE-2 interim analysis at 26 weeks of dosing. *$p<0.05$ **$p<0.01$

Results from FASCINATE-1 and -2 will enable us to design the pivotal Phase 3 program for denifanstat in NASH. In March 2021, we received fast track designation for denifanstat for the treatment of NASH. This allows us to work expeditiously with the U.S. Food and Drug Administration (FDA) to align on the design of this program.

NASH remains an under-diagnosed and under-served disease, often due to lack of access to sophisticated or specialized equipment. Our precision medicine approach is central to our development strategy for denifanstat in NASH. This includes the development of blood-based pharmacodynamic drug response biomarkers, such as tripalmitin, to confirm FASN inhibition and pathway engagement by denifanstat. We are also developing blood-based predictive biomarker tests using metabolomics and single nucleotide polymorphisms (SNPs) to more easily identify patients at risk and likely to benefit from treatment. We will continue to validate these tests with the biomarker and liver biopsy results from the ongoing FASCINATE-2 clinical trial and anticipate developing complementary diagnostic tools to benefit patients, clinicians and payors.

Our FASN inhibitor pipeline

In addition to NASH, we are evaluating denifanstat in acne and in select forms of cancer, disease areas in which dysregulation of fatty acid metabolism also plays a key role. Denifanstat is currently being tested in a Phase 2 clinical trial for acne, and a Phase 3 trial in recurrent glioblastoma multiforme (GBM) in combination with bevacizumab. Both trials are being conducted in China through our partner Ascletis Bioscience Co. Ltd. (Ascletis). Ascletis expects to announce topline results for acne in the second quarter of 2023 and reach enrollment of about 120 recurrent GBM patients by the third quarter of 2023 as a basis for interim analysis. These results will guide our development strategy in these indications. Furthermore, our compound library of FASN inhibitors provides us the ability to evaluate additional drug candidates for further development. For example, we have completed IND-enabling studies for TVB-3567.

The following table summarizes our development programs for multiple diseases with high unmet need:

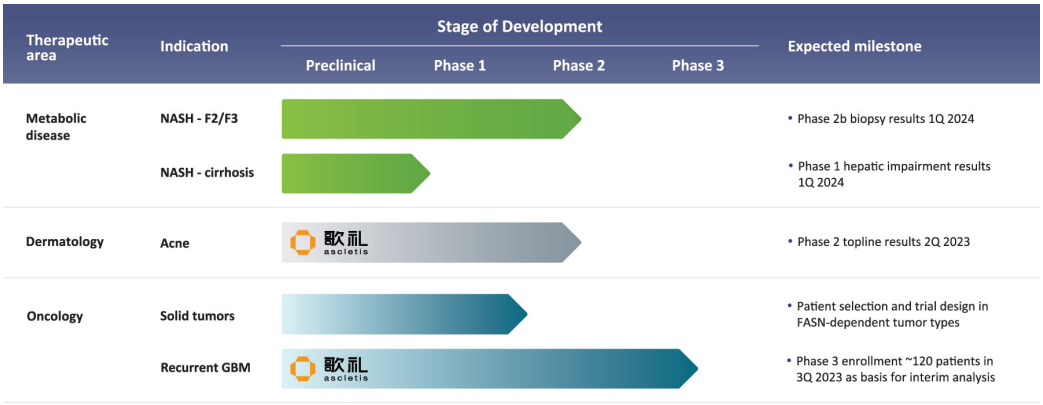

Figure B. Pipeline of denifanstat indications

Our strategy

Our goal is to develop and commercialize our selective FASN inhibitors in therapeutic areas where upregulation of FASN plays a central role in the development or progression of disease. We intend to achieve this goal by pursuing the following key strategic objectives:

- ***Progress denifanstat through clinical development for the treatment of NASH***
- ***Establish denifanstat as a backbone therapy for the treatment of NASH***
- ***Advance our precision medicine strategy to identify patients who will benefit from denifanstat***
- ***Expand pipeline development in indications beyond NASH where FASN plays a central role in disease pathogenesis***
- ***Develop and commercialize our drug candidates independently in indications and geographies where we believe we can maximize value and benefit to patients***

Our team

We have assembled a team with extensive experience in drug development and commercialization in the fields of hepatology, cardiometabolic disease and oncology. Collectively, our team has been directly involved in a broad spectrum of research and development and commercial activities leading to successful outcomes, including FDA approvals and marketed drugs. In addition, we are backed by a group of renowned and leading life-science investors including Altium Capital Management, Invus, Kleiner Perkins Caufield & Byers, New Enterprise Associates (NEA), PFM Health Sciences, Rock Springs Capital Management, other undisclosed investors, and Ascletis, our strategic partner in Greater China.

Risks related to our business

Investing in our Class A common stock involves substantial risk. The risks described under "Risk Factors" immediately following this prospectus summary may cause us to not realize the full benefits of our strengths or may cause us to be unable to successfully execute all or part of our strategy. Some of the more significant risks include the following:

- Even if this offering is successful, we will require substantial additional capital to finance our operations. If we are unable to raise such capital when needed, or on acceptable terms, we may be forced to delay, reduce and/or eliminate one or more of our research and drug development programs or future commercialization efforts.
- The report of our independent registered public accounting firm included a "going concern" explanatory paragraph.
- Currently our business depends on the success of our lead drug candidate, denifanstat, which is still in clinical development. If we are unable to obtain regulatory approval for or successfully commercialize denifanstat, our business will be materially harmed.
- Clinical drug development involves a lengthy and expensive process, with an uncertain outcome. If clinical trials or regulatory approval processes for our drug candidates are prolonged, delayed or suspended, we may be unable to seek regulatory approval for and commercialize our drug candidates on a timely basis, which would require us to incur additional costs and delay our receipt of any revenue from potential product sales.
- We may not be successful in our efforts to expand our pipeline, including by identifying additional indications for which to investigate denifanstat in the future. We may expend our limited resources to pursue a particular indication or formulation for denifanstat and fail to capitalize on drug candidates, indications or formulations that may be more profitable or for which there is a greater likelihood of success.
- Interim, top-line and preliminary data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.
- We have licensed rights to denifanstat to Ascletis, a significant stockholder with a board designee, for a territory that we refer to as "Greater China" throughout this prospectus. Under the license agreement, Ascletis controls certain product development efforts in its territory, including conduct of clinical trials, which could have an impact on our clinical development programs.
- We may attempt to seek approval from the FDA or comparable foreign regulatory authorities through the use of accelerated approval pathways. If we are unable to obtain such approval, we may be required to conduct additional clinical trials beyond those that we contemplate, which could increase the expense of obtaining, and delay the receipt of, necessary marketing approvals. Even if we receive accelerated approval from the FDA, or similar foreign approvals from foreign regulatory authorities, if our confirmatory trials do not verify clinical benefit, or if we do not comply with rigorous post-marketing requirements, the FDA or comparable foreign regulatory authorities may seek to withdraw any accelerated approval or similar foreign approval we have obtained.
- If we are unable to obtain, maintain and enforce sufficient patent protection for our drug candidates, or if the scope of the patent protection is not sufficiently broad, third parties, including our

competitors, could develop and commercialize products similar or identical to ours, and our ability to commercialize our drug candidates successfully may be adversely affected. We have relied on, and we expect to continue to rely on, third-party manufacturers to produce our drug candidates. Our manufacturers may experience manufacturing difficulties due to the ongoing effects of inflationary pressures, resource constraints, labor disputes or unstable political environments, which could delay the completion of our clinical trials, increase the costs associated with maintaining clinical trial programs and, significantly impact our ability to develop, obtain regulatory approval for, or market denifanstat and any future drug candidates.

- Our quarterly operating results may fluctuate significantly or may fall below the expectations of investors or securities analysts, each of which may cause our stock price to fluctuate or decline.
- Our principal stockholders and management own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.
- The COVID-19 pandemic, or a similar pandemic, epidemic or outbreak of an infectious disease, may materially and adversely affect our business and our financial results and could cause a disruption to the development of our drug candidates.
- Unfavorable global political or economic conditions or adverse developments affecting the financial services industry could adversely affect our current and projected business operations and financial condition and results of operations.
- Our amended and restated certificate of incorporation that will be in effect at the closing of this offering will provide that the Court of Chancery of the State of Delaware and, to the extent enforceable, the federal district courts of the United States of America will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Corporate information

We were incorporated in Delaware in December 2006 under the name 3-V Biosciences, Inc., and changed our name to Sagimet Biosciences Inc. in August 2019. Our principal executive offices are located at 155 Bovet Road, Suite 303, San Mateo, California 94402, and our telephone number is (650) 561-8600. Our website address is www.sagimet.com. Information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus and the inclusion of our website address in this prospectus is only an inactive textual reference.

Channels for disclosure of information

Investors, the media and others should note that, following the effectiveness of the registration statement of which this prospectus forms a part, we intend to announce material information to the public through filings with the Securities and Exchange Commission (the SEC), the investor relations page on our website, press releases, public conference calls and public webcasts.

The information disclosed by the foregoing channels could be deemed to be material information. However, information disclosed through these channels does not constitute part of this prospectus and is not incorporated by reference herein.

Any updates to the list of disclosure channels through which we will announce information will be posted on the investor relations page on our website.

Implications of being an emerging growth company and smaller reporting company

We qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). An emerging growth company may take advantage of reduced reporting requirements that are otherwise applicable to public companies. These provisions include, but are not limited to:

- Being permitted to present only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations in this prospectus.

- Not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the Sarbanes-Oxley Act).
- Reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements.
- Exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the date of the first sale of our common equity securities pursuant to an effective registration statement under the Securities Act of 1933, as amended (the Securities Act). However, if certain events occur prior to the end of such five-year period, including if we become a "large accelerated filer," which occurs when the market value of our Class A common stock and Class B common stock that is held by non-affiliates exceeds $700 million, our annual gross revenues exceed $1.235 billion or we issue more than $1.0 billion of non-convertible debt in any three-year period, we will cease to be an emerging growth company prior to the end of such five-year period. We have elected to take advantage of these reduced disclosure obligations in the registration statement of which this prospectus is a part and may elect to take advantage of other reduced reporting requirements in future filings. As a result of these elections, the information that we provide to our stockholders may be different than you might receive from other public reporting companies.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay adopting new or revised accounting standards until such time as those standards would otherwise apply to private companies. We have elected to avail ourselves of this exemption and as a result, we will not be subject to the same new or revised accounting standards as other public companies that comply with the public company effective dates.

We are also a "smaller reporting company" as defined in the Securities Exchange Act of 1934, as amended (the Exchange Act). We may continue to be a smaller reporting company even after we are no longer an emerging growth company. We may take advantage of certain of the scaled disclosures available to smaller reporting companies and will be able to take advantage of these scaled disclosures for so long as our voting and non-voting common stock held by non-affiliates is less than $250.0 million measured on the last business day of our second fiscal quarter, or our annual revenue is less than $100.0 million during the most recently completed fiscal year and our voting and non-voting common stock held by non-affiliates is less than $700.0 million measured on the last business day of our second fiscal quarter.

The Offering

Class A common stock offered by us	shares.
Option to purchase additional shares of Class A common stock	shares.
Class A common stock to be outstanding immediately after this offering	shares (or shares if the underwriters exercise their option to purchase additional shares of Class A common stock in full).
Class B common stock to be outstanding immediately after this offering	shares.
Total Class A and Class B common stock to be outstanding immediately after this offering	shares (or shares if the underwriters exercise their option to purchase additional shares of Class A common stock in full).
Use of proceeds	We estimate that the net proceeds from the sale of our Class A common stock in this offering will be approximately $ million (or approximately $ million if the underwriters exercise their option to purchase additional shares of Class A common stock in full), based on the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We currently intend to use the net proceeds we receive from this offering, together with our existing cash, cash equivalents and short-term investments in marketable securities, (i) to advance the ongoing development of denifanstat, including clinical trials and manufacturing of additional drug supply, and (ii) the remainder for general corporate purposes, including working capital and operating expenses. See “Use of Proceeds” for additional information.
Voting rights	Following this offering, we will have two classes of common stock: Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion. Each share of Class A common stock will be entitled to one vote per share and shares of Class B common stock will be non-voting, except as may be required by law. Each share of Class B common stock may be converted into one share of Class A common stock at the option of its holder, subject to the ownership limitations provided for in our amended and restated certificate of incorporation to be in effect upon the completion of this offering. See “Description of Capital Stock” for additional information.

Risk factors	See "Risk Factors" for a discussion of factors you should carefully consider before deciding whether to invest in our Class A common stock.
Proposed trading symbol on The Nasdaq Global Market	"SGMT."

The number of shares of our Class A common stock and Class B common stock that will be outstanding after this offering is based on shares of our Class A common stock and shares of our Class B common stock outstanding as of December 31, 2022 after giving effect to (i) the reclassification of all outstanding shares of common stock into shares of Class A common stock, and (ii) the automatic conversion of all outstanding shares of redeemable convertible preferred stock into shares of our Class A common stock and shares of our Class B common stock, and excludes:

- 5,795,185 shares of Class A common stock issuable upon exercise of outstanding options as of December 31, 2022 under our 2007 Equity Incentive Plan (2007 Plan), with a weighted average exercise price of $0.22 per share;
- 247,776,633 shares of Class A common stock issuable upon exercise of outstanding options as of December 31, 2022 under our 2017 Equity Incentive Plan (2017 Plan), with a weighted average exercise price of $0.08 per share;
- shares of Class A common stock issuable upon exercise of outstanding options granted after December 31, 2022 under the 2017 Plan, with a weighted average exercise price of $ per share;
- shares of Class A common stock reserved for future issuance under our 2023 Stock Option and Incentive Plan (2023 Plan), which will become effective once the registration statement of which this prospectus forms a part is declared effective, as well as any future automatic annual increases in the number of shares of Class A common stock reserved for issuance under the 2023 Plan and any shares underlying outstanding stock awards granted under (i) the 2007 Plan or (ii) the 2017 Plan, that expire or are repurchased, forfeited, cancelled or withheld, as more fully described in "Executive Compensation—Equity benefit plans"; and
- shares of Class A common stock reserved for issuance under our 2023 Employee Stock Purchase Plan (ESPP), which will become effective once the registration statement of which this prospectus forms a part is declared effective, and any future automatic annual increases in the number of shares of Class A common stock reserved for future issuance under the ESPP; and
- shares of Class A common stock issuable upon exercise of the outstanding warrant to purchase 79,545 shares of Series D redeemable convertible preferred stock with an exercise price of $0.88 per share that automatically convert to a warrant to purchase shares of Class A common stock in connection with this offering.

Unless otherwise indicated, the information in this prospectus assumes:

- a -for- reverse stock split of our common stock effected on , 2023;
- an initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus;
- the reclassification of all outstanding shares of common stock into shares of Class A common stock;
- the automatic conversion of all outstanding shares of redeemable convertible preferred stock into an aggregate of shares of Class A common stock and shares of Class B common stock immediately upon the closing of this offering;
- the net exercise of certain outstanding warrants to purchase 3,200,913 shares of Class A common stock with an exercise price of $0.01 per share, resulting in the issuance of shares of Class A common stock, assuming an initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus;

- no exercise of the outstanding stock options and warrant described above;
- no exercise of the underwriters' option to purchase up to an additional shares of Class A common stock; and
- the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws, each of which will occur upon the closing of this offering.

Summary Financial Data

The following tables set forth our summary statements of operations and comprehensive loss data for the years ended December 31, 2022 and 2021, and our summary balance sheet data as of December 31, 2022. The statements of operations and comprehensive loss data for the years ended December 31, 2022 and 2021 have been derived from our audited financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected for any period in the future. You should read the following summary financial data together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the related notes included elsewhere in this prospectus. The summary financial data included in this section are not intended to replace the financial statements and are qualified in their entirety by our financial statements and the related notes included elsewhere in this prospectus.

Statement of Operations and Comprehensive Loss Data:

	Years Ended December 31,	
(in thousands, except share and per share data)	**2022**	**2021**
Operating expenses:		
Research and development	$ 24,919	$ 19,340
General and administrative	6,136	4,379
Total operating expenses	31,055	23,719
Loss from operations	(31,055)	(23,719)
Other income (expense), net:		
Change in fair value of redeemable convertible preferred stock tranche liability	—	(751)
Change in fair value of redeemable convertible preferred stock warrants	3	2
Interest income and other	553	26
Total other income (expense), net	556	(723)
Net loss	$ (30,499)	$ (24,442)
Other comprehensive loss:		
Net unrealized loss on investments in marketable securities	(84)	—
Total other comprehensive loss	(84)	—
Comprehensive loss	$ (30,583)	$ (24,442)
Net loss per share attributable to common stockholders, basic and diluted	$ (2.08)	$ (2.51)
Weighted-average shares outstanding used in computing net loss per share attributable to common stockholders, basic and diluted	14,673,342	9,742,682
Pro forma weighted-average common shares outstanding – basic and diluted[(1)]		
Pro forma net loss per share attributable to common stockholders, basic and diluted[(1)]		

(1) The unaudited pro forma basic and diluted weighted-average common shares outstanding used in the calculation of unaudited pro forma basic and diluted net loss per share attributable to common stockholders for the year ended December 31, 2022 have been prepared to give effect to: (i) the automatic conversion of all outstanding shares of redeemable convertible preferred stock into an aggregate of shares of Class A common stock and an aggregate of shares of Class B common stock upon the closing of this offering and (ii) the issuance of shares of Class A common stock as a result of the net exercise of certain outstanding warrants to purchase 3,200,913 shares of Class A common stock, assuming an initial public offering price of $ per share.

Balance Sheet Data:

(in thousands)	As of December 31, 2022		
	Actual	Pro Forma[1]	Pro Forma, As Adjusted[2][3]
Cash, cash equivalents and short-term investments in marketable securities	$ 32,345	$	$
Working capital[4]	27,513		
Total assets	33,031		
Total liabilities	5,361		
Redeemable convertible preferred stock warrant liability	4		
Redeemable convertible preferred stock	214,620		
Accumulated deficit	(221,868)		
Total stockholders' (deficit) equity	(186,950)		

(1) The pro forma balance sheet data gives effect to (i) the automatic conversion of all outstanding shares of redeemable convertible preferred stock into an aggregate of shares of Class A common stock and shares of Class B common stock immediately upon the closing of this offering; (ii) the issuance of shares of our Class A common stock as a result of the net exercise of certain outstanding warrants to purchase 3,200,913 shares of our Class A common stock, assuming an initial public offering price of $ per share; and (iii) the filing and effectiveness of our amended and restated certificate of incorporation upon the closing of this offering.

(2) On a pro forma as adjusted basis to give further effect to our issuance and sale of shares of Class A common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the estimated offering price range listed on the cover page of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

(3) Each $1.00 increase or decrease, as applicable, in the assumed initial public offering price of $ per share, the midpoint of the estimated offering price range listed on the cover page of this prospectus, would increase or decrease, as applicable, the pro forma as adjusted amount of each of cash, cash equivalents and short-term investments in marketable securities, working capital, total assets and total stockholders' equity by $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease, as applicable, of 1,000,000 shares in the number of shares offered by us at the assumed initial public offering price per share, the midpoint of the estimated offering price range listed on the cover page of this prospectus, would increase or decrease, as applicable the pro forma as adjusted amount of each of cash, cash equivalents and short-term investments in marketable securities, working capital, total assets and total stockholders' equity by $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. The pro forma and pro forma as adjusted information discussed above is illustrative only and will depend on the actual initial public offering price and other terms of this offering determined at pricing.

(4) Working capital is defined as total current assets less total current liabilities. See our financial statements and the related notes included elsewhere in this prospectus for further details regarding our current assets and current liabilities.

RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should consider and read carefully all of the risks and uncertainties described below, as well as the other information in this prospectus, including our financial statements and the related notes appearing elsewhere in this prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations" before deciding whether to invest in our Class A common stock. The risks described below are not the only ones facing us. The following risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition, results of operations and growth prospects. In such an event, the trading price of our Class A common stock could decline, and you may lose all or part of your investment.

This prospectus also contains forward-looking statements and estimates that involve risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. Our actual results could differ materially from those anticipated in our forward-looking statements as a result of specific factors, including the risks and uncertainties described below.

Risks related to our business

We have incurred significant operating losses since our inception and we expect to incur significant operating losses for the foreseeable future. We may never become profitable or, if profitability is achieved, be able to sustain profitability.

We have incurred significant operating losses since our inception and we expect to incur significant operating losses for the foreseeable future as we continue our clinical trials and development programs for denifanstat and other future drug candidates. Our net losses were $30.5 million and $24.4 million for the years ended December 31, 2022 and 2021, respectively, and we had cash, cash equivalents and short-term investments in marketable securities of $32.3 million and cash and cash equivalents of $56.7 million for the years ended December 31, 2022 and 2021. In the future, we intend to continue to conduct research and development, clinical testing, regulatory compliance and, if denifanstat or other future drug candidates are approved, sales and marketing activities that, together with anticipated general and administrative expenses, will likely result in the incurrence of further significant operating losses for the foreseeable future.

As an organization, we have not yet demonstrated an ability to successfully complete clinical development, obtain regulatory approvals, manufacture a commercial-scale product, or conduct sales and marketing activities necessary for successful commercialization. We have no products approved for commercial sale and have not generated any revenue to date, and we continue to incur significant research and development and other expenses related to our ongoing operations. As a result, we are not profitable and have incurred significant net losses since our inception. We may never be able to commercialize denifanstat or other future drug candidates.

We may not be profitable even if we or any of our future development partners succeed in commercializing any of our drug candidates. We expect to continue to incur significant losses for the foreseeable future, and we expect these losses to increase as we continue our preclinical and clinical development of, and seek regulatory approvals for, denifanstat and any future drug candidates. We may encounter unforeseen expenses, difficulties, complications, delays, and other unknown factors that may adversely affect our business. The size of our future net losses will depend, in part, on the rate of future growth of our expenses and our ability to generate revenues. Our prior net losses and expected future net losses have had and will continue to have an adverse effect on our stockholders' equity and working capital. Because of the numerous risks and uncertainties associated with drug development, we are unable to accurately predict the timing or amount of increased expenses, or when, if at all, we will be able to achieve profitability.

Even if this offering is successful, we will require substantial additional capital to finance our operations. If we are unable to raise such capital when needed, or on acceptable terms, we may be forced to delay, reduce and/or eliminate one or more of our research and drug development programs or future commercialization efforts.

Developing pharmaceutical products, including conducting preclinical studies and clinical trials, is a very time-consuming, expensive and uncertain process that takes years to complete. Our operations have

consumed substantial amounts of cash since our inception. We expect to continue to spend substantial amounts to continue the preclinical and clinical development of, and seek regulatory approval for, denifanstat and any future drug candidates.

Because the design and outcome of our planned and anticipated preclinical studies and clinical trials are highly uncertain, we cannot reasonably estimate the actual amounts necessary to successfully complete the development and commercialization of denifanstat or any other drug candidate we develop. If we are required by the U.S. Food and Drug Administration (FDA), or any comparable foreign regulatory authority to perform clinical trials or preclinical studies in addition to those that we currently anticipate, our expenses could increase. In addition, if we obtain regulatory approval to market denifanstat or any other drug candidates, we expect to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution. Other unanticipated costs may also arise.

Following this offering, we also expect to incur additional costs associated with operating as a public company. Accordingly, we will need to obtain substantial additional funding in order to maintain our continuing operations.

To date, we have relied on private equity and debt financings to fund our operations. We have incurred net losses and negative cash flows from operations since inception, including net losses of $30.5 million and $24.4 million for the years ended December 31, 2022 and 2021, respectively. For the years ended December 31, 2022, and 2021 we had negative cash flows from operations of $24.5 million and $21.7 million, respectively. We expect to incur additional losses and negative cash flows from operations for the next 12 months. Based on our recurring losses from operations incurred since inception, expectation of continuing operating losses for the foreseeable future, and need to raise additional capital to finance our future operations, we have concluded that there is substantial doubt regarding our ability to continue as a going concern within one year after the date that these financial statements are issued. Our estimate as to how long we expect the net proceeds from this offering, together with our existing cash, cash equivalents and short-term investments in marketable securities, to be able to continue to fund our operating expenses and capital expenditures requirements is based on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. Changing circumstances, some of which may be beyond our control, could cause us to consume capital significantly faster than we currently anticipate, and we may need to seek additional funds sooner than planned. Moreover, it is particularly difficult to estimate with certainty our future expenses given the dynamic nature of our business, global economic conditions and volatility in the credit and financial markets, inflationary pressures and effects of the COVID-19 pandemic and Russian invasion of Ukraine. The net proceeds from this offering and our existing cash, cash equivalents and short-term investments in marketable securities will not be sufficient to fund all of the activities that are necessary to complete the development and commercialization of our drug candidates.

Until such time as we can generate significant revenue from sales of our drug candidates, if ever, we will be required to obtain further funding through public or private equity offerings, debt financings, collaborations and licensing arrangements or other sources, which may dilute our stockholders or restrict our operating activities. Adequate additional financing may not be available to us on acceptable terms, or at all. Our failure to raise capital as and when needed or on acceptable terms would have a negative impact on our financial condition and our ability to pursue our business strategy, and we may have to delay, reduce the scope of, suspend or eliminate one or more of our research-stage programs, clinical trials or future commercialization efforts.

Currently our business depends on the success of our lead drug candidate, denifanstat, which is still in clinical development. If we are unable to obtain regulatory approval for or successfully commercialize denifanstat, our business will be materially harmed.

Currently, our product development is primarily focused on our lead drug candidate, denifanstat, for the potential treatment of nonalcoholic steatohepatitis (NASH). Successful continued development and ultimate regulatory approval of denifanstat for NASH, or other indications that we may pursue, is critical to the future success of our business. We have invested, and will continue to invest, a significant portion of our time and financial resources in the preclinical and clinical development of denifanstat. We will need to raise sufficient funds to successfully complete the development program for denifanstat. The future regulatory and commercial success of denifanstat is subject to a number of risks, including the following:

- we may not have sufficient financial and other resources to complete the necessary clinical trials for denifanstat, including but not limited to Phase 2 clinical trials and, later, registrational clinical trials to obtain drug approval;
- the mechanism of action of denifanstat is complex and we do not know the degree to which it will translate into a therapeutic benefit, if any, in NASH or any other indication or to which it may contribute to long term safety issues or adverse events, if any, when denifanstat is taken for prolonged periods such as in the treatment of NASH, or any other indication;
- patients in our clinical trials may die or suffer other adverse effects for reasons that may or may not be related to denifanstat, and there may be more uncertainty regarding relatedness to denifanstat if we pursue clinical trials of denifanstat in combination with other drugs or drug candidates, and this uncertainty could delay or prevent further clinical development;
- we may not be able to obtain adequate evidence from clinical trials of efficacy and safety for denifanstat in NASH, or any other indication;
- in our clinical programs for denifanstat, we may experience variability in patients, adjustments to clinical trial procedures and the need for additional clinical trial sites, which could delay our clinical trial progress;
- the results of our clinical trials may not meet the level of statistical or clinical significance required by the FDA or comparable foreign regulatory authorities for marketing approval;
- the standards implemented by clinical or regulatory authorities may change at any time;
- the FDA or comparable foreign regulatory authority may require efficacy endpoints for a Phase 3 clinical trial for the treatment of NASH, or any other indication, that differ from the endpoints of our current or future trials, which may require us to conduct additional clinical trials;
- we do not know the degree to which denifanstat will be accepted as a therapy by physicians, patients and third-party payors, even if approved;
- if approved for NASH, denifanstat will likely compete with the off-label use of currently marketed drugs and other therapies in development that may reach approval for NASH prior to denifanstat; and
- we may not be able to obtain, maintain or enforce our patents and other intellectual property rights in a manner that prevents our competitors from developing and commercializing products similar or identical to denifanstat or that otherwise compete with denifanstat.

Of the large number of drugs in development in the pharmaceutical industry, only a small percentage result in the submission of a new drug application (NDA) to the FDA and even fewer are approved for commercialization. Furthermore, even if we receive regulatory approval to market denifanstat, any such approval may be subject to limitations on the indicated uses or patient populations for which we may market the drug. Accordingly, even if we are able to obtain the requisite financing to continue to fund our development program for denifanstat, we may be unable to successfully develop or commercialize denifanstat. If we or any of our future development partners are unable to develop, or obtain regulatory approval for, or, if approved, successfully commercialize denifanstat, we may not be able to generate sufficient revenue to continue our business.

If we encounter difficulties enrolling patients in clinical trials, our clinical development activities could be delayed or otherwise adversely affected.

Successful and timely completion of clinical trials will require that we enroll a sufficient number of patients who remain in the trials until their conclusion. We may not be able to initiate, continue, or complete clinical trials that may be required by the FDA or comparable foreign regulatory authorities to obtain regulatory approval for denifanstat any other future drug candidates if we are unable to locate, enroll and retain a sufficient number of eligible patients to participate in these clinical trials. Patient enrollment, a significant factor in the timing to conduct and complete clinical trials, is affected by many factors, including:

- the size and nature of the patient population;
- the severity of the disease under investigation;

- eligibility criteria for the trial;
- the proximity of patients to clinical sites;
- the design of the clinical protocol;
- the ability to obtain and maintain patient consents;
- the ability to recruit clinical trial investigators with the appropriate competencies and experience;
- the risk that patients enrolled in clinical trials will drop out of the trials before the administration of our drug candidates or trial completion;
- the availability of competing clinical trials;
- the availability of new drugs approved for the indication the clinical trial is investigating;
- clinicians' and patients' perceptions as to the potential advantages of the drug being studied in relation to other available therapies; and
- other factors outside of our control, such as the effects of the ongoing COVID-19 pandemic and any future pandemics, global economic conditions and volatility in the credit and financial markets, inflationary pressures and the Russian invasion of Ukraine.

In certain of our proposed NASH clinical trials, patient willingness to undergo a liver biopsy, particularly for trials of a longer duration, may also impact patient enrollment and retention. Potential patients for denifanstat or any other future drug candidates may not be adequately diagnosed or identified with the indications that we are targeting or may not meet the entry criteria for our trials.

We also may encounter difficulties in identifying and enrolling NASH patients with a stage of disease appropriate for ongoing or future clinical trials. In addition, the process of finding and diagnosing patients may prove costly. Other pharmaceutical companies with more resources and greater experience in drug development and commercialization are targeting treatments for NASH, and this competition reduces the number and types of patients available to us, as some patients who might have opted to enroll in our trials may instead opt to enroll in a trial being conducted by one of our competitors. Because the number of qualified clinical investigators and clinical trial sites is also limited, we expect to conduct some of our clinical trials at the same clinical trial sites that some of our competitors use, which will reduce the number of patients who are available for our clinical trials at such clinical trial sites, and may delay or make it more difficult to fully enroll our clinical trials. We also rely on contract research organizations (CROs) and clinical trial sites to enroll subjects in our clinical trials and, while we have agreements governing their services, we will have limited influence over their actual performance.

These factors may make it difficult for us to enroll enough patients to complete our clinical trials in a timely and cost-effective manner. Delays in the completion of any clinical trial of our drug candidates will increase our costs, slow down our drug candidate development and approval process and delay or potentially jeopardize our ability to commence product sales and generate revenue. In addition, some of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our drug candidates.

Clinical drug development involves a lengthy and expensive process, with an uncertain outcome. If clinical trials or regulatory approval processes for our drug candidates are prolonged, delayed or suspended, we may be unable to seek regulatory approval for and commercialize our drug candidates on a timely basis, which would require us to incur additional costs and substantially harm our business.

Drug development has inherent risk. We will be required to demonstrate through adequate and well-controlled clinical trials that our drug candidates are safe and effective for use in their target indications before we can seek regulatory approvals for their commercial sale. Clinical studies are expensive, difficult to design and implement, can take many years to complete and are uncertain as to outcome. Delay or failure can occur at any stage of development, including after commencement of any of our clinical trials. In addition, success in early clinical trials does not mean that later clinical trials will be successful, because later-stage clinical trials may be conducted in broader patient populations and involve different study designs. For

instance, the results from our FASCINATE-1 Phase 2 trial of denifanstat in patients with NASH may not be predictive of the final results from our ongoing FASCINATE-2 Phase 2b trial and any other future Phase 2b or Phase 3 trials of denifanstat for the treatment of NASH. Furthermore, our future trials will need to demonstrate sufficient safety and efficacy in larger patient populations for approval by regulatory authorities. Companies frequently suffer significant setbacks in advanced clinical trials, even after earlier clinical trials have shown promising results. In addition, only a small percentage of drugs under development result in the submission of an NDA to the FDA and even fewer are approved for commercialization.

We cannot predict whether we will encounter problems with any completed, ongoing or planned clinical trials that will cause us or any regulatory authority to delay or suspend those clinical trials or delay the analysis of data derived from them. The commencement and completion of clinical trials can be delayed for a number of reasons, including delays related to:

- inability to generate sufficient preclinical, toxicology, or other in vivo or in vitro data to support the initiation or continuation of clinical trials. For example, carcinogenicity and reproductive toxicology studies may be required to support late-stage clinical trials and/or approval;
- delays in reaching a consensus with regulatory authorities on study design or implementation of the clinical trials;
- difficulties obtaining regulatory authorization to commence a clinical trial or complying with conditions imposed by a regulatory authority regarding the scope or term of a clinical trial;
- delays in reaching or failing to reach agreement on acceptable terms with prospective CROs, contract manufacturing organizations (CMOs), and trial sites, the terms of which can be subject to extensive negotiation and may vary significantly;
- delays in identifying, recruiting and training suitable clinical investigators;
- insufficient or inadequate supply or quality of our drug candidates or other materials necessary to conduct and complete our clinical trials, or delays in sufficiently developing, characterizing or controlling a manufacturing process suitable for clinical trials;
- delays in manufacturing, testing, releasing, validating or importing/exporting sufficient stable quantities of our drug candidates for use in clinical trials;
- difficulties obtaining institutional review board (IRB) approval or positive ethics committee opinions to conduct a clinical trial at a prospective site;
- delays in recruiting, screening and enrolling patients and delays caused by patients withdrawing from clinical trials or failing to return for post-treatment follow-up;
- changes to the clinical trial protocols;
- governmental or regulatory delays and changes in regulatory requirements, policy and guidelines;
- serious and unexpected side effects related to the drug candidate being tested;
- lack of adequate funding to continue the clinical trial;
- severe adverse effects in clinical trials of the same class of agents conducted by other companies;
- changes in the standard of care on which a clinical development plan was based, which may require new or additional trials;
- selection of clinical endpoints that require prolonged periods of observation or analyses of resulting data;
- failure of our third-party vendors to perform manufacturing and distribution services in a timely manner or to sufficient quality standards;
- third-party clinical investigators losing the licenses or permits necessary to perform our clinical trials, not performing our clinical trials on our anticipated schedule or consistent with the clinical trial protocol, good clinical practice (GCP), or other regulatory requirements;
- third-party contractors not performing data collection or analysis in a timely or accurate manner;

- third-party contractors becoming debarred or suspended or otherwise penalized by the FDA or other government or regulatory authorities for violations of regulatory requirements, in which case we may need to find a substitute contractor, and we may not be able to use some or all of the data produced by such contractors in support of our marketing applications; and
- failure of our third-party contractors, such as CROs and CMOs, or our investigators to comply with regulatory requirements or otherwise meet their contractual obligations in a timely manner.

We do not know whether our clinical trials will begin as planned, will need to be restructured, or will be completed on schedule, if at all. Delays in the initiation, enrollment, or completion of our clinical trials will result in increased development costs for our drug candidates, and our financial resources may be insufficient to fund any incremental costs. If our clinical trials are delayed, our competitors may be able to bring products to market before we do and the commercial viability of our drug candidates could be limited.

In addition, disruptions caused by the COVID-19 pandemic or any future pandemic may increase the likelihood that we encounter such difficulties or delays in initiating, enrolling, conducting, or completing our planned and ongoing clinical trials. For example, we have previously experienced delays in enrollment and temporary closures of clinical trial sites due to COVID-19. We could also encounter delays if a clinical trial is suspended or terminated by us, by the IRBs or relevant ethics committees of the institutions in which such trials are being conducted or by the FDA or comparable foreign regulatory authorities. Such authorities may impose such a suspension or termination due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols or informed consents, inspection of the clinical trial operations or trial site by the FDA or comparable foreign regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a drug, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. In addition, changes in regulatory requirements and policies may occur, and we may need to amend clinical trial protocols to comply with these changes. Amendments may require us to resubmit our clinical trial protocols to IRBs, relevant ethics committees or competent authorities for reexamination, which may impact the costs, timing or successful completion of a clinical trial.

Further, conducting clinical trials in foreign countries, as our licensee, Ascletis Bioscience Co. Ltd. (Ascletis), is doing for denifanstat in China, and we may do in the future for our drug candidates, presents additional risks that may delay completion of our clinical trials. These risks include the failure of enrolled patients in foreign countries to adhere to clinical protocol as a result of differences in healthcare services or cultural customs, managing additional administrative burdens associated with foreign regulatory frameworks, as well as political and economic risks relevant to such foreign countries.

Moreover, principal investigators for our clinical trials may serve and have served as scientific advisors or consultants to us from time to time and receive compensation in connection with such services. Under certain circumstances, we may be required to report some of these relationships to the FDA or comparable foreign regulatory authorities. The FDA or comparable foreign regulatory authority may conclude that a financial relationship between us and a principal investigator has created a conflict of interest or otherwise affected interpretation of the trial. The FDA or comparable foreign regulatory authority may therefore question the integrity of the data generated at the applicable clinical trial site and the utility of the clinical trial itself may be jeopardized. This could result in a delay in approval, or rejection, of our marketing applications by the FDA or comparable foreign regulatory authority, as the case may be, and may ultimately lead to the denial of marketing approval of our drug candidates.

We may not be successful in our efforts to expand our pipeline, including by identifying additional indications for which to investigate denifanstat in the future. We may expend our limited resources to pursue a particular indication or formulation for denifanstat and fail to capitalize on drug candidates, indications or formulations that may be more profitable or for which there is a greater likelihood of success.

Because we have limited financial and managerial resources, we are currently focused on developing denifanstat for NASH. In November 2022, our strategic partner, Ascletis completed enrollment of an ongoing Phase 2 clinical trial of denifanstat in 180 patients with moderate to severe acne in China. Topline results are expected in the second quarter of 2023. We have also identified other potential indications where

fatty acid synthase (FASN) inhibition could have clinical benefit, including oncology. However, we may fail to generate additional clinical development opportunities for denifanstat or the other molecules in our catalog of FASN inhibitors for a number of reasons, including because denifanstat may in certain indications, on further study, be shown to have harmful side effects, limited to no efficacy, or other characteristics that suggest it is unlikely to receive marketing approval and achieve market acceptance in such additional indications.

We plan to conduct several clinical trials for denifanstat in parallel over the next several years. If we make incorrect determinations regarding the viability or market potential of denifanstat or any of our other drug candidates or misread trends in NASH, acne or in the pharmaceutical, biopharmaceutical or biotechnology industry, our business, financial condition and results of operations could be materially adversely affected. As a result, we may forgo or delay pursuit of opportunities with other indications that could have had greater commercial potential or likelihood of success. For example, we may focus on or pursue one or more of our target indications over other potential indications and such development efforts may not be successful, which would cause us to delay the clinical development and approval of denifanstat. Furthermore, research programs to identify additional indications for denifanstat require substantial technical, financial, and human resources. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs for specific indications may not yield any commercially viable products.

We have conducted, are currently conducting, and may in the future conduct clinical trials for our drug candidates outside the United States, and the FDA and comparable foreign regulatory authorities may not accept data from such trials.

We have conducted, are currently conducting, and may in the future conduct one or more clinical trials of our current or future drug candidates outside the United States. For example, we conducted a cohort of our FASCINATE-1 clinical trial in China. The acceptance of study data from clinical trials conducted outside the United States or another jurisdiction by the FDA or comparable foreign regulatory authority may be subject to certain conditions or may not be accepted at all. In cases where data from foreign clinical trials are intended to serve as the basis for marketing approval in the United States, the FDA will generally not approve the application on the basis of foreign data alone unless (i) the data are applicable to the U.S. population and U.S. medical practice; (ii) the trials were performed by clinical investigators of recognized competence; and (iii) the data may be considered valid without the need for an on-site inspection by the FDA or, if the FDA considers such as inspection to be necessary, the FDA is able to validate the data through an on-site inspection or other appropriate means. Additionally, the FDA's clinical trial requirements, including sufficient size of patient populations and statistical power, must be met. Many foreign regulatory authorities have similar approval requirements. In addition, such foreign trials would be subject to the applicable local laws of the foreign jurisdictions where the trials are conducted. There can be no assurance that the FDA or any comparable foreign regulatory authority will accept data from trials conducted outside of the United States or the applicable jurisdiction. If the FDA or any comparable foreign regulatory authority does not accept such data, we would need to conduct additional trials, which could be costly and time-consuming.

Interim, top-line and preliminary data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.

From time to time, we may publicly disclose preliminary or top-line data from our preclinical studies and clinical trials, which is based on a preliminary analysis of then-available data, and the results and related findings and conclusions are subject to change following a more comprehensive review of the data related to the particular study or trial. We also make assumptions, estimations, calculations and conclusions as part of our analyses of data, and we may not have received or had the opportunity to fully and carefully evaluate all data. As a result, the top-line or preliminary results that we report may differ from future results of the same studies, or different conclusions or considerations may qualify such results, once additional data have been received and fully evaluated. Top-line data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, top-line data should be viewed with caution until the final data are available.

From time to time, we may also disclose interim data from our preclinical studies and clinical trials. Interim data from clinical trials that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available or as patients from our clinical trials continue other treatments for their disease. Adverse differences between preliminary or interim data and final data could significantly harm our business prospects. For example, in November 2022, we announced an interim analysis of non-invasive biomarker data from the first 52 patients enrolled in the FASCINATE-2 Phase 2b trial after 26 weeks of dosing. We cannot assure you that the liver biopsy results collected after 52 weeks of dosing in the full study population will align with these interim results. Further, disclosure of interim data by us or by our competitors could result in volatility in the price of our common stock after this offering.

Others, including regulatory authorities, may not accept or agree with our assumptions, estimates, calculations, conclusions or analyses or may interpret or weigh the importance of data differently, which could impact the value of the particular program, the approvability or commercialization of the particular drug candidate or product and our company in general. In addition, the information we choose to publicly disclose regarding a particular study or clinical trial is based on what is typically extensive information, and you or others may not agree with what we determine is material or otherwise appropriate information to include in our disclosure. If the interim, top-line, or preliminary data that we report differ from actual results, or if others, including regulatory authorities, disagree with the conclusions reached, our ability to obtain approval for, and commercialize, our drug candidates may be harmed, which could harm our business, operating results, prospects or financial condition.

We intend to develop certain of our drug candidates in combination with other approved and investigational therapies, which exposes us to additional risks.

We intend to develop certain of our drug candidates in combination with one or more other approved therapies. For example, we conducted a Phase 1 trial of denifanstat in patients with solid tumors, which included arms in combination with taxane-based chemotherapy.

Our ability to develop and ultimately commercialize our drug candidates in combination with other therapies will depend on our ability to access such therapies on commercially reasonable terms for the clinical trials and their availability for use with our drug candidate. We cannot be certain that current or potential future commercial relationships will provide us with a steady supply of such therapies on commercially reasonable terms or at all.

Any failure to maintain or enter into new successful commercial relationships or the expense of purchasing these therapies may delay our development timelines, increase our costs and jeopardize our ability to develop our current drug candidates. If any of these circumstances occur, our business, financial condition, operating results, stock price and prospects may be materially harmed.

Moreover, the development of drug candidates for use in combination with another therapy may present challenges that are not faced for single agent drug candidates. The FDA or comparable foreign regulatory authorities may require us to use more complex clinical trial designs in order to evaluate the contribution of each drug candidate or therapy to any observed effects. It is possible that the results of such trials could show that any positive trial results are attributable to the other therapy and not our current drug candidates.

Even if any drug candidate we develop were to receive regulatory approval or be commercialized for use in combination with other existing therapies, we would continue to be subject to the risks that the FDA or comparable foreign regulatory authorities outside of the United States could revoke or amend approval of the therapy used in combination with our product or that safety, efficacy, manufacturing or supply issues could arise with any of those existing therapies. If the therapies we use in combination with our drug candidates are replaced as the standard of care for the indications we choose for any of our drug candidates, the FDA or comparable foreign regulatory authorities may require us to conduct additional clinical trials. The occurrence of any of these risks could result in our own products, if approved, being removed from the market or being less successful commercially.

We also may choose to evaluate our current drug candidates and any other future drug candidates in combination with one or more therapies that have not yet been approved for marketing by the FDA or

comparable foreign regulatory authorities. We will not be able to market and sell our current drug candidates or any drug candidate we develop in combination with any unapproved therapies for a combination indication if that unapproved therapy does not ultimately obtain marketing approval either alone or in combination with our product. In addition, unapproved therapies face the same risks described with respect to our drug candidates currently in development and clinical trials, including the potential for serious adverse effects, delay in their clinical trials and lack of FDA approval.

If the FDA or comparable foreign regulatory authorities do not approve these other products or revoke or amend their approval, or if safety, efficacy, quality, manufacturing or supply issues arise with the products we choose to evaluate in combination with our drug candidate, we may be unable to obtain approval of or market such combination therapy.

If we or third parties are unable to successfully develop technologies or establish tests for biomarkers that enable patient selection or monitoring for drug responses, or if we experience significant delays in doing so, we may not realize the full commercial potential of our drug candidates.

A key component of our strategy includes the use of biomarkers to guide patient selection for and/or to confirm responses to our drug candidates. In some cases, third parties provide this technology. It is not always the case, however, that the biomarker we have identified is on a standard panel offered by testing providers. If not already commercially available, we may collaborate with testing providers for the development of biomarker tests associated with our drug candidates. We may have difficulty in establishing or maintaining such development relationships, and we will face competition from other companies in establishing these collaborations.

There are also several risks associated with biomarker identification and validation. We, in collaboration with any testing providers, may not be able to identify predictive biomarkers or pharmacodynamic biomarkers for one or more of our programs. We may not be able to validate potential biomarkers or their functional relevance preclinically in relevant *in vitro* or *in vivo* models. Data analytics and information from databases that we rely on for identifying or validating some of our biomarker-target relationships may not accurately reflect potential patient populations. Potential biomarkers, even if validated preclinically, may not be functionally effective or validated in human clinical trials.

If testing providers experience any delays including the biomarkers we have identified for patient selection and/or drug response monitoring on their panels or tests, or if they do not include those biomarkers on their panels or tests, our clinical trials may be delayed or may not identify sufficient patients to complete the trial, and our drug candidates may not advance to approval or realize their full commercial potential.

The regulatory approval processes of the FDA and comparable foreign authorities are lengthy, time consuming and inherently unpredictable, and if we are ultimately unable to obtain regulatory approval for our drug candidates, our business will be substantially harmed.

The time required to obtain approval by the FDA and comparable foreign authorities is unpredictable but typically takes many years following the commencement of clinical trials and depends upon numerous factors, including the discretion of the regulatory authorities. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of a drug candidate’s clinical development and may vary among jurisdictions. We have not obtained regulatory approval for any drug candidate and it is possible that any drug candidates we may seek to develop in the future will never obtain regulatory approval. Neither we nor any future collaborator is permitted to market any of our drug candidates in the United States until we receive regulatory approval of an NDA from the FDA. The FDA and other regulatory authorities may delay, limit or deny approval of our drug candidates for many reasons, including:

- we may not be able to demonstrate to the satisfaction of the FDA or other regulatory authorities that denifanstat or any of our other future drug candidates are safe and effective for any indication;
- the results of clinical trials may not meet the level of statistical significance or clinical significance required by the FDA or other regulatory authorities for approval;

- the FDA or other regulatory authorities may disagree with the number, design, size, conduct or implementation of our clinical trials;
- the FDA or other regulatory authorities may not find the data from preclinical studies and clinical trials sufficient to demonstrate that the benefits of denifanstat or any of our other future drug candidates outweigh their safety risks;
- the FDA or other regulatory authorities may disagree with our interpretation of data from preclinical studies or clinical trials, or may not accept data generated at our clinical trial sites;
- the data collected from preclinical studies and clinical trials of denifanstat or any of our other future drug candidates may not be sufficient to support the submission of an NDA or other application for regulatory approval;
- the FDA may have difficulties scheduling an advisory committee meeting in a timely manner, or the advisory committee may recommend against approval of our application or may recommend that the FDA require, as a condition of approval, additional preclinical studies or clinical trials, limitations on approved labeling, or distribution and use restrictions;
- the FDA or other regulatory authorities may require development of a risk evaluation and mitigation strategy (REMS), or risk management plan (RMP), as a condition of approval;
- the FDA or other regulatory authorities may identify deficiencies in the manufacturing processes or facilities of third-party manufacturers with which we enter into agreements for clinical and commercial supplies;
- the FDA or other regulatory authorities may change their approval policies or adopt new regulations; and
- the FDA or other regulatory authorities may require simultaneous approval for both adults and for children and adolescents, which may delay approval, or we may have successful clinical trial results for adults but not children and adolescents, or vice versa.

In addition, any of these regulatory authorities may change requirements for the approval of a drug candidate even after reviewing and providing comments or advice on a protocol for a clinical trial. The FDA or other regulatory authorities may require that we conduct additional clinical, preclinical, manufacturing validation or drug product quality studies and submit those data before considering or reconsidering the application. Depending on the extent of these or any other studies, approval of any applications that we submit may be delayed by several years or may require us to expend more resources than we have available. It is also possible that additional studies, if performed and completed, may not be considered sufficient by the FDA or other regulatory authorities for obtaining approval.

In addition, the FDA or other regulatory authorities may approve a drug candidate for fewer or more limited indications than we request, may impose significant limitations related to use restrictions for certain age groups, warnings, precautions or contraindications or may grant approval contingent on the performance of costly post-marketing clinical trials or risk mitigation requirements, such as the implementation of a REMS or comparable foreign risk management approaches. The FDA or other regulatory authorities may not accept the labeling claims that we believe would be necessary or desirable for the successful commercialization of our drug candidates.

Obtaining and maintaining regulatory approval for a drug candidate in one jurisdiction does not mean that we will be successful in obtaining regulatory approval for that drug candidate in other jurisdictions.

Obtaining and maintaining regulatory approval for a drug candidate in one jurisdiction does not guarantee that we will be able to obtain or maintain regulatory approval in any other jurisdiction, while a failure or delay in obtaining regulatory approval in one jurisdiction may have a negative effect on the regulatory approval process in others. For example, even if the FDA grants marketing approval for a drug candidate, comparable regulatory authorities in foreign jurisdictions must also approve the manufacturing, marketing and promotion of the drug candidate in those countries. Approval procedures vary among jurisdictions and can involve requirements and administrative review periods different from, and greater than, those in the United States, including additional preclinical studies or clinical trials as clinical trials conducted in one

jurisdiction may not be accepted by regulatory authorities in other jurisdictions. In many jurisdictions outside the United States, a drug candidate must be approved for reimbursement before it can be approved for sale in that jurisdiction. In some cases, the price that we intend to charge for denifanstat or any of our other future drug candidates is also subject to approval.

Regulatory authorities in jurisdictions outside of the United States and the European Union also have requirements for approval for drug candidates with which we must comply prior to marketing in those jurisdictions. Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of denifanstat or any of our other future drug candidates in certain countries. If we fail to comply with the regulatory requirements in international markets and/or receive applicable marketing approvals, our target market will be reduced and our ability to realize the full market potential of denifanstat or any of our other future drug candidates will be harmed, which would adversely affect our business, prospects, financial condition, and results of operations.

We may not be able to file INDs or IND amendments, or comparable foreign applications, to commence additional clinical trials on the timelines we expect, and even if we are able to, the FDA or comparable foreign regulatory authorities may not permit us to proceed.

We may not be able to file INDs, or comparable foreign applications, for our drug candidates on the timelines we expect. For example, we may experience manufacturing delays or other delays with IND-enabling studies. Moreover, we cannot be sure that submission of an IND, or comparable foreign applications, will result in the FDA or other regulatory authorities allowing clinical trials to begin, or that, once begun, issues will not arise that suspend or terminate clinical trials. Additionally, even if such regulatory authorities agree with the design and implementation of the clinical trials set forth in an IND, or comparable foreign applications, we cannot guarantee that such regulatory authorities will not change their requirements in the future. These considerations also apply to new clinical trials we may submit as amendments to existing INDs or to a new IND or comparable foreign applications. Any failure to file INDs, or comparable foreign applications, or submit our clinical trial protocols to regulatory authorities for review on the timelines we expect may prevent us from completing our clinical trials or commercializing our products on a timely basis, if at all.

Use of denifanstat or any future drug candidates could be associated with side effects, adverse events or other properties that could delay or prevent regulatory approval or result in significant negative consequences following marketing approval, if any.

As is the case with pharmaceuticals generally, it is likely that there may be side effects and adverse events associated with the use of denifanstat or any future drug candidates. Results of our clinical trials could reveal a high and unacceptable severity and prevalence of side effects or unexpected characteristics. For example in our oncology Phase 1 clinical trial, six episodes of serious pneumonitis were experienced by five patients, one of which was fatal, assessed by the investigator as at least possibly related to both denifanstat and paclitaxel. No serious adverse events deemed related to denifanstat have been reported in our NASH trials as of November 2022. Undesirable side effects caused by denifanstat and any future drug candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA or other comparable foreign authorities. If drug-related serious adverse events are observed, our trials could be suspended or terminated and the FDA or comparable foreign regulatory authorities could order us to cease further development of or deny approval for denifanstat or any of our other future drug candidates for any or all targeted indications. The drug-related side effects could affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. Any of these occurrences may harm our business, financial condition, and prospects significantly.

Furthermore, only about 600 subjects have been treated with denifanstat in our clinical trials to date. It is possible that as we test our drug candidates in larger, longer and more extensive clinical trials, illnesses, injuries, discomforts and other adverse events that were observed in previous trials, as well as conditions that did not occur or went undetected in previous trials, will be reported by patients. In many cases, side effects are only detectable after investigational products are tested in large-scale clinical trials or, in some cases, after they are made available to patients on a commercial scale following approval.

Additionally, if denifanstat and any future drug candidates receive marketing approval, and we or others later identify undesirable side effects caused by such drug candidate, a number of potentially significant negative consequences could result, including:

- we may be forced to suspend marketing of that product, or decide to remove the product form the marketplace;
- regulatory authorities may withdraw approvals or change their approvals of such product, or seek an injunction against its manufacture or distribution;
- regulatory authorities may require additional warnings on the label, including boxed warnings, issue safety alerts or press releases, or limit access to that product;
- we may be required to create a REMS, which could include a medication guide outlining the risks of such side effects for distribution to patients and other elements to assure safe use, or comparable foreign risk management approaches;
- we may be required to change the way the product is administered;
- we could be subject to fines, injunctions, or the imposition of criminal or civil penalties, or be sued and held liable for harm caused to subjects or patients; and
- the product may become less competitive, and our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of denifanstat or any future drug candidates, if approved, and could significantly harm our business, results of operations, and prospects.

We have received fast track designation for denifanstat for NASH and may seek such designation for our other drug candidates or for other indications, but we might not receive such designations, and even if we do, such designations may not actually lead to a faster development or regulatory review or approval process.

If a drug candidate is intended for the treatment of a serious condition and preclinical or clinical data demonstrate the potential to address unmet medical need for this condition, a product sponsor may apply for FDA fast track designation. The sponsor of a fast track drug candidate has opportunities for more frequent interactions with the applicable FDA review team during product development and, once an NDA is submitted, the drug candidate may be eligible for priority review if the relevant criteria are met. A fast track drug candidate may also be eligible for rolling review, where the FDA may consider for review sections of the NDA on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the NDA, the FDA agrees to accept sections of the NDA and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the NDA. In March 2021, we received fast track designation for denifanstat for the treatment of NASH and we may seek fast track designation for certain other indications for denifanstat or any future drug candidates we may develop, but we might not receive such designations from the FDA. However, even if we receive fast track designation, fast track designation does not ensure that we will receive marketing approval or that approval will be granted within any particular timeframe. We may not experience a faster development or regulatory review or approval process with fast track designation compared to conventional FDA procedures. In addition, the FDA may withdraw fast track designation if it believes that the designation is no longer supported by data from our clinical development program. Fast track designation alone does not guarantee qualification for the FDA's priority review procedures. The European Medicines Agency (EMA) has a similar program called PRIority MEdicine (PRIME) designation. The purpose of this program is to enhance support for the development of medicinal products that target an unmet medical need. PRIME provides enhanced interaction and early dialogue between the EMA and developers of promising medicinal products to optimize generation of robust data on the benefits and risks of a medicinal product and enable accelerated assessment of medicines applications. Participation in PRIME does not, however, limit the obligations that must be fulfilled for grant of a related marketing authorization. We may seek PRIME designation for one or more of our drug candidates, but might not receive such designations. Even if we receive PRIME designation, there is no guarantee of grant of marketing authorization at all or within any specific timeframe.

Our drug candidates will remain subject to ongoing regulatory review even if they receive marketing approval, and if we fail to comply with continuing regulations, we could lose these approvals and the sale of any approved commercial products could be suspended.

Any regulatory approvals that we may receive for our drug candidates will require the submission of reports to regulatory authorities and surveillance to monitor the safety and efficacy of the drug candidate, may contain significant limitations related to use restrictions for specified age groups, warnings, precautions or contraindications, and may include burdensome post-approval study or risk management requirements. For example, the FDA may require a REMS in order to approve our drug candidates, which could entail requirements for a medication guide, physician training and communication plans or additional elements to ensure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. In addition, if the FDA or foreign regulatory authorities approve our drug candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion, import, export and recordkeeping for our drug candidates will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, registration, as well as on-going compliance with GCP for any clinical trials that we conduct post-approval. Further, the FDA closely regulates the post-approval marketing and promotion of drugs to ensure drugs are marketed only for their approved indications and in accordance with the provisions of the approved labeling. The FDA imposes stringent restrictions on companies' communications regarding off-label use, and if we market our products for uses beyond their approved indications, we may be subject to enforcement action for off-label marketing. Violations of the Federal Food, Drug, and Cosmetic Act relating to the promotion of prescription drugs may lead to FDA enforcement actions and investigations alleging violations of federal and state healthcare fraud and abuse laws, as well as state consumer protection laws.

In addition, manufacturers of drug products and their facilities are subject to continual review and periodic, unannounced inspections by the FDA and other domestic and foreign regulatory authorities for compliance with current good manufacturing practice (cGMP), regulations and standards. If we or a regulatory authority discover previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or problems with the facilities where the product is manufactured, a regulatory authority may impose restrictions on that product, the manufacturing facility or us, including requiring recall or withdrawal of the product from the market or suspension of manufacturing.

If we fail to comply with the regulatory requirements of the FDA and other applicable domestic and foreign regulatory authorities, or if previously unknown problems with any approved product, manufacturer, or manufacturing process are discovered, we could be subject to administrative or judicially imposed sanctions, including:

- restrictions on the marketing or manufacturing of our products;
- revisions to the labeling, including limitation on approved uses or the addition of additional warnings, contraindications or other safety information, including boxed warnings;
- imposition of a REMS, or comparable foreign risk management approaches, which may include distribution or use restrictions;
- requirements to conduct additional post-marketing clinical trials to assess the safety of the product;
- civil or criminal penalties;
- fines, warning letters or holds on clinical trials
- injunctions;
- product seizures or detentions;
- voluntary or mandatory product recalls;
- suspension, modification or withdrawal of regulatory approvals; and
- refusal by the FDA or other domestic or foreign regulatory authorities to approve pending applications for marketing approval of new products or supplements to approved applications.

The occurrence of any event or penalty described above may inhibit our ability to commercialize our drug candidates and generate revenue and could require us to expend significant time and resources in response and could generate negative publicity.

We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad, and compliance with such regulation may be expensive and consume substantial financial and management resources. If we or any future marketing collaborators or CMOs are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies or are not able to maintain regulatory compliance, it could delay or prevent the promotion, marketing or sale of our products, which would adversely affect our business and results of operations.

Changes in the manufacturing process or formulation may result in additional costs or delay.

As drug candidates progress through preclinical studies and clinical trials to marketing approval and commercialization, it is common that various aspects of the development program, such as manufacturing methods and formulation, are altered along the way in an effort to optimize yield and manufacturing batch size, minimize costs and achieve consistent quality and results. Such changes carry the risk that they will not achieve these intended objectives. Any of these changes could cause our drug candidates to perform differently and affect the results of planned clinical trials or other future clinical trials conducted with the altered materials. This could delay completion of clinical trials, require the conduct of bridging clinical trials or the repetition of one or more clinical trials, increase clinical trial costs, delay approval of our drug candidates and jeopardize our ability to commercialize our drug candidates, if approved, and generate revenue. If we or our CMOs are not able to successfully manufacture our drug candidates in sufficient quality and quantity, clinical development and timelines for our drug candidates and subsequent approval could be adversely impacted.

Changes in funding for the FDA and other domestic and foreign government authorities could hinder their ability to hire and retain key leadership and other personnel, or otherwise prevent new products and services from being developed or commercialized in a timely manner, which could negatively impact our business.

The ability of the FDA and other domestic and foreign government authorities to review and approve new products can be affected by a variety of factors, including government budget and funding levels, ability to hire and retain key personnel, accept the payment of user fees, and statutory, regulatory and policy changes. Average review times at the agency have fluctuated in recent years as a result. In addition, government funding of other government authorities that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable.

Disruptions at the FDA and other domestic and foreign authorities may also slow the time necessary for new drugs to be reviewed and/or approved by necessary government authorities, which would adversely affect our business. For example, over the last several years, including for 35 days beginning on December 22, 2018, the U.S. government has shut down several times and certain regulatory authorities, such as the FDA, have had to furlough critical FDA employees and stop critical activities. Our business depends upon the ability of the FDA to accept and review our potential regulatory filings. If a prolonged government shutdown occurs, it could significantly impact the ability of the FDA to timely review and process our regulatory submissions, which could have a material adverse effect on our ability to advance clinical development of our drug candidates. Further, future shutdowns of other government authorities, such as the U.S. Securities and Exchange Commission (SEC), may also impact our business through review of our public filings and our ability to access the public markets.

Our industry is highly competitive, and our drug candidates may become obsolete.

We are engaged in a rapidly evolving field. Competition from other pharmaceutical companies, biotechnology companies and research and academic institutions is intense and likely to increase. Many of those companies and institutions have substantially greater financial, technical and human resources than we have. Those companies and institutions also have substantially greater experience in developing products, conducting clinical trials, obtaining regulatory approval and in manufacturing and marketing pharmaceutical products. Our competitors may succeed in obtaining regulatory approval for their products more rapidly

than we do. Competitors have developed or are in the process of developing technologies that are, or in the future may be, the basis for competitive products. Some of these competitive products may have an entirely different approach or means of accomplishing the desired therapeutic effect than products being developed by us. Our competitors may succeed in developing products that are more effective and/or cost competitive than those we are developing, or that would render our drug candidates less competitive or even obsolete.

In addition, one or more of our competitors may achieve product commercialization or patent protection earlier than us, which could materially adversely affect our business.

If denifanstat is approved for the treatment of NASH, future competition could also arise from products currently in development with multinational pharmaceutical companies, specialized biotechnology companies and universities and other research institutions, including 89bio, Inc., Akero Therapeutics, Inc., Altimmune, Inc., Bristol-Myers Squibb Company, Eli Lilly and Company, Galmed Pharmaceuticals Ltd., Gilead Sciences, Inc., Intercept Pharmaceuticals, Inc., Inventiva S.A., Madrigal Pharmaceuticals, Inc., NGM Biopharmaceuticals, Inc., NorthSea Therapeutics B.V., Novartis AG, Novo Nordisk A/S, Pfizer Inc., Terns Pharmaceuticals, Inc., Viking Therapeutics, Inc., and Zydus Therapeutics Inc. Smaller or earlier- stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies. It is also probable that the number of companies seeking to develop drugs and therapies for the treatment of serious metabolic diseases, such as NASH, will increase.

Recently enacted legislation, future legislation and healthcare reform measures may increase the difficulty and cost for us to obtain marketing approval for and commercialize denifanstat and any future drug candidates and may affect the prices we may set.

In the United States and some foreign jurisdictions, there have been, and we expect there will continue to be, a number of legislative and regulatory changes to the healthcare system, including cost- containment measures that may reduce or limit coverage and reimbursement for newly approved drugs and affect our ability to profitably sell any drug candidates for which we obtain marketing approval. In particular, there have been and continue to be a number of initiatives at the U.S. federal and state levels that seek to reduce healthcare costs and improve the quality of healthcare.

Recently, the Inflation Reduction Act of 2022 (IRA), includes several provisions that may impact our business to varying degrees, including provisions that reduce the out-of-pocket cap for Medicare Part D beneficiaries to $2,000 starting in 2025; impose new manufacturer financial liability on certain drugs under Medicare Part D, allow the U.S. government to negotiate Medicare Part B and Part D price caps for certain high-cost drugs and biologics without generic or biosimilar competition; require companies to pay rebates to Medicare for certain drug prices that increase faster than the rate of inflation; and delay the rebate rule that would limit the fees that pharmacy benefit managers can charge.

At the state level, individual states in the United States have also increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. Legally mandated price controls on payment amounts by third-party payors or other restrictions could harm our business, results of operations, financial condition, and prospects. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programs. This could reduce the ultimate demand for denifanstat, if approved, or put pressure on our product pricing, which could negatively affect our business, results of operations, financial condition, and prospects. For more information regarding these and other healthcare reform initiatives, see “Business—Government regulation and product approval” elsewhere in this prospectus.

We cannot predict the likelihood, nature, or extent of healthcare reform initiatives that may arise from future legislation or administrative action, particularly as a result of the new presidential administration. We expect that healthcare reform measures, including those that may be adopted in the future may result in additional reductions in Medicare and other healthcare funding, more rigorous coverage criteria, new payment methodologies and additional downward pressure on the price that we receive for any approved product. Any reduction in reimbursement from Medicare or other government programs may result in a

similar reduction in payments from third-party payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability or commercialize denifanstat or our other drug candidates, if approved.

In addition, the policies of the FDA, the competent authorities of the EU Member States, the EMA, the European Commission and other comparable regulatory authorities with respect to clinical trials may change and additional government regulations may be enacted. For instance, the regulatory landscape related to clinical trials in the European Union recently evolved. The EU Clinical Trials Regulation (CTR), which was adopted in April 2014 and repeals the EU Clinical Trials Directive, became applicable on January 31, 2022. The CTR allows sponsors to make a single submission to both the competent authority and an ethics committee in each EU Member State, leading to a single decision for each EU Member State. The assessment procedure for the authorization of clinical trials has been harmonized as well, including a joint assessment by all EU Member States concerned, and a separate assessment by each EU Member State with respect to specific requirements related to its own territory, including ethics rules. Each EU Member State's decision is communicated to the sponsor via the centralized EU portal. Once the clinical trial has been approved, clinical study development may proceed. The CTR foresees a three-year transition period. The extent to which ongoing and new clinical trials will be governed by the CTR varies. For clinical trials in relation to which application for approval was made on the basis of the EU Clinical Trials Directive before January 31, 2022, the EU Clinical Trials Directive will continue to apply on a transitional basis for three years. Additionally, sponsors could choose to submit a clinical trial application under either the EU Clinical Trials Directive or the CTR until January 31, 2023 and, if authorized, those trials will be governed by the EU Clinical Trials Directive until January 31, 2025. By that date, all ongoing trials will become subject to the provisions of the CTR. Compliance with the CTR requirements by us and our third-party service providers, such as CROs, may impact our development plans.

It is currently unclear to what extent the United Kingdom will seek to align its regulations with the European Union in the future. The UK regulatory framework in relation to clinical trials is derived from the EU Clinical Trials Directive. However, the Retained EU Law (Revocation and Reform) Bill published in late 2022 which is intended to remove all EU-derived legislation from the UK statute book by the end of 2023, may result in a divergence of approach between the European Union and the United Kingdom.

In January 2022, the UK Medicines and Healthcare products Regulatory Agency (MHRA), launched an eight-week consultation on reframing the UK legislation for clinical trials. The consultation closed in March 2022 and aims to streamline clinical trials approvals, enable innovation, enhance clinical trials transparency, enable greater risk proportionality, and promote patient and public involvement in clinical trials. The outcome of the consultation will be closely watched and will determine whether the United Kingdom chooses to align with the CTR or diverge from it to maintain regulatory flexibility. A decision by the United Kingdom not to closely align its regulations with the CTR in the EU may have an effect on the cost of conducting clinical trials in the United Kingdom as opposed to other countries and/or make it harder to seek a marketing authorization in the European Union for our drug candidates on the basis of clinical trials conducted in the United Kingdom.

If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies governing clinical trials, our development plans may be impacted.

We may attempt to seek approval from the FDA for one or more of our drug candidates through the use of the accelerated approval pathway. If we are unable to obtain such approval, we may be required to conduct additional clinical trials beyond those that we contemplate, which could increase the expense of obtaining, and delay the receipt of, necessary marketing approvals. Even if we receive accelerated approval from the FDA, if our confirmatory trials do not verify clinical benefit, or if we do not comply with rigorous post-marketing requirements, the FDA may seek to withdraw any accelerated approval we have obtained.

We may in the future seek an accelerated approval for our one or more of our drug candidates. Under the accelerated approval pathway, the FDA may grant accelerated approval to a drug candidate designed to treat a serious or life-threatening condition that provides meaningful therapeutic benefit over available therapies, upon a determination that the drug candidate has an effect on a surrogate endpoint or intermediate clinical endpoint that is reasonably likely to predict clinical benefit. The FDA considers a clinical benefit to be a positive therapeutic effect that is clinically meaningful in the context of a given disease, such as irreversible

morbidity or mortality. For the purposes of accelerated approval, a surrogate endpoint is a marker, such as a laboratory measurement, radiographic image, physical sign, or other measure that is thought to predict clinical benefit, but is not itself a measure of clinical benefit. An intermediate clinical endpoint is a clinical endpoint that can be measured earlier than an effect on irreversible morbidity or mortality that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit. The accelerated approval pathway may be used in cases in which the advantage of a new drug over available therapy may not be a direct therapeutic advantage, but is a clinically important improvement from a patient and public health perspective. If granted, accelerated approval is usually contingent on the sponsor's agreement to conduct, in a diligent manner, additional post- approval confirmatory studies to verify and describe the drug's clinical benefit and, under the Food and Drug Omnibus Reform Act of 2022 (FDORA), the FDA is permitted to require, as appropriate, that such studies be underway prior to approval or within a specified time period after the date accelerated approval is granted. FDORA also requires sponsors to send updates to the FDA every 180 days on the status of such studies, including progress toward enrollment targets, and the FDA must promptly post this information publicly. In addition, FDORA gives the FDA increased authority to withdraw accelerated approval on an expedited basis if, for example, the sponsor fails to conduct such studies in a timely manner, such studies fail to confirm the drug's clinical benefit or the sponsor fails to send the necessary updates to the FDA. The FDA is empowered to take action, such as issuing fines, against companies that fail to conduct with due diligence any post-approval confirmatory study or submit timely reports to the agency on their progress. In addition, the FDA generally requires, unless otherwise informed by the agency, pre-approval of promotional materials for products receiving accelerated approval, which could adversely impact the timing of the commercial launch of the product.

Prior to seeking accelerated approval for any of our drug candidates, we intend to seek feedback from the FDA and will otherwise evaluate our ability to seek and receive accelerated approval. There can be no assurance that after our evaluation of the feedback and other factors we will decide to pursue or submit an NDA seeking accelerated approval or any other form of expedited development, review or approval. Similarly, there can be no assurance that after subsequent FDA feedback we will continue to pursue or apply for accelerated approval or any other form of expedited development, review or approval, even if we initially decide to do so. Furthermore, if we decide to submit an application for accelerated approval or receive an expedited regulatory designation (e.g., fast track designation) for our drug candidates, there can be no assurance that such submission or application will be accepted or that any expedited development, review or approval will be granted on a timely basis, or at all. The FDA or other comparable foreign regulatory authorities could also require us to conduct further studies prior to considering our application or granting approval of any type. A failure to obtain accelerated approval or any other form of expedited development, review or approval for our drug candidates would result in a longer time period to commercialization of such drug candidate, if any, could increase the cost of development of such drug candidate and could harm our competitive position in the marketplace.

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

We face an inherent risk of product liability lawsuits related to the testing of our drug candidates in seriously ill patients and will face an even greater risk if drug candidates are approved by regulatory authorities and introduced commercially. Product liability claims may be brought against us or our partners by participants enrolled in our clinical trials, patients, healthcare providers or others using, administering or selling any of our future approved products. If we cannot successfully defend against any such claims, we may incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for any of our future approved products;
- injury to our reputation;
- withdrawal of clinical trial participants;
- termination of clinical trial sites or entire trial programs;
- significant litigation costs;
- substantial monetary awards to or costly settlements with patients or other claimants;

- product recalls or a change in the indications for which products may be used;
- loss of revenue;
- diversion of management and scientific resources from our business operations; and
- the inability to commercialize our drug candidates.

If any of our drug candidates are approved for commercial sale, we will be highly dependent upon consumer perceptions of our company and the safety and quality of our products. We could be adversely affected if we are subject to negative publicity. We could also be adversely affected if any of our products or any similar products distributed by other companies prove to be, or are asserted to be, harmful to patients. In addition, because of our dependence upon consumer perceptions, any adverse publicity associated with illness or other adverse effects resulting from patients' use or misuse of our products or any similar products distributed by other companies could have a material adverse impact on our results of operations.

We do not currently hold product liability insurance coverage. Prior to commercialization of our drug candidates, we will need to purchase insurance coverage. As a result, we may be unable to maintain or obtain sufficient insurance at a reasonable cost to protect us against losses that could have a material adverse effect on our business. These liabilities could prevent or interfere with our product development and commercialization efforts. A successful product liability claim or series of claims brought against us, particularly if judgments exceed our available insurance coverage, could decrease our cash resources and adversely affect our business, financial condition and results of operations.

Our employees, contractors and partners may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We are exposed to the risk of fraud or other misconduct by our employees, contractors or partners. Misconduct by these parties could include failures to comply with FDA regulations or comparable foreign regulations, to provide accurate information to the FDA or comparable foreign authorities, to comply with federal, state or foreign healthcare fraud and abuse laws and regulations, to report financial information or data timely, completely or accurately, or to disclose unauthorized activities to us, or failure to comply with comparable foreign requirements. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Third-party misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. It is not always possible to identify and deter misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us resulting from this misconduct and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, exclusion from government funded healthcare programs, such as Medicare and Medicaid or comparable foreign equivalents, integrity oversight and reporting obligations, and the curtailment or restructuring of our operations.

We enter into various contracts in the normal course of our business in which we indemnify the other party to the contract. In the event we have to perform under these indemnification provisions, it could have a material adverse effect on our business, financial condition and results of operations.

In the normal course of business, we periodically enter into academic, commercial, service, collaboration, licensing, consulting and other agreements that contain indemnification provisions. With respect to our academic and other research agreements, we typically indemnify the institution and related parties from losses arising from claims relating to the products, processes or services made, used, sold or performed pursuant to the agreements for which we have secured licenses, and from claims arising from our or our potential sublicensees' exercise of rights under the agreement. With respect to our commercial agreements, we indemnify

our vendors from any third-party product liability claims that could result from the production, use or consumption of the product, as well as for alleged infringements of any patent or other intellectual property right by a third party.

Should our obligation under an indemnification provision exceed applicable insurance coverage or if we were denied insurance coverage, our business, financial condition and results of operations could be adversely affected. Similarly, if we are relying on a collaborator to indemnify us and the collaborator is denied insurance coverage or the indemnification obligation exceeds the applicable insurance coverage, and if the collaborator does not have other assets available to indemnify us, our business, financial condition and results of operations could be adversely affected.

If we fail to develop and commercialize other drug candidates, we may be unable to grow our business.

Although the development and commercialization of denifanstat is our primary focus, as part of our longer-term growth strategy, we plan to evaluate the development and commercialization of other therapies related to NASH, FASN inhibition, and other diseases mediated by overproduction of palmitate, including acne and some forms of cancer. We will evaluate internal opportunities from our compound libraries, and also may choose to in-license or acquire other drug candidates as well as commercial products to treat patients suffering from NASH or other disorders with high unmet medical needs and limited treatment options. These other drug candidates may require additional, time-consuming development efforts prior to commercial sale, including preclinical studies, clinical trials and approval by the FDA and/or applicable foreign regulatory authorities. All drug candidates are prone to the risks of failure that are inherent in pharmaceutical product development, including the possibility that the drug candidate will not be shown to be sufficiently safe and effective for approval by regulatory authorities. In addition, we cannot assure you that any such products that are approved will be manufactured or produced economically, be successfully commercialized, be widely accepted in the marketplace, or be more effective than other commercially available alternatives.

The COVID-19 pandemic, or a similar pandemic, epidemic, or outbreak of an infectious disease, may materially and adversely affect our business and our financial results and could cause a disruption to the development of our drug candidates.

Public health crises, such as pandemics or similar outbreaks, could adversely impact our business. The impact of the COVID-19 pandemic and the efforts to mitigate it, resulted in and will likely continue to result in disruptions to the global economy, as well as businesses and capital markets around the world. We experienced modest delays in our development activities as a result of the COVID-19 pandemic, primarily due to temporary closures of certain clinical sites that delayed patient enrollment in our FASCINATE-2 trial. There are no comparable events that provide guidance as to the effect the COVID-19 pandemic may have, and, as a result, the ultimate effect of the pandemic or a similar pandemic is highly uncertain and subject to change. The extent to which the COVID-19 pandemic will continue to impact our operations or those of our consultants and collaborators, will depend on future developments, including the global macroeconomic effects of the virus.

Potential disruptions to our preclinical and clinical development efforts related to the COVID-19 pandemic include, but are not limited to, disruptions in our supply chain and our ability to enroll patients in our clinical trials. According to the Centers for Disease Control and Prevention, people who have serious medical conditions, including those such as NASH, are at higher risk of getting very sick from COVID-19. As a result, current or potential patients in our ongoing and planned clinical trials may choose to not enroll, not participate in follow-up clinical visits, or drop out of the trial as a precaution against contracting COVID-19. Further, some patients may not be able or willing to comply with clinical trial protocols if quarantines impede patient movement or interrupt healthcare services. If patient enrollment is delayed for an extended period of time, our ongoing and planned clinical trials could be delayed or otherwise adversely affected. Similarly, our ability to recruit and retain principal investigators and site staff who, as healthcare providers, may have heightened exposure to COVID-19, may be adversely impacted.

The ultimate impact of the COVID-19 pandemic or a similar health epidemic is highly uncertain and subject to change. We do not yet know the full extent of potential delays or impacts on our business, our planned preclinical studies or clinical trials, healthcare systems or the global economy as a whole; nor do we know when and how such regulations may be eased. Economic recessions, increased inflation and/or

interest rates, and any disruptions to our operations or workforce availability, including those brought on by the continued COVID-19 pandemic or a similar health epidemic may have a negative effect on our operating results. The foregoing and other continued disruptions to our business as a result of the COVID-19 pandemic or similar public health crisis could result in an adverse effect on our business, results of operations, financial condition and cash flows.

Risks related to intellectual property

If we are unable to obtain, maintain and enforce sufficient patent protection for our drug candidates, or if the scope of the patent protection is not sufficiently broad, third parties, including our competitors, could develop and commercialize products similar or identical to ours, and our ability to commercialize our drug candidates successfully may be adversely affected.

Our success depends in large part on our ability to protect our proprietary technologies that we believe are important to our business, including pursuing and maintaining patent protection intended to cover the composition of matter of our drug candidates, including denifanstat, their methods of use, related technologies and other inventions that are important to our business. We seek to protect our proprietary position by filing patent applications in the United States and abroad related to our technologies and drug candidates that are important to our business. In addition to patent protection, we also rely on trade secrets to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection, including our proprietary platform of selective FASN inhibitors. If we do not adequately obtain, maintain, protect or enforce our intellectual property, third parties, including our competitors, may be able to erode or negate any competitive advantage we may have, which could harm our business and ability to achieve profitability.

The patent application and approval process is expensive, time-consuming and complex. We may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain. No consistent policy regarding the breadth of claims allowed in biotechnology and pharmaceutical patents has emerged to date in the United States or in many foreign jurisdictions. The standards applied by the United States Patent and Trademark Office (the USPTO) and foreign patent offices in granting patents are not always applied uniformly or predictably. In addition, the determination of patent rights with respect to pharmaceutical compounds commonly involves complex legal and factual questions, which has in recent years been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. Thus, we cannot offer any assurances about which, if any, patents will issue, the breadth of any such patents, whether any issued patents will be found invalid and unenforceable or will be threatened by third parties or whether any issued patents will effectively prevent others from commercializing competing technologies and drug candidates.

Our pending patent applications may not result in issued patents if other parties invented or filed patent applications on the same technology prior to our invention or filing of patent applications on our technology.

Assuming the other requirements for patentability are met, currently, the first to file a patent application is generally entitled to the patent. Because patent applications in the United States and most other countries are confidential for a period of time after filing, and some remain so until issued, we cannot be certain that we were the first to file any patent application related to our drug candidates. Further, in cases where a particular compound of interest is in the public domain, third parties may be able to obtain patents on improvements or other inventions relating to such compound if they were to discover the same patentable inventions relating to such compounds after us but manage to file a patent application before we do. In addition, we may enter into non-disclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, including any polymorphs and variants, such as our employees, collaborators, consultants, advisors and other third parties; however, any of these parties may breach the agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to obtain patent protection. Furthermore, if third parties have filed patent

applications related to our drug candidates or technology, an interference proceeding in the United States can be initiated by the USPTO or a third party to determine who was the first to invent any of the subject matter covered by the patent claims of our applications. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications, or that we were the first to file for patent protection of such inventions.

We cannot ensure that patent rights relating to inventions described and claimed in our pending patent applications will issue, or that our issued patents or patents that issue in the future will not be challenged and rendered invalid and/or unenforceable.

The patent application process is subject to numerous risks and uncertainties, and there can be no assurance that we or any of our potential future collaborators will be successful in protecting our drug candidates by obtaining and defending patents. We have pending and issued U.S. and foreign patents and patent applications in our portfolio; however, we cannot predict:

- if and when patents may issue based on our patent applications;
- the scope of protection of any patent issuing based on our patent applications;
- whether the claims of any issued patent will provide protection against competitors;
- whether or not third parties will find ways to invalidate or circumvent our patent rights;
- whether or not others will obtain patents claiming aspects similar to those covered by our patents and patent applications;
- whether we will need to initiate litigation or administrative proceedings to enforce and/or defend our patent rights which will be costly whether we win or lose; and/or
- whether the patent applications will result in issued patents with claims that cover each of our drug candidates or uses thereof in the United States or in other foreign countries.

We may be subject to a third-party pre-issuance submission of prior art to the USPTO or become involved in post-grant review procedures, oppositions, derivations, revocation, reexaminations, inter partes review or interference proceedings, in the United States or elsewhere, challenging our patent rights or the patent rights of others. An adverse determination in any such challenge may result in loss of exclusivity or in our patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercializing similar or identical technology and products or limit the duration of the patent protection of our technology and products. Such challenges also may result in substantial cost and require significant time from our scientists and management, even if the eventual outcome is favorable to us. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, and prospects. Furthermore, if the breadth or strength of protection provided by our patents and patent applications is threatened, regardless of the outcome, it could dissuade companies from collaborating with us to license, develop or commercialize current or future drug candidates.

We may rely on more than one patent to provide multiple layers of patent protection for our drug candidates. If the latest-expiring patent is invalidated or held unenforceable, in whole or in part, the overall protection for the drug candidate may be adversely affected. For example, if the latest-expiring patent is invalidated, the overall patent term for our drug candidate could be adversely affected.

Our pending and future patent applications may not result in patents being issued that protect our drug candidates, in whole or in part, or which effectively prevent others from commercializing competitive products.

Given the amount of time required for the development, testing and regulatory review of new drug candidates, our patents protecting such drug candidates might expire before or shortly after such drug candidates are commercialized. As a result, our intellectual property may not provide us with sufficient rights to exclude others from commercializing products similar or identical ours. Our competitors and other third parties may also seek approval to market their own products similar to or otherwise competitive with our products. Alternatively, our competitors or other third parties may seek to market generic or biosimilar versions of any approved products and in so doing, claim that patents owned by us are invalid, unenforceable or not infringed. In these circumstances, we may need to defend or assert our patents, or both, including

by filing lawsuits alleging patent infringement. In any of these types of proceedings, a court or other agency with jurisdiction may find our patents invalid or unenforceable, or may find that our competitors are competing in a non-infringing manner. Thus, even if we have valid and enforceable patents, these patents still may not provide protection against competing products or processes sufficient to achieve our business objectives.

Moreover, some of our patents may in the future be co-owned with third parties. If we are unable to obtain an exclusive license to any such third-party co-owners' interest in such patents or patent applications, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

Our patents may be subject to a reservation of rights by one or more third parties.

If any of our technologies are developed in the future with government funding, the government may obtain certain rights in any resulting patents, including a non-exclusive license authorizing the government to use the invention or to have others use the invention on its behalf. If the U.S. government then decides to exercise these rights, it is not required to engage us as its contractor in connection with doing so. These rights may also permit the government to disclose our confidential information to third parties and to exercise march-in rights to use or allow third parties to use our licensed technology. The government may also exercise its march-in rights if it determines that action is necessary because we failed to achieve practical application of the government-funded technology, because action is necessary to alleviate health or safety needs, to meet requirements of federal regulations, or to give preference to U.S. industry. In addition, our rights in such government-funded inventions may be subject to certain requirements to manufacture products embodying such inventions in the United States. Any exercise by the government of aforementioned proprietary rights could harm our competitive position, business, financial condition, results of operations, and prospects.

Changes to the patent law in the United States and other jurisdictions could diminish the value of patents in general, thereby impairing our ability to protect our products.

As is the case with other biopharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involves both technological and legal complexity and is therefore costly, time consuming and inherently uncertain. Changes in either the patent laws or interpretation of the patent laws in the United States could increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents. Recent patent reform legislation in the United States and other countries, including the Leahy-Smith America Invents Act (Leahy-Smith Act), signed into law in September 2011, could increase those uncertainties and costs and it is not yet clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. However, the Leahy-Smith Act and its implementation could make it more difficult to obtain patent protection for our inventions and increase the uncertainties and costs surrounding the prosecution of our or our collaboration partners' patent applications and the enforcement or defense of our or our collaboration partners' issued patents, all of which could harm our business, results of operations, financial condition and prospects.

The U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. Additionally, there have been recent proposals for additional changes to the patent laws of the United States and other countries that, if adopted, could impact our ability to enforce our proprietary technology. Depending on future actions by the U.S. Congress, the U.S. courts, the USPTO and the relevant law-making bodies in other countries, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future. See "Business—Intellectual property" for description of the intellectual property regulatory framework.

We may become involved in lawsuits or administrative disputes to protect or enforce our patents or other intellectual property, which could be expensive, time consuming and unsuccessful.

Competitors may infringe our patents, trademarks, copyrights, trade secrets or other intellectual property. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time consuming and divert the time and attention of our management and scientific personnel. Any claims we assert against perceived infringers could provoke these parties to assert counterclaims against us alleging that we infringe their patents or their intellectual property, in addition to counterclaims asserting that our patents are invalid or unenforceable, or both. In any patent infringement proceeding, there is a risk that a court will decide that a patent of ours is invalid or unenforceable, in whole or in part, and that we do not have the right to stop the other party from manufacturing and selling the competing product at issue. There is also a risk that, even if the validity of such patents is upheld, the court will construe the patent's claims narrowly or decide that we do not have the right to stop the other party from using the invention at issue on the grounds that our patent claims do not cover said product. An adverse outcome in a litigation or proceeding involving our patents could limit our ability to assert our patents against those parties or other competitors and may curtail or preclude our ability to exclude third parties from making and selling similar or competitive products. Any of these occurrences could adversely affect our competitive business position, business prospects and financial condition. Similarly, if we assert trademark infringement claims, a court may determine that the marks we have asserted are invalid or unenforceable, or that the party against whom we have asserted trademark infringement has superior rights to the marks in question. In this case, we could ultimately be forced to cease use of such trademarks.

Even if we establish infringement, the court may decide not to grant an injunction against further infringing activity and instead award only monetary damages, which may or may not be an adequate remedy. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during litigation. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of shares of our Class A common stock.

Moreover, there can be no assurance that we will have sufficient financial or other resources to file and pursue such infringement claims, which typically last for years before they are concluded. Even if we ultimately prevail in such claims, the monetary cost of such litigation and the diversion of the attention of our management and scientific personnel could outweigh any benefit we receive as a result of the proceedings.

Furthermore, third parties may also raise invalidity or unenforceability claims before administrative bodies in the United States or comparable foreign authorities, even outside the context of litigation. Such mechanisms include re-examination, *inter partes* review, post-grant review, interference proceedings, derivation proceedings and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings). Such proceedings could result in revocation, cancellation or amendment to our patents in such a way that they no longer cover and protect our drug candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity of our patents, for example, we cannot be certain that there is no invalidating prior art of which we, our licensors, our patent counsel and the patent examiner were unaware during prosecution. If a third party were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on one or more of our drug candidates. Any such loss of patent protection could have a material adverse impact on our business, financial condition, results of operations and prospects.

We may not be able to enforce our intellectual property rights throughout the world.

Filing, prosecuting and defending patents with respect to our drug candidates in all countries throughout the world would be prohibitively expensive, and the laws of foreign countries may not protect our rights to the same extent as the laws of the United States. The requirements for patentability may differ in certain countries, particularly in developing countries. Consequently, competitors and other third parties may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we may obtain patent protection, but where patent enforcement is not as strong as that in the United States. These products may compete

with our products in jurisdictions where we do not have any issued or licensed patents or where any future patent claims or other intellectual property rights may not be effective or sufficient to prevent them from competing with us.

Moreover, our ability to protect and enforce our intellectual property rights may be adversely affected by unforeseen changes in foreign intellectual property laws. Additionally, laws of some countries outside of the United States and Europe do not afford intellectual property protection to the same extent as the laws of the United States and Europe. Many companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. The legal systems of some countries, including India, China and several developing countries, do not favor the enforcement of patents and other intellectual property rights, particularly those relating to biotechnology products, which could make it difficult for us to stop the infringement, misappropriation or other violation of our patents or other intellectual property rights. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. Consequently, we may not be able to prevent third parties from practicing our inventions in certain countries outside the United States and Europe. In addition, many countries limit the enforceability of patents against government authorities or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired, and our business, financial condition, results of operations, and prospects may be adversely affected.

Proceedings to enforce our patent rights in foreign jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and resources from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Furthermore, while we intend to protect our intellectual property rights in major markets for our products, we cannot ensure that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may wish to market our products. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate.

We may not identify relevant third-party patents or may incorrectly interpret the relevance, scope or expiration of a third-party patent, which might adversely affect our ability to develop and market our products.

We cannot guarantee that any of our patent searches or analyses, including the identification of relevant patents, the scope of patent claims or the expiration of relevant patents, are complete or thorough, nor can we be certain that we have identified each and every third-party patent and pending application in the United States and abroad that is relevant to or necessary for the commercialization of our drug candidates in any jurisdiction.

The scope of a patent claim is determined by an interpretation of the law, the written disclosure in a patent and the patent's prosecution history. Our interpretation of the relevance or the scope of a patent or a pending application may be incorrect. For example, we may incorrectly determine that our products are not covered by a third-party patent or may incorrectly predict whether a third-party's pending application will issue with claims of relevant scope. Our determination of the expiration date of any patent in the United States or abroad that we consider relevant may be incorrect. Our failure to identify and correctly interpret relevant patents may negatively impact our ability to develop and market our products.

If we are sued for infringing, misappropriating or otherwise violating intellectual property rights of third parties, such litigation or disputes could be costly and time consuming and could prevent or delay us from developing or commercializing our drug candidates.

Our commercial success depends, in part, on our ability to develop, manufacture, market and sell our drug candidates without infringing, misappropriating or otherwise violating the intellectual property and other proprietary rights of third parties. If any third-party patents or patent applications are found to cover our drug candidates or their methods of use or manufacturing, we may be required to pay damages, which could be substantial, and we would not be free to manufacture or market our drug candidates without obtaining a license, which may not be available on commercially reasonable terms, or at all.

There is a substantial amount of intellectual property litigation in the biotechnology and pharmaceutical industries, and we may become party to, or threatened with, litigation or other adversarial proceedings regarding intellectual property rights with respect to our drug candidates. Third parties may assert infringement, misappropriation or other claims against us based on existing or future intellectual property rights. The outcome of intellectual property litigation and other disputes is subject to uncertainties that cannot be adequately quantified in advance. The pharmaceutical and biotechnology industries have produced a significant number of patents, and it may not always be clear to industry participants, including us, which patents cover various types of products or methods of using or manufacturing products. The coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform. If we were sued for patent infringement, we would need to demonstrate that our drug candidates, products or methods of use, manufacturing or other applicable activities either do not infringe the patent claims of the asserted patent or that the patent claims are invalid or unenforceable, and we may not be successful in doing so. Proving invalidity is difficult. For example, in the United States, proving invalidity requires a showing of clear and convincing evidence to overcome the presumption of validity that applies to all issued patents. Even if we believe third-party intellectual property claims are without merit, there is no assurance that a court would find in our favor on questions of infringement, validity, or enforceability. Even if we are successful in these proceedings, we may incur substantial costs and the time and attention of our management and scientific personnel could be diverted in pursuing these proceedings, which could significantly harm our business and operating results. In addition, we may not have sufficient resources to bring these actions to a successful conclusion.

If we are found to infringe, misappropriate or otherwise violate a third party's intellectual property rights and we are unsuccessful in demonstrating that such intellectual property rights are invalid or unenforceable, we could be forced, including by court order, to cease developing, manufacturing or commercializing the infringing drug candidate or product. Alternatively, we may be required to obtain a license from such third party in order to use the infringing technology and continue developing, manufacturing or marketing the infringing drug candidate. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees if we are found to have willfully infringed a patent. A finding of infringement could prevent us from commercializing our drug candidates or force us to cease some of our business operations, which could materially harm our business. Claims that we have misappropriated the confidential information or trade secrets of third parties, particularly from our competitors currently developing products for the treatment of NASH, could have a similar negative impact on our business, financial condition, results of operations and prospects.

We may be subject to claims by third parties asserting that our employees or consultants or we have misappropriated their intellectual property, or claiming ownership of what we regard as our own intellectual property, or we may need to bring similar claims against third parties.

Some of our employees and consultants are currently or have been previously employed at universities or at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. These employees and consultants may have executed proprietary rights, non-disclosure and non-competition agreements, or similar agreements, in connection with such other current or previous employment. Although we try to ensure that our employees and consultants do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these individuals have used or disclosed intellectual property, including trade secrets or other proprietary information, of third parties. Litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel or sustain damages. Such intellectual property rights could be awarded to a third party, and we could be required to obtain a license from such third party to commercialize our technology or products. Such a license may not be available on commercially reasonable terms or at all. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to our management. Any of the foregoing would have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, while we typically require our employees, consultants and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own. In addition, such agreements may not be self-executing such that the intellectual property subject to such agreements may not be assigned to us without additional assignments being executed, and we may fail to obtain such assignments. In addition, such agreements may be breached. Accordingly, we may be forced to bring claims against third parties, or defend claims that they may bring against us, related to the ownership of such intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our senior management and scientific personnel, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

We may be subject to claims challenging the inventorship or ownership of our patents and other intellectual property.

We or our licensors may be subject to claims that former employees, collaborators or other third parties have an interest in our patents, trade secrets, or other intellectual property as an inventor or co-inventor. For example, we or our collaborators may have inventorship disputes arise from conflicting obligations of employees, consultants or others who are involved in developing our drug candidates. Litigation may be necessary to defend against these and other claims challenging inventorship or ownership of our patents, trade secrets or other intellectual property. If we or our licensors fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, intellectual property that is important to our drug candidates. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

The term of our patents may be inadequate to protect our competitive position on our products.

Patent rights are of limited duration. In the United States, if all maintenance fees are paid timely, the natural expiration of a patent is generally 20 years after its first effective filing date. Upon issuance in the United States, the term of a patent can be increased by patent term adjustment, which is based on certain delays caused by the USPTO, but this increase can be reduced or eliminated based on certain delays caused by the patent applicant during patent prosecution. The term of a United States patent may also be shortened if the patent is terminally disclaimed over an earlier-filed patent. Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. Depending upon the timing, duration and other factors relating to any FDA marketing approval we receive for any of our drug candidates, one or more of our U.S. patents may be eligible for limited patent term extension (PTE), under the Drug Price Competition and Patent Term Restoration Act of 1984 (Hatch-Waxman Amendments). We plan to seek PTE in the United States, however, only a single patent can be extended for each marketing approval, and any patent can be extended only once, for a single product. Moreover, the scope of protection during the period of the PTE does not extend to the full scope of the claim, but instead only to the scope of the product as approved. We also plan to see analogous forms of PTE in other countries where we are prosecuting patents. However, the laws governing analogous PTEs in foreign jurisdictions vary widely, as do laws governing the ability to obtain multiple patents from a single patent family. Additionally, we may not receive an extension if we fail to exercise due diligence during the testing phase or regulatory review process. If we are unable to obtain PTE or the term of any such extension is less than we request, our competitors and other third parties may be able to obtain approval of competing products following our patent expiration and take advantage of our investment in development and clinical trials by referencing our clinical and preclinical data and launch their product earlier than might otherwise be the case. Any of the foregoing would have a material adverse effect on our business, financial condition, results of operations and prospects. For more information about obtaining extensions, see “Business—Intellectual property”.

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

Periodic maintenance fees on any issued patent are due to be paid to the USPTO and patent offices in foreign countries in several stages over the lifetime of the patent. The USPTO and patent offices in foreign countries require compliance with a number of procedural, documentary, fee payment and other requirements during the patent application process. While an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of a patent or patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include, but are not limited to, failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. In such an event, our competitors and other third parties might be able to enter the market with similar or identical products of technology, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

If we are unable to protect the confidentiality of our trade secrets and proprietary know-how, the value of our technology could be materially adversely affected and our business would be harmed.

While we have obtained composition of matter patents with respect to certain of our drug candidates, including denifanstat, we also rely on proprietary know-how and trade secret protection and confidentiality agreements to protect proprietary know-how or trade secrets that are not patentable or that we elect not to patent. For example, we may elect to not patent some composition matter from our proprietary library of selective FASN inhibitors and therefore rely on protecting the proprietary aspects of our platform as a trade secret. We seek to protect our trade secrets and proprietary know-how in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, consultants, independent contractors, advisors, CMOs, suppliers, collaborators and other third parties. We also enter into confidentiality and invention or patent assignment agreements with employees and certain consultants. However, we cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary know-how. Additionally, our confidentiality agreements and other contractual protections may not be adequate to protect our intellectual property from unauthorized disclosure, third-party infringement or misappropriation. Any party with whom we have executed such an agreement may breach that agreement and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time- consuming, and the outcome is unpredictable. Courts outside the United States are sometimes less willing to protect proprietary information, technology and know-how. Further, we may need to share our trade secrets and confidential know-how with current or future business partners, collaborators, contractors and others located in countries at heightened risk of theft of trade secrets, including through direct intrusion by private parties or foreign actors, and those affiliated with or controlled by state actors. In addition, if any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent such third party, or those to whom they communicate such technology or information, from using that technology or information to compete with us. If any of our trade secrets, including with respect to our proprietary platform of selective FASN inhibitors, were to be disclosed to or independently developed by a competitor or other third party, our business, financial condition, results of operations and prospects our business and competitive position could be materially harmed.

If we fail to comply with our obligations under any license, collaboration or other agreement, we may be required to pay damages and could lose intellectual property rights that are necessary for developing and protecting our drug candidates.

We rely, in part, on license, collaboration and other agreements, including our license agreement with Ascletis. We may need to obtain additional licenses from others to advance our research or allow commercialization of our drug candidates and it is possible that we may be unable to obtain additional licenses at a reasonable cost or on reasonable terms, if at all. The licensing or acquisition of third-party intellectual property rights is a competitive area, and several more established companies may pursue strategies

to license or acquire third-party intellectual property rights that we may consider attractive. These established companies may have a competitive advantage over us due to their size, capital resources and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment.

In addition, our present and future licenses, collaborations and other intellectual property related agreements, currently impose, and are likely to further impose development, commercialization, funding, milestone, royalty, diligence, sublicensing, insurance, patent prosecution and enforcement or other obligations on us. If we breach any of these obligations, or use any future intellectual property licensed to us in an unauthorized manner, we may be required to pay damages and our licensors may have the right to terminate the license. If any future license or other intellectual property related agreements are terminated, we may be required to cease developing and commercializing drug candidates that are covered by the licensed intellectual property. Disputes may arise regarding intellectual property subject to a licensing, collaboration or other agreement, including:

- the scope of rights granted under the agreement and other interpretation related issues;
- the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the agreement;
- the sublicensing of patent and other rights under our collaborative development relationships;
- our diligence obligations under the agreement and what activities satisfy those diligence obligations;
- the inventorship and ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our collaborators; and
- the priority of invention of patented technology.

In addition, the agreements under which we license intellectual property or technology to third parties are complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In some circumstances, we may not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, covering the technology that we have licensed or assigned to third parties. Therefore, we cannot be certain that these patents and applications will be prosecuted, maintained and enforced in a manner consistent with the best interests of our business. If our licensees or assignees fail to obtain or maintain such intellectual property, or lose rights to such intellectual property, our right to develop and commercialize any of our products that are subject to such licensed rights could be adversely affected.

If we are unable to successfully obtain rights to required third-party intellectual property rights or maintain the existing intellectual property rights we have, we may have to abandon development of the relevant program or drug candidate and our business, financial condition, results of operations and prospects could suffer.

Intellectual property rights do not necessarily address all potential threats.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations and may not adequately protect our business or permit us to maintain our competitive advantage. For example:

- others may be able to make products similar to any drug candidates we may develop or utilize similarly related technologies that are not covered by the claims of the patents that we license or may own in the future;

- we, or our license partners or current or future collaborators, might not have been the first to make the inventions covered by the issued patent or pending patent application that we license or may own in the future;
- we, or our license partners or current or future collaborators, might not have been the first to file patent applications covering certain of our or their inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing, misappropriating or otherwise violating any of our owned or licensed intellectual property rights;
- it is possible that our pending licensed patent applications or those that we may own in the future will not lead to issued patents;
- issued patents that we hold rights to may be held invalid or unenforceable, including as a result of legal challenges by our competitors or other third parties;
- our competitors or other third parties might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may not develop additional proprietary technologies that are patentable;
- the patents of others may harm our business;
- we may choose not to file a patent in order to maintain certain trade secrets or proprietary know-how, and a third party may subsequently file a patent covering such intellectual property; and
- our trade secrets or proprietary know-how may be unlawfully disclosed, thereby losing their trade secret or proprietary status.

Should any of these events occur, they could have a material adverse effect on our business, financial condition, results of operations and prospects.

If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

Our current or future trademarks or trade names may be challenged, infringed, circumvented or declared generic or descriptive or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names or may be forced to stop using these names, which we need for name recognition by potential partners or customers in our markets of interest. During trademark registration proceedings, we may receive rejections of our applications by the USPTO or in other foreign jurisdictions. Although we would be given an opportunity to respond to those rejections, we may be unable to overcome such rejections. In addition, in the USPTO and in comparable authorities in many foreign jurisdictions, third parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. Opposition or cancellation proceedings may be filed against our trademarks, and our trademarks may not survive such proceedings. If we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively and our business may be adversely affected. We may license our trademarks and trade names to third parties, such as distributors. Although these license agreements may provide guidelines for how our trademarks and trade names may be used, a breach of these agreements or misuse of our trademarks and tradenames by our licensees may jeopardize our rights in or diminish the goodwill associated with our trademarks and trade names.

Moreover, any proprietary name we have proposed to use with our drug candidates in the United States must be approved by the FDA, regardless of whether we have registered it, or applied to register it, as a trademark. Similar requirements exist in Europe. The FDA typically conducts a review of proposed proprietary product names, including an evaluation of potential for confusion with other product names. If the FDA (or an equivalent administrative body in a foreign jurisdiction) objects to any of our proposed proprietary product names, we may be required to expend significant additional resources in an effort to identify a suitable substitute name that would qualify under applicable trademark laws, not infringe the existing rights of third parties, and be acceptable to the FDA. Furthermore, in many countries, owning and

maintaining a trademark registration may not provide an adequate defense against a subsequent infringement claim asserted by the owner of a senior trademark. At times, competitors or other third parties may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. If we assert trademark infringement claims, a court may determine that the marks we have asserted are invalid or unenforceable, or that the party against whom we have asserted trademark infringement has superior rights to the marks in question. In this case, we could ultimately be forced to cease use of such trademarks.

Risks related to third parties

We have licensed rights to denifanstat to Ascletis, a significant stockholder, for Greater China. Under the license agreement, Ascletis controls certain product development efforts in its territory, including conduct of clinical trials, which could have an impact on our clinical development programs.

Under our license agreement with Ascletis, Ascletis is responsible for the design and conduct of certain clinical trials for the licensed drug candidate, denifanstat, which is referred to as ASC40 in the People's Republic of China, Hong Kong, Macau and Taiwan (referred to collectively as Greater China). As a result, these clinical trials may not be conducted in the manner or on the timeline we desire or may not be designed in a manner that will demonstrate a statistically significant result, any of which may negatively impact our development efforts outside of Greater China. We do not have any right to control those trial designs nor control their interactions with respect to obtaining and maintaining regulatory approvals in Greater China. In addition, if Ascletis elects not to continue development of ASC40 or abandons clinical trials, it could have a negative effect on our business and our drug candidate development efforts outside of Greater China. Our lack of control over aspects of drug candidate development in our agreement with Ascletis, or any other future license partner, could cause delays or other difficulties in the development and commercialization of our drug candidates, which could harm our business and prospects.

We rely on third parties to conduct our clinical trials of our drug candidates and expect to rely on third parties to conduct future clinical trials, as well as investigator-sponsored clinical trials of our drug candidates. If these third parties do not successfully carry out their contractual duties, comply with regulatory requirements or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our drug candidates and our business could be substantially harmed.

We currently rely on, and intend to continue relying on third parties, including independent clinical investigators and third-party CROs, to conduct certain aspects of our preclinical studies and clinical trials for denifanstat and any other future drug candidates. We control or will control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our clinical trials is conducted in accordance with applicable protocol, legal, regulatory, and scientific standards, and our reliance on our CROs does not relieve us of our regulatory responsibilities.

We, our investigators and CROs are required to comply with GCP, which are regulations and guidelines enforced by the FDA and comparable foreign regulatory authorities for drug candidates in clinical development. Regulatory authorities enforce GCP through periodic inspections of trial sponsors, principal investigators and trial sites. If we or any of these CROs fail to comply with applicable GCP regulations, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing products. Upon inspection, such regulatory authorities may determine that our clinical trials do not comply with the GCP regulations. In addition, our clinical trials must be conducted with drug product produced under cGMP regulations and will require a large number of test subjects. Our failure or any failure by our investigators or CROs to comply with these regulations or to recruit a sufficient number of patients may require us to repeat clinical trials, which would delay the regulatory approval process. Moreover, our business may be implicated if any of our investigators or CROs violate federal or state fraud and abuse or false claims laws and regulations or healthcare privacy and security laws and foreign equivalents.

Our investigators and CROs are not our employees, and, except for remedies available to us under our agreements with such investigators and CROs, we cannot control whether or not they devote sufficient time

and resources to our ongoing preclinical, clinical and nonclinical programs. These investigators and CROs may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical trials or other drug development activities, which could affect their performance on our behalf. If our investigators and CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements or for other reasons, our clinical trials may be extended, delayed, or terminated and we may not be able to complete development of, obtain regulatory approval for or successfully commercialize denifanstat or any other future drug candidates. As a result, our financial results and the commercial prospects for denifanstat and any future drug candidates could be harmed, our costs could increase and our ability to generate revenues could be delayed.

Our investigators and CROs have the right to terminate their agreements with us in the event of an uncured material breach. In addition, some of our investigators and CROs have an ability to terminate their respective agreements with us if it can be reasonably demonstrated that the safety of the subjects participating in our clinical trials warrants such termination, if we make a general assignment for the benefit of our creditors or if we are liquidated. If any of our relationships with these third parties terminate, we may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms. Switching or adding investigators or CROs involves substantial cost and requires extensive management time and focus. In addition, there is a natural transition period when a new investigator or CRO commences work. As a result, delays occur, which can materially impact our ability to meet our desired clinical development timelines. Although we carefully manage our relationships with our investigators and CROs, we may encounter challenges or delays in the future and these delays or challenges may have a material adverse impact on our business, prospects, financial condition, and results of operations.

We may also rely on individual investigators or academic and non-academic institutions to conduct investigator-sponsored clinical trials relating to our drug candidates. We will not control the design or conduct of these investigator-sponsored trials, and it is possible that the FDA or comparable foreign regulatory authorities will not view these investigator-sponsored trials as providing adequate support for future clinical trials, whether controlled by us or third parties, for any one or more reasons, including elements of the design or execution of the trials or safety concerns or other trial results. Such arrangements will likely provide us certain information rights with respect to the investigator-sponsored trials, including access to and the ability to use and reference the data, including for our own regulatory filings, resulting from the investigator-sponsored trials. However, we would not have control over the timing and reporting of the data from investigator-sponsored trials, nor would we own the data from the investigator-sponsored trials. If we are unable to confirm or replicate the results from the investigator-sponsored trials or if negative results are obtained, we would likely be further delayed or prevented from advancing further clinical development of our drug candidates. Further, if investigators or institutions breach their obligations with respect to the clinical development of our drug candidates, or if the data proves to be inadequate compared to the first-hand knowledge we might have gained had the investigator-sponsored trials been sponsored and conducted by us, then our ability to design and conduct any future clinical trials ourselves may be adversely affected.

We have relied on, and we expect to continue to rely on, third-party manufacturers to produce our drug candidates. Our manufacturers may experience manufacturing difficulties due to the ongoing effects of inflationary pressures, resource constraints, labor disputes or unstable political environments, which could delay the completion of our clinical trials, increase the costs associated with maintaining clinical trial programs and, significantly impact our ability to develop, obtain regulatory approval for, or market denifanstat and any future drug candidates.

We do not own or operate manufacturing facilities for the production of clinical or commercial quantities of our drug candidates, and we lack the resources and the capabilities to do so. As a result, we currently rely, and expect to rely for the foreseeable future, on third-party manufacturers to supply our drug candidates. Reliance on third-party manufacturers entails risks to which we would not be subject if we manufactured our drug candidates ourselves, including:

- the failure of the third party to manufacture our drug candidates according to our schedule, or at all, including if our third-party contractors give greater priority to the supply of other products over

our drug candidates or otherwise do not satisfactorily perform according to the terms of the agreements between us and them;

- the reduction or termination of production or deliveries by suppliers, or the raising of prices or renegotiation of terms;
- the breach by the third-party contractors of our agreements with them;
- the failure of third-party contractors to comply with applicable regulatory requirements;
- the failure of the third party to manufacture our drug candidates according to our specifications;
- the mislabeling of clinical supplies, potentially resulting in the wrong dose amounts being supplied or study drug or placebo not being properly identified;
- clinical supplies not being delivered to clinical sites on time, leading to clinical trial interruptions, or of drug supplies not being distributed to commercial vendors in a timely manner, resulting in lost sales;
- the misappropriation of our proprietary information, including our trade secrets and know- how; and
- the possible termination or non-renewal of manufacturing agreements by third parties, at a time that is costly or inconvenient to us.

If we do not maintain our key manufacturing relationships, we may fail to find replacement manufacturers or develop our own manufacturing capabilities, which could delay or impair our ability to obtain regulatory approval for our drug candidates and substantially increase our costs or deplete profit margins, if any. If we do find replacement manufacturers, we may not be able to enter into agreements with them on terms and conditions favorable to us. In some cases, the technical skills required to manufacture our drug candidates may be unique or proprietary to the original manufacturer and we may have difficulty, or there may be contractual restrictions prohibiting us from, transferring such skills to a back-up or alternate manufacturer, or we may be unable to transfer such skills at all. In addition, if we are required to change manufacturers for any reason, we will be required to verify that the new manufacturer maintains facilities and procedures that comply with quality standards and all applicable regulations, and there could be a substantial delay before new facilities could be qualified and registered with the FDA and other foreign regulatory authorities. We will also need to verify, such as through a comparability study, that any new manufacturer or new manufacturing process will produce our drug candidate according to the specifications previously submitted to the FDA or another domestic or foreign regulatory authority. The delays associated with the verification of a new manufacturer and demonstrating comparability of clinical trial drug product could negatively affect our ability to develop drug candidates or commercialize our products in a timely manner or within budget. To date, we have relied on three CMOs based in the United States and China to produce denifanstat drug substance and two CMOs in the United States and China to produce denifanstat drug product. We believe we have sufficient supply to complete our ongoing FASCINATE-2 Phase 2b trial in NASH, and will need to manufacture additional material to support late stage studies such as Phase 3 trials. Under the terms of our license agreement with a subsidiary of Ascletis, we cannot source drug substance from within Greater China, but we are not restricted outside Greater China.

We do not currently have any long-term agreement with a manufacturer to produce raw materials, active pharmaceutical ingredients (APIs), and the finished products of denifanstat and we may rely on single source suppliers for clinical supply of API and drug product of denifanstat. Our reliance on third-party suppliers and CMOs could harm our ability to develop denifanstat and any future drug candidates or to commercialize any drug candidates that are approved. Further, any delay in identifying and qualifying a manufacturer for commercial production could delay the potential commercialization of denifanstat and any future drug candidates, and, in the event that we do not have sufficient product to complete our clinical trials, it could delay such trials.

The FDA and other foreign regulatory authorities require manufacturers to register their manufacturing facilities. The FDA and corresponding foreign regulators also inspect these facilities to confirm compliance with cGMP and other applicable laws. We, our CMOs, any future collaborators and their CMOs could be subject to periodic unannounced inspections by the FDA or other comparable foreign regulatory authorities, to monitor and ensure compliance with cGMP. CMOs may face manufacturing or quality control problems

causing production and shipment delays or a situation where the contractor may not be able to maintain compliance with the applicable cGMP requirements. Despite our efforts to audit and verify regulatory compliance, one or more of our CMOs or third-party vendors may be found on regulatory inspection by the FDA or other comparable foreign regulatory authorities to be noncompliant with cGMP regulations. Any failure to comply with cGMP requirements or other FDA and foreign regulatory authority requirements may result in shutdown of the CMO or third-party vendor or invalidation of drug product lots or processes and could adversely affect our clinical research activities and our ability to develop our drug candidates and market our products following approval, if obtained. In some cases, a product recall may be warranted or required, which would materially affect our ability to supply and market our drug products, if approved.

We currently do not control the manufacturing process of denifanstat and are completely dependent on our CMOs for complying with the FDA's cGMP requirements for manufacture of both the active drug substances and finished drug product. If our CMOs cannot successfully manufacture material that conforms to our specifications and the FDA and comparable foreign regulatory authorities' strict regulatory requirements, we will not be able to secure or maintain FDA or comparable foreign regulatory approval for our drug candidates. In addition, we have no control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel.

If the FDA or any other applicable regulatory authority does not approve these facilities for the manufacture of denifanstat or any future drug candidates, or if it withdraws any such approval in the future, or if our suppliers or CMOs decide they no longer want to supply or manufacture for us, we may need to find alternative manufacturing facilities, in which case we might not be able to identify manufacturers for clinical or commercial supply on acceptable terms, or at all, which would significantly impact our ability to develop, obtain regulatory approval for, or market denifanstat and any future drug candidates.

In addition, the manufacture of pharmaceutical products is complex and requires significant expertise and capital investment, including the development of advanced manufacturing techniques and process controls. Manufacturers of pharmaceutical products often encounter difficulties in production, particularly in scaling up and validating initial production and absence of contamination. These problems include difficulties with production costs and yields, quality control, including stability of the product, quality assurance testing, operator error, shortages of qualified personnel, as well as compliance with strictly enforced federal, state, and foreign regulations. Furthermore, if contaminants are discovered in our supply of denifanstat or any future drug candidates or in the manufacturing facilities, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. Any stability or other issues relating to the manufacture of denifanstat or any future drug candidates may occur in the future. Additionally, our manufacturers may experience manufacturing difficulties due to the ongoing effects of the COVID-19 pandemic, inflationary pressures, resource constraints, labor disputes or unstable political environments. If our manufacturers were to encounter any of these difficulties, or otherwise fail to comply with their contractual obligations, our ability to provide our drug candidate to patients in clinical trials would be jeopardized. Any delay or interruption in the supply of clinical trial supplies could delay the completion of clinical trials, increase the costs associated with maintaining clinical trial programs and, depending upon the period of delay, require us to commence new clinical trials at additional expense or terminate clinical trials completely.

Our current and anticipated future dependence upon others for the manufacture of our drug candidates may adversely affect our future profit margins and our ability to develop our drug candidates and commercialize any products that receive regulatory approval on a timely basis.

Disputes under key agreements or conflicts of interest with our scientific advisors or clinical investigators could delay or prevent development or commercialization of our drug candidates.

Any agreements we have or may enter into with third parties, such as collaboration, license, formulation supplier, manufacturing, clinical research organization or clinical trial agreements, including our license agreement with Ascletis, may give rise to disputes regarding the rights and obligations of the parties. Disagreements could develop over contract interpretation, rights to ownership or use of intellectual property, the scope and direction of research and development, rights to receive milestones, royalties or other payments, the approach for regulatory approvals or commercialization strategy. Any disputes, delays or commercial conflicts could lead to the termination of agreements, delay progress of our product development

programs, compromise our ability to renew agreements or obtain future agreements, lead to the loss of intellectual property rights, result in increased financial obligations for us or result in costly litigation.

We currently have no marketing and sales organization and have no organizational experience in marketing products. If we are unable to establish marketing and sales capabilities or enter into agreements with third parties to market and sell denifanstat and any future drug candidates, we may not be able to generate product revenues.

We currently do not have a commercial organization for the marketing, sales, and distribution of pharmaceutical products. To commercialize denifanstat and any future drug candidates, we must build our marketing, sales, distribution, managerial and other non-technical capabilities or make arrangements with third parties to perform these services.

The establishment and development of our own sales force or the establishment of a contract sales force to market denifanstat and any future drug candidates, if approved, will be expensive and time-consuming and could delay any commercial launch. Moreover, we may not be able to successfully develop this capability. We will have to compete with other pharmaceutical and biotechnology companies to recruit, hire, train, and retain marketing and sales personnel. We also face competition in our search for third parties to assist us with the sales and marketing efforts of denifanstat or any of our other future drug candidates. To the extent we rely on third parties to commercialize denifanstat or any of our other future drug candidates, if approved, we may have little or no control over the marketing and sales efforts of such third parties and our revenues from product sales may be lower than if we had commercialized denifanstat or any future drug candidates ourselves. In the event we are unable to develop our own marketing and sales force or collaborate with a third-party marketing and sales organization, we would not be able to commercialize denifanstat or any future drug candidates.

Risks related to our industry and the regulatory environment in which we operate

A drug candidate may not achieve adequate market acceptance among physicians, patients, third-party payors and others in the medical community necessary for commercial success.

Even if a drug candidate receives regulatory approval, it may not gain adequate market acceptance among physicians, patients, third-party payors, pharmaceutical companies and others in the medical community. Demonstrating the safety and efficacy of a drug candidate and obtaining regulatory approvals will not guarantee future revenue. Our commercial success also depends on obtaining and maintaining coverage and adequate reimbursement of a drug candidate by third-party payors, including government payors, which may be difficult or time-consuming to obtain, may be limited in scope and may not be obtained in all jurisdictions in which we may seek to market our products. Governments and private third-party payors closely examine medical products to determine whether they should be covered and reimbursed and, if so, the level of reimbursement that will apply. In the United States, no uniform policy of coverage and reimbursement for drug products exists among third-party payors. Therefore, coverage and reimbursement for drug products can differ significantly from payor to payor. We cannot be certain that third-party payors will sufficiently reimburse sales of a product or enable us to sell a product at profitable prices. Similar concerns could also limit the reimbursement amounts that health insurers or government authorities in other countries are prepared to pay for our products. In many regions, including Europe, Japan and Canada, where we may market a product, either directly or with a collaborator, the pricing of prescription drugs is controlled by the government or regulatory authorities. Regulatory authorities in these countries could determine that the pricing for a product should be based on prices of other commercially available drugs for the same disease, rather than allowing us to market a drug at a premium as new drugs.

Sales of medical products also depend on the willingness of physicians to prescribe the treatment, which is likely to be based on a determination by these physicians that the products are safe, therapeutically effective and cost effective. In addition, the inclusion or exclusion of products from treatment guidelines established by various physician groups and the viewpoints of influential physicians can affect the willingness of other physicians to prescribe the treatment. We cannot predict whether physicians, physicians' organizations, hospitals, other healthcare providers, government authorities or private third-party payors will determine that our products are safe, therapeutically effective and cost effective as compared with

competing treatments. If any drug candidate is approved but does not achieve an adequate level of acceptance by such parties, we may not generate or derive sufficient revenue from that drug candidate and may not become or remain profitable.

Even if we commercialize any drug candidate, alone or with our partners, such product may become subject to unfavorable pricing regulations, third-party reimbursement practices or healthcare reform initiatives, which could harm our business.

The regulations that govern marketing approvals, pricing and reimbursement for new drug products vary widely from country to country. Current and future legislation may significantly change the approval requirements in ways that could involve additional costs and cause delays in obtaining approvals. Some countries require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or product licensing approval is granted. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain marketing approval for a product in a particular country, but then be subject to price regulations that delay or limit our commercial launch of the product, possibly for lengthy time periods, which could negatively impact the revenue we generate from the sale of the product in that particular country. Adverse pricing limitations may hinder our ability to recoup our investment in one or more drug candidates, even if our drug candidates obtain marketing approval.

Our ability to commercialize any products successfully will depend in part on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers and other organizations.

Government authorities and other third-party payors, such as private health insurers and health maintenance organizations, determine which medications they will cover and establish reimbursement levels. Government authorities and other third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that coverage and reimbursement will be available for any product that we or our partners commercialize or, if reimbursement is available, what the level of reimbursement will be. Coverage and reimbursement may impact the demand for, or the price of, any drug candidate for which we or our partners obtain marketing approval. If coverage and reimbursement are not available or reimbursement is available only to limited levels, we and our partners may not be able to successfully commercialize any drug candidate for which marketing approval is obtained.

There may be significant delays in obtaining coverage and reimbursement for newly approved drugs, and coverage may be more limited than the purposes for which the drug is approved by the FDA or comparable foreign regulatory authorities. Moreover, eligibility for coverage and reimbursement does not imply that a drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Interim reimbursement levels for new drugs, if applicable, may also not be sufficient to cover our costs and may only be temporary. Reimbursement rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost drugs and may be incorporated into existing payments for other services.

Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or third-party payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. Our inability to promptly obtain coverage and profitable reimbursement rates from both government-funded and private payors for any approved products that we develop could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize products and our overall financial condition.

Changing regulatory environments could negatively impact our business.

Third-party payors, whether domestic or foreign, or governmental or commercial, are developing increasingly sophisticated methods of controlling healthcare costs. The United States and many foreign jurisdictions have enacted or proposed legislative and regulatory changes affecting the healthcare system that

could prevent or delay marketing approval of our drug candidates, restrict or regulate post-approval activities and affect our ability to profitably sell any product for which we obtain marketing approval.

There have been, and likely will continue to be, legislative and regulatory proposals at the foreign, federal and state levels directed at broadening the availability of healthcare and containing or lowering the cost of healthcare. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our products. Such reforms could have an adverse effect on anticipated revenue from drug candidates that we may successfully develop and for which we may obtain regulatory approval and may affect our overall financial condition and ability to develop drug candidates.

Many EU Member States periodically review their reimbursement procedures for medicinal products, which could have an adverse impact on reimbursement status. We expect that legislators, policymakers and healthcare insurance funds in the EU Member States will continue to propose and implement cost-containing measures, such as lower maximum prices, lower or lack of reimbursement coverage and incentives to use cheaper, usually generic, products as an alternative to branded products, and/or branded products available through parallel import to keep healthcare costs down. Moreover, in order to obtain reimbursement for our products in some European countries, including some EU Member States, we may be required to compile additional data comparing the cost-effectiveness of our products to other available therapies. Health Technology Assessment (HTA), of medicinal products is becoming an increasingly common part of the pricing and reimbursement procedures in some EU Member States, including those representing the larger markets. The HTA process is the procedure to assess therapeutic, economic and societal impact of a given medicinal product in the national healthcare systems of the individual country. The outcome of an HTA will often influence the pricing and reimbursement status granted to these medicinal products by the competent authorities of individual EU Member States. The extent to which pricing and reimbursement decisions are influenced by the HTA of the specific medicinal product currently varies between EU Member States.

In December 2021, Regulation No 2021/2282 on HTA, amending Directive 2011/24/EU, was adopted in the European Union. This Regulation, which entered into force in January 2022 and will apply as of January 2025, is intended to boost cooperation among EU Member States in assessing health technologies, including new medicinal products, and providing the basis for cooperation at European Union level for joint clinical assessments in these areas. The Regulation foresees a three-year transitional period and will permit EU Member States to use common HTA tools, methodologies, and procedures across the European Union, working together in four main areas, including joint clinical assessment of the innovative health technologies with the most potential impact for patients, joint scientific consultations whereby developers can seek advice from HTA authorities, identification of emerging health technologies to identify promising technologies early, and continuing voluntary cooperation in other areas. Individual EU Member States will continue to be responsible for assessing non-clinical (e.g., economic, social, ethical) aspects of health technologies, and making decisions on pricing and reimbursement. If we are unable to maintain favorable pricing and reimbursement status in EU Member States for drug candidates that we may successfully develop and for which we may obtain regulatory approval, any anticipated revenue from and growth prospects for those products in the European Union could be negatively affected.

Legislators, policymakers and healthcare insurance funds in the European Union may continue to propose and implement cost-containing measures to keep healthcare costs down; particularly due to the financial strain that the COVID-19 pandemic has placed on national healthcare systems of the EU Member States. These measures could include limitations on the prices we would be able to charge for drug candidates that we may successfully develop and for which we may obtain regulatory approval or the level of reimbursement available for these products from governmental authorities or third-party payors. Further, an increasing number of European Union and other foreign countries use prices for medicinal products established in other countries as “reference prices” to help determine the price of the product in their own territory. Consequently, a downward trend in prices of medicinal products in some countries could contribute to similar downward trends elsewhere.

Our relationships with customers, healthcare providers, and third-party payors may be subject, directly or indirectly, to federal, state and foreign healthcare fraud and abuse laws, transparency laws, and other healthcare laws and regulations, including analogous foreign laws. If we or our employees, independent contractors, consultants, commercial partners, or vendors violate these laws, we could face substantial penalties.

Our relationships with customers, healthcare providers, and third-party payors may be subject, directly or indirectly, to federal and state healthcare fraud and abuse laws, transparency laws with respect to drug pricing and payments and other transfers of value made to physicians and other healthcare providers, and other healthcare laws and regulations. These laws may impact, among other things, our clinical research program, as well as our proposed and future sales, marketing, and education programs. In particular, the promotion, sales and marketing of healthcare items and services is subject to extensive laws and regulations designed to prevent fraud, kickbacks, self-dealing, and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive, and other business arrangements. In addition, we may be subject to federal or comparable foreign consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers.

We may also be subject to state and foreign equivalents of each of the healthcare laws described above, among others, some of which may be broader in scope. For example, we may be subject to the following: state anti-kickback and false claims laws that may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental, third-party payors, including private insurers, or that apply regardless of payor; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government; state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers, marketing expenditures, or drug pricing; and state and local laws requiring the registration of pharmaceutical sales and medical representatives.

Outside the United States, interactions between pharmaceutical companies and health care professionals are also governed by strict laws, such as national anti-bribery laws of European countries, national sunshine rules, regulations, industry self-regulation codes of conduct and physicians' codes of professional conduct. Failure to comply with these requirements could result in reputational risk, public reprimands, administrative penalties, fines or imprisonment.

See "Business—Government regulation and product approval" for a description of the U.S. healthcare laws and regulations that may affect our ability to operate.

Because of the breadth of these laws and the narrowness of the statutory exceptions and regulatory safe harbors available, it is possible that some of our business activities, or our arrangements with physicians, some of whom have been granted stock options, could be subject to challenge under one or more of such laws. It is not always possible to identify and deter employee misconduct or business noncompliance, and the precautions we take to detect and prevent inappropriate conduct may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. Efforts to ensure that our business arrangements will comply with applicable healthcare laws may involve substantial costs. It is possible that governmental and enforcement authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law interpreting applicable fraud and abuse or other healthcare laws and regulations. If we or our employees, independent contractors, consultants, commercial partners and vendors violate these laws, we may be subject to investigations, enforcement actions and/or significant penalties, including the imposition of significant civil, criminal and administrative penalties, damages, disgorgement, monetary fines, imprisonment, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs or similar foreign programs, contractual damages, reputational harm, diminished profits and future earnings, additional reporting requirements and/or oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations. In addition, the approval and commercialization of denifanstat or any of our future drug candidates outside the United States will also likely subject us to foreign equivalents of the healthcare laws mentioned above, among other foreign laws.

Our internal computer systems, or those used by our CROs or other contractors or consultants, may fail or suffer security breaches.

We and the third parties upon which we rely face a variety of evolving threats, which could cause security incidents, such as cyber-attacks, malicious internet-based activity, online and offline fraud, and other similar activities. Such threats are prevalent and continue to rise, are increasingly difficult to detect, and come from a variety of sources.

Despite the implementation of security and back-up measures designed to protect against security incidents, our internal computer, server, and other information technology systems as well as those of our third-party collaborators, consultants, contractors, suppliers, and service providers upon which we rely, may be vulnerable to various threats including, but not limited to, damage from physical or electronic break-ins, computer viruses, malware, ransomware, personnel misconduct or error, supply chain attacks, natural disasters, terrorism, war, telecommunication and electrical failure, denial of service, and other cyberattacks or disruptive incidents that could result in unauthorized access to, use or disclosure of, corruption of, or loss of sensitive, and/or proprietary data, including personal information, and health-related information, and could subject us to significant liabilities and regulatory and enforcement actions, and reputational damage. In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in our operations.

For example, the loss of clinical trial data from completed or ongoing clinical trials could result in delays in any regulatory approval or clearance efforts and significantly increase our costs to recover or reproduce the data, and subsequently commercialize the product. Additionally, theft of our intellectual property or proprietary business information could require substantial expenditures to remedy. Such theft could also lead to loss of intellectual property rights through disclosure of our proprietary business information, and such loss may not be capable of remedying.

In addition, our reliance on third-party partners could introduce new cybersecurity risks and vulnerabilities. If we or our third-party collaborators, consultants, contractors, suppliers, or service providers upon which we rely were to suffer an attack or breach, for example, that resulted in the unauthorized access to or use or disclosure of personal information, we may have to notify consumers, partners, collaborators, government authorities, other stakeholders and the media, and may be subject to investigations, civil penalties, administrative and enforcement actions, and litigation, any of which could harm our business and reputation. Any such disclosures may involve inconsistent requirements and are costly, and the disclosure or the failure to comply with such requirements could lead to adverse consequences. Likewise, we rely on third parties to conduct clinical trials, and similar events relating to their computer systems could also have a material adverse effect on our business. While we may be entitled to damages if these providers fail to satisfy their data privacy or security-related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. In addition, supply-chain attacks have increased in frequency and severity, and we cannot guarantee that third parties' infrastructure in our supply chain or our third-party partners' supply chains have not been compromised.

Our reliance on internet technology and the number of our employees, and those of our CROs, who continue to work remotely may create additional opportunities for cybercriminals to exploit vulnerabilities, as this has caused an increased usage of computers operated on home networks, while in transit, or in public locations. Furthermore, because the techniques used to obtain unauthorized access to, or to sabotage, systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. We may also experience security breaches that may remain undetected for an extended period.

To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or systems, or inappropriate or unauthorized access to or disclosure or use of confidential, proprietary, and/or sensitive data, we could incur liability and suffer reputational harm, and the development and commercialization of denifanstat, or future drug candidates could be delayed.

Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. We cannot be sure that any insurance coverage

that we do or will obtain will be adequate or sufficient to protect us from or to mitigate liabilities arising out of our privacy and security practices, that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims.

In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive information about us from public sources, data brokers, or other means that reveals competitively sensitive details about our organization and could be used to undermine our competitive advantage or market position.

Failure to comply with data privacy and security laws, regulations and other obligations could lead to government enforcement actions (which could include civil or criminal penalties), private litigation, negative publicity, and/or other adverse consequences that could negatively affect our operating results and business.

We and our partners may be subject to federal, state, and foreign data protection laws and regulations (i.e., laws and regulations that address privacy and data security). In the United States, numerous federal and state laws and regulations, including state data breach notification laws, state health information privacy laws, and federal and state consumer protection laws and regulations that govern the collection, use, disclosure, and protection of health-related and other personal information could apply to our operations or the operations of our partners. In addition, we may obtain health information from third parties (including research institutions from which we obtain clinical trial data) that are subject to privacy and security requirements under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Depending on the facts and circumstances, we could be subject to penalties if we violate HIPAA.

Even when HIPAA does not apply, according to the Federal Trade Commission (FTC), failing to take appropriate steps to keep consumers' personal information secure may constitute unfair acts or practices in or affecting commerce in violation of the Federal Trade Commission Act. The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Individually identifiable health information is considered sensitive data that merits stronger safeguards.

In addition, certain state laws govern the privacy and security of health-related and other personal information in certain circumstances, some of which may be more stringent, broader in scope or offer greater individual rights with respect to protected health information than HIPAA, many of which may differ from each other, thus, complicating compliance efforts. Failure to comply with these laws, where applicable, can result in the imposition of significant civil and/or criminal penalties and private litigation. For example, California enacted the California Consumer Privacy Act (CCPA), which creates new individual privacy rights for California consumers (as defined in the law), including the right to opt out of certain disclosures of their information, and places increased privacy and security obligations on entities handling certain personal data of consumers or households. The CCPA also creates a private right of action with statutory damages for certain data breaches, thereby potentially increasing risks associated with a data breach. As currently written, the CCPA may impact our business activities and exemplifies the vulnerability of our business to the evolving regulatory environment related to personal data and protected health information. Further, the California Privacy Rights Act (CPRA) recently entered into force in California, amending the CCPA. The changes introduced by the CPRA impose additional data protection obligations on covered businesses, including additional consumer rights processes, limitations on data uses, new audit requirements for higher risk data, and opt outs for certain uses of sensitive data. The amendments ushered in by the CPRA also create a new California data protection agency authorized to issue substantive regulations and could result in increased privacy and information security enforcement. Additional compliance investment and potential business process changes may be required.

Some observers have noted that the CCPA could mark the beginning of a trend toward more stringent privacy legislation in the United States, which could increase our potential liability and adversely affect our business. New consumer privacy laws enter into force in Connecticut, Colorado, Virginia and Utah in 2023. In addition, a number of other states have proposed new privacy laws, some of which are similar to the above discussed recently passed laws. Such proposed legislation, if enacted, may add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment of resources in compliance programs, impact strategies and the availability of previously useful data and could result in increased compliance costs and/or changes in business practices and policies. The existence of comprehensive

privacy laws in different states in the country would make our compliance obligations more complex and costly and may increase the likelihood that we may be subject to enforcement actions or otherwise incur liability for noncompliance. See “Business—Intellectual Property—Data privacy and security laws” for additional information.

Foreign data protection laws, including the European Union’s General Data Protection Regulation (the EU GDPR), and the UK equivalent of the same (the UK GDPR, together with the EU GDPR, the GDPR) may also apply to our processing of health-related and other personal data regardless of where the processing in question is carried out.

The GDPR imposes stringent requirements for controllers and processors of personal data of individuals within the European Economic Area (EEA), or the United Kingdom. The GDPR applies to any company established in the EEA or United Kingdom as well as to those outside the EEA or United Kingdom if they collect and use personal data in connection with the offering of goods or services to individuals in the EEA or United Kingdom or the monitoring of their behavior. The GDPR, together with national legislation, regulations and guidelines of the EEA Member States and the United Kingdom governing the processing of personal data, impose strict obligations and restrictions on the ability to collect, analyze and transfer personal data, including health data from clinical trials and adverse event reporting. In particular, these obligations and restrictions concern the consent of the individuals to whom the personal data relates, the information provided to the individuals, the transfer of personal data out of the EEA or the United Kingdom, security breach notifications, security and confidentiality of the personal data and imposition of substantial potential fines for breaches of the data protection obligations. Companies that must comply with the GDPR face increased compliance obligations and risk, including more robust regulatory enforcement of data protection requirements and potential fines for noncompliance of up to €20 million (£17.5 million) or 4% of the annual global revenues of the noncompliant company, whichever is greater. Currently, the EU GDPR and UK GDPR remain largely aligned, but the United Kingdom has announced plans to reform the country’s data protection legal framework in its Data Reform Bill, which will introduce significant changes from the EU GDPR. This may lead to additional compliance costs and could increase our overall risk exposure as we may no longer be able to take a unified approach across the EEA and the United Kingdom, and we will need to amend our processes and procedures to align with the new framework.

Implementing mechanisms to endeavor to ensure compliance with the GDPR and relevant local legislation in EEA Member States and the United Kingdom may be onerous and may interrupt or delay our development activities, and adversely affect our business, financial condition, results of operations, and prospects. In addition to the foregoing, a breach of the GDPR or other applicable privacy and data protection laws and regulations could result in regulatory investigations, reputational damage, and orders to cease/change our use of data, enforcement notices, or potential civil claims including class action-type litigation. While we have taken steps to comply with the GDPR where applicable, including by reviewing our security procedures, engaging data protection personnel, and entering into data processing agreements with relevant contractors, our efforts to achieve and remain in compliance may not be fully successful.

Compliance with U.S. and foreign privacy and security laws, rules and regulations could require us to take on more onerous obligations in our contracts, require us to engage in costly compliance exercises, restrict our ability to collect, use and disclose data, or in some cases, impact our or our partners’ or suppliers’ ability to operate in certain jurisdictions. Each of these constantly evolving laws can be subject to varying interpretations. Failure to comply with U.S. and foreign data protection laws and regulations could result in government investigations and enforcement actions (which could include civil or criminal penalties), fines, private litigation, and/or adverse publicity and could negatively affect our operating results and business. Moreover, patients about whom we or our partners obtain information, as well as the providers who share this information with us, may contractually limit our ability to use and disclose the information. Claims that we have violated individuals’ privacy rights, failed to comply with data protection laws, or breached our contractual obligations, even if we are not found liable, could be expensive and time-consuming to defend and could result in adverse publicity that could harm our business. See “Business—Intellectual Property—Data privacy and security laws” for additional information.

Our ability to use our net operating loss carryforwards and certain other tax attributes to offset future taxable income or taxes may be limited.

We have incurred substantial losses during our history and do not expect to become profitable in the near future, and we may never achieve profitability. Our ability to use our U.S. federal and state net operating loss carryforwards (NOLs) and other tax attributes to offset potential future taxable income and related income taxes that would otherwise be due is dependent upon our generation of future taxable income, and we cannot predict with certainty when, or whether, we will generate sufficient taxable income to use all of our NOLs, or other tax attributes. Unused U.S. federal NOLs arising in taxable years beginning before January 1, 2018, may be carried forward to the earlier of the next subsequent twenty tax years to offset future taxable income, if any. Under current federal tax law, U.S. federal NOLs incurred in taxable years beginning after December 31, 2017, can be carried forward indefinitely, but the ability to use such U.S. federal NOLs to offset taxable income in taxable years beginning after December 31, 2020, is limited to 80% of taxable income. It is uncertain if and to what extent various states will conform to current federal tax law.

As of December 31, 2022, we had U.S. federal NOLs of approximately $128.2 million which may be available to offset future U.S. federal income. Our U.S. federal NOLs incurred in taxable years beginning prior to January 1, 2018 of approximately $91.0 million expire beginning in 2029 while U.S. federal NOLs incurred in taxable years beginning after December 31, 2017 of approximately $37.2 million will have an indefinite carryforward period, subject to annual limitations. As of December 31, 2022, we also had state NOL carryforwards of approximately $25.5 million which may be available to offset future state income and expire at various years beginning with 2028. Our NOL carryforwards are subject to review and possible adjustment by the U.S. federal and state tax authorities.

As of December 31, 2022, we had U.S. federal research and development tax credit carryforwards of approximately $4.4 million available to reduce future tax liabilities which expire at various years beginning with 2028. As of December 31, 2022, we had state credit carryforwards of approximately $2.5 million available to reduce future tax liabilities which do not expire.

Our NOL carryforwards and research and development credits are subject to review and possible adjustment by the U.S. federal and state tax authorities.

In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (Code), and corresponding provisions of state law, if a corporation undergoes an “ownership change,” which is generally defined as a greater than 50 percentage point change (by value) in its equity ownership by “5% shareholders” over a rolling three-year period, the corporation’s ability to use its pre-change NOLs, R&D credits and certain other tax attributes to offset its post-change income or taxes may be limited. This could limit the amount of NOLs, R&D credit carryforwards or other applicable tax attributes that we can utilize annually to offset future taxable income or tax liabilities. Subsequent ownership changes and changes to the U.S. tax rules in respect of the utilization of NOLs, R&D credits and other applicable tax attributes carried forward may further affect the limitation in future years. In addition, at the state level, there may be periods during which the use of NOLs is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. As a result, we may be unable to use all or a material portion of our NOL carryforwards and other tax attributes, which could adversely affect our future cash flows.

Changes in tax law may adversely affect us or our investors.

The rules dealing with U.S. federal, state and local income taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Service (IRS) and the U.S. Treasury Department. Changes to tax laws (which changes may have retroactive application) could adversely affect us or holders of our common stock. For example, under Section 174 of the Code, in taxable years beginning after December 31, 2021, expenses that are incurred for research and development in the United States will be capitalized and amortized, which may have an adverse effect on our cash flow. In recent years, many such changes have been made, and changes are likely to continue to occur in the future. It cannot be predicted whether, when, in what form or with what effective dates tax laws, regulations and rulings may be enacted, promulgated or issued, which could result in an increase in our or our shareholders’ tax liability or require changes in the manner in which we operate in order to minimize or mitigate any adverse effects of changes in tax law.

We will incur significant increased costs as a result of operating as a public company, and our management will be required to devote substantial time and resources to new compliance initiatives.

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (Exchange Act), the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley Act), the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of The Nasdaq Global Market and other applicable securities rules and regulations. Complying with these rules and regulations has increased and will increase our legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are required to disclose changes made in our internal control and procedures on a quarterly basis. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could significantly harm our business, financial condition, results of operations and prospects. We have a very small team with only 10 full-time employees. We may need to hire additional financial reporting, internal controls and other finance personnel or consultants in order to develop and implement appropriate internal controls and reporting procedures, which will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business, financial condition, results of operations and prospects may be significantly harmed.

As a result of becoming a public company, we will be obligated to develop and maintain proper and effective internal controls over financial reporting and any failure to maintain the adequacy of these internal controls may adversely affect investor confidence in our company and, as a result, the value of our common shares.

We will be required, pursuant to Section 404 of the Sarbanes Oxley Act to furnish a report by management on, among other things, the effectiveness of our internal controls over financial reporting for the fiscal year ending December 31, 2024. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal controls over financial reporting and will require that we incur substantial additional professional fees and internal costs to expand our accounting and finance functions and that we expend significant management efforts. Prior to this offering, we have never been required to test our internal controls within a specified period, and, as a result, we may experience difficulty in meeting these reporting requirements in a timely manner. Implementing any appropriate changes to our internal controls may distract our officers and employees, entail substantial costs to modify our existing processes, and take significant time to complete. These changes may not, however, be effective in maintaining the adequacy of our internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could increase our operating costs and harm our business.

We may discover weaknesses in our system of internal financial and accounting controls and procedures that could result in a material misstatement of our financial statements. Our internal control over financial reporting will not prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be

met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, or if we are unable to maintain proper and effective internal controls, we may not be able to produce timely and accurate financial statements. If that were to happen, our investors could lose confidence in our reported financial information, the market price of our stock could decline and we could be subject to sanctions or investigations by the SEC or other regulatory authorities.

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

Our ability to compete in the highly competitive biotechnology and pharmaceutical industries depends upon our ability to attract and retain highly qualified managerial, scientific and medical personnel. The loss of the services of any of our executive officers, other key employees and other scientific and medical advisors, and an inability to find suitable replacements could result in delays in product development and harm our business. We are highly dependent on the management, research and development, clinical, financial, and business development expertise of David Happel, our Chief Executive Officer, Dr. Eduardo Bruno Martins, our Chief Medical Officer and Dennis Hom, our Chief Financial Officer. Each of our executive officers may currently terminate their employment with us at any time. We do not currently maintain “key person” insurance for any of our executives or employees.

Recruiting and retaining qualified scientific and clinical personnel and, if we progress the development of our product pipeline toward scaling up for commercialization, manufacturing and sales and marketing personnel, will also be critical to our success. Furthermore, replacing executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our development and commercialization strategy. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited.

Risks related to our Class A common stock

The report of our independent registered public accounting firm included a “going concern” explanatory paragraph.

The report of our independent registered public accounting firm on our financial statements as of and for the years ended December 31, 2022 and 2021 included an explanatory paragraph indicating that there was substantial doubt about our ability to continue as a going concern. If we are unable to raise additional capital as and when needed, our business, financial condition and results of operations will be materially and adversely affected, and we may be forced to delay our development efforts, limit our activities and reduce research and development costs. If we are unable to continue as a going concern, we may have to liquidate our assets, and the values we receive for our assets in liquidation or dissolution could be significantly lower than the values reflected in our financial statements. The inclusion of a going concern explanatory paragraph by our independent registered public accounting firm, our lack of cash resources and our potential inability to continue as a going concern may materially adversely affect our share price and our ability to raise new capital, enter into licensing and collaboration arrangements or other contractual relationships with third parties and otherwise execute our development strategy.

Our quarterly operating results may fluctuate significantly or may fall below the expectations of investors or securities analysts, each of which may cause our stock price to fluctuate or decline.

We expect our operating results to be subject to quarterly fluctuations. Our net loss and other operating results will be affected by numerous factors, including:

- variations in the level of expense related to the ongoing development of our drug candidates or future development programs;
- results of clinical trials, or the addition or termination of clinical trials or funding support by us or potential future partners;
- our execution of any collaboration, licensing or similar arrangements, and the timing of payments we may make or receive under potential future arrangements or the termination or modification of any such potential future arrangements;
- any intellectual property infringement, misappropriation or violation lawsuit or opposition, interference or cancellation proceeding in which we may become involved;
- additions and departures of key personnel;
- strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- if any of our drug candidates receives regulatory approval, the terms of such approval and market acceptance and demand for such drug candidates;
- regulatory developments affecting our drug candidates or those of our competitors; and
- changes in general market and economic conditions.

If our quarterly operating results fall below the expectations of investors or securities analysts, the price of our Class A common stock could decline substantially. Furthermore, any quarterly fluctuations in our operating results may, in turn, cause the price of our stock to fluctuate substantially. We believe that quarterly comparisons of our financial results are not necessarily meaningful and should not be relied upon as an indication of our future performance.

Our stock price may be volatile and purchasers of our Class A common stock could incur substantial losses.

Our stock price is likely to be volatile. As a result of this volatility, investors may not be able to sell their Class A common stock at or above the initial public offering price. The market price for our Class A common stock may be influenced by many factors, including the other risks described in this section of the prospectus titled “Risk Factors” and the following:

- our ability to advance denifanstat or potential future drug candidates;
- results of preclinical studies and clinical trials of denifanstat or potential future drug candidates, or those of our competitors or potential collaborative partners;
- regulatory or legal developments in the United States and other countries, especially changes in laws or regulations applicable to our drug candidates;
- the success of competitive products;
- introductions and announcements of new products by us, our future commercialization partners, or our competitors, and the timing of these introductions or announcements;
- actions taken by regulatory authorities with respect to our drug candidates, potential products, clinical trials, manufacturing process or sales and marketing terms;
- actual or anticipated variations in our financial results or those of companies that are perceived to be similar to us;
- the success of our efforts to acquire or in-license additional technologies, products or drug candidates;
- developments concerning any future collaborations, including, but not limited to, those with our sources of manufacturing supply and our commercialization partners;
- market conditions in the biopharmaceutical and biotechnology sectors;
- manufacturing, supply or distribution delays or shortages;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures, financing efforts or capital commitments;

- developments or disputes concerning patents or other proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our products;
- our ability or inability to raise additional capital and the terms on which we raise it;
- the recruitment or departure of key personnel;
- changes in the structure of healthcare payment systems;
- actual or anticipated changes in earnings estimates or changes in securities analyst recommendations regarding our Class A common stock, other comparable companies or our industry generally;
- our failure or the failure of our competitors to meet analysts' projections or guidance that we or our competitors may give to the market;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- speculation in the press or investment community;
- trading volume of our Class A common stock;
- sales of our Class A common stock by us or our stockholders;
- the concentrated ownership of our Class A common stock;
- changes in accounting principles;
- macroeconomic conditions, including volatility in the credit and financial markets, inflationary pressures and lingering effects of the COVID-19 pandemic on the global economy;
- terrorist acts, acts of war or periods of widespread civil unrest, including Russia's invasion of Ukraine;
- natural disasters, including earthquakes, and other calamities; and
- general economic, industry and market conditions.

In addition, the stock markets in general, and the markets for pharmaceutical, biopharmaceutical and biotechnology stocks in particular, have experienced extreme volatility that has been often unrelated to the operating performance of the issuer. These broad market and industry factors may seriously harm the market price of our Class A common stock, regardless of our operating performance.

You will experience immediate and substantial dilution as a result of this offering and may experience additional dilution in the future.

If you purchase our Class A common stock in this offering at the initial public offering price of $ per share, you will incur immediate and substantial dilution of $ per share, representing the difference between the initial public offering price of $ per share and our pro forma as adjusted net tangible book value per share as of $ after giving effect to this offering, and to (i) the automatic conversion of all of our outstanding shares of redeemable convertible preferred stock into an aggregate of shares of our Class A common stock and shares of our Class B common stock immediately upon the closing of this offering, and (ii) the issuance of shares of our Class A common stock as a result of the net exercise of outstanding warrants to purchase 3,200,913 shares of our Class A common stock and additional paid-in capital. After this offering, we will also have outstanding options to purchase our Class A common stock with exercise prices lower than the assumed initial public offering price. To the extent that any of these outstanding securities are ultimately exercised or we issue equity derivatives in the future, you will incur further dilution.

We expect that significant additional capital may be needed in the future to continue our planned operations, including further development of our drug candidates, conducting clinical trials, commercialization efforts, expanded research and development activities and costs associated with operating a public company. To raise capital, we may sell Class A common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If we sell Class A common stock, convertible securities or other equity securities, investors may be materially diluted by subsequent

sales. Such sales may also result in material dilution to our existing stockholders, and new investors could gain rights, preferences and privileges senior to the holders of our Class A common stock, including shares of Class A common stock sold in this offering.

The dual class structure of our common stock may limit your ability to influence corporate matters and may limit your visibility with respect to certain transactions.

The dual class structure of our common stock may limit your ability to influence corporate matters. Holders of our Class A common stock are entitled to one vote per share, while holders of our Class B common stock are not entitled to any votes. Nonetheless, each share of our Class B common stock may be converted at any time into one share of our Class A common stock at the option of its holder by providing written notice to us, subject to the limitations provided for in our amended and restated certificate of incorporation to become effective upon the closing of this offering. Consequently, if holders of our Class B common stock following this offering exercise their option to make this conversion, this will have the effect of increasing the relative voting power of those prior holders of our Class B common stock, and correspondingly decreasing the voting power of the holders of our Class A common stock, which may limit your ability to influence corporate matters. Additionally, stockholders who hold, in the aggregate, more than 10% of our Class A common stock and Class B common stock, but 10% or less of our Class A common stock, and are not otherwise an insider, may not be required to report changes in their ownership due to transactions in our Class B common stock pursuant to Section 16(a) of the Exchange Act, and may not be subject to the short-swing profit provisions of Section 16(b) of the Exchange Act.

The future issuance of equity or of debt securities that are convertible into equity would dilute our share capital.

We may choose to raise additional capital in the future, depending on market conditions, strategic considerations and operational requirements. To the extent that additional capital is raised through the issuance of shares or other securities convertible into shares, our stockholders will be diluted. Future issuances of our Class A common stock or other equity securities, or the perception that such sales may occur, could adversely affect the trading price of our Class A common stock and impair our ability to raise capital through future offerings of shares or equity securities. No prediction can be made as to the effect, if any, that future sales of Class A common stock or other equity securities or the availability of Class A common stock for future sales will have on the trading price of our Class A common stock.

Pursuant to our 2023 Stock Option and Incentive Plan (2023 Plan), our management is authorized to grant stock options to our employees, directors and consultants. Initially, the aggregate number of shares of our Class A common stock that may be issued pursuant to stock awards under the 2023 Plan is shares. Additionally, the number of shares of our Class A common stock reserved for issuance under the 2023 Plan will automatically increase on January 1st of each year, beginning on January 1, 2024 and continuing through and including January 1, 2033, by % of the total number of shares of our capital stock outstanding on December 31 of the preceding calendar year, or a lesser number of shares determined by our board of directors. Unless our board of directors elects not to increase the number of shares available for future grant each year, our stockholders may experience additional dilution, which could cause our stock price to fall.

An active trading market for our Class A common stock may not develop.

Prior to this offering, there has been no public market for our Class A common stock. The initial public offering price for our Class A common stock was determined through negotiations with the underwriters. Although we intend to apply to have our Class A common stock approved for listing on The Nasdaq Global Market, an active trading market for our shares may never develop or be sustained following this offering. If an active market for our Class A common stock does not develop or is not sustained, it may be difficult for you to sell shares you purchase in this offering without depressing the market price for the shares or at all.

Because our management will have flexibility in allocating the net proceeds from this offering, you may not agree with how we use them and the proceeds may not be invested successfully.

We intend to use the net proceeds to us from this offering to advance the ongoing development of denifanstat including clinical trials and manufacturing of additional drug supply, pay costs of operating as

a public company and for other general purposes, including working capital and operating expenses. We may also use a portion of the net proceeds from this offering to in-license, acquire or invest in complementary businesses, technologies, products or assets. However, we have no current commitments or obligations to do so. Therefore, our management will have flexibility in allocating the net proceeds from this offering. Accordingly, you will be relying on the judgment of our management with regard to the allocation of these net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being allocated appropriately. It is possible that the proceeds will be invested in a way that does not yield a favorable, or any, return for our company.

Our principal stockholders and management own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.

Based on the beneficial ownership of our capital stock as of , 2023, prior to this offering, our executive officers and directors, together with holders of 5% or more of our capital stock before this offering and their respective affiliates, beneficially owned approximately % of our Class A common stock and Class B common stock. Following this offering, our executive officers and directors, together with holders of 5% or more of our capital stock and their respective affiliates, will beneficially own approximately % of our Class A common stock and Class B common stock, assuming no exercise of the underwriters' option to purchase additional shares and assuming no exercise of outstanding options. As a result, these stockholders, if acting together, will continue to have significant influence over the outcome of corporate actions requiring stockholder approval, including the election of directors, any merger, consolidation or sale of all or substantially all of our assets and any other significant corporate transaction. In addition, pursuant to a nominating agreement between us and Baker Brothers Life Sciences L.P. and 667, L.P. (together, the BBA Funds), beginning on the ninety-first day following the date of effectiveness of the registration statement of which this prospectus is a part and so long as the BBA Funds, together with their affiliates, beneficially own (i) at least 115,207,373 shares of our Class A common stock and Class B common stock, and (ii) at least 4.9% of our Class A common stock, we will have the obligation to support the nomination of, and to cause our board of directors to include in the slate of nominees recommended to our stockholders for election, one person designated by the BBA Funds, (Baker Designee) subject to customary conditions and exceptions, or the obligation to invite one board of directors observer designee of the BBA Funds to attend all meetings of our board of directors and all meetings of the committees of our board of directors as a nonvoting observer, if there is no Baker Designee on our board of directors, subject to customary conditions and exceptions. For more information regarding this agreement, see "Certain Relationships and Related Person Transactions—the BBA Funds, nominating agreement". The BBA Funds, and their affiliates may therefore have influence over management and control over matters requiring stockholder approval, including the annual election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets, following the closing of this offering and for the foreseeable future.

The interests of these stockholders may not be the same as, and may even conflict with, your interests. For example, these stockholders could delay or prevent a change of control of our company, even if such a change of control would benefit our other stockholders, which could deprive our stockholders of an opportunity to receive a premium for their Class A common stock as part of a sale of our company or our assets and might affect the prevailing market price of our Class A common stock. The significant concentration of stock ownership may adversely affect the trading price of our Class A common stock due to investors' perception that conflicts of interest may exist or arise.

Sales of a substantial number of shares of our Class A common stock or Class B common stock by our existing stockholders in the public market could cause our stock price to fall.

If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our Class A common stock or Class B common stock in the public market after the lock-up and other legal restrictions on resale discussed in this prospectus lapse, the trading price of our Class A common stock could decline. Based on shares of Class A common stock and Class B common stock outstanding at, and after giving effect to the automatic conversion of outstanding redeemable convertible preferred stock, immediately upon the closing of this offering we will have outstanding a total of shares of Class A common stock and Class B common stock, including 79,545 shares that will be issued upon the exercise of a warrant for our Series D redeemable convertible preferred stock and 3,200,913 shares of Class A common stock

that will be issued upon the exercise of Class A common stock warrants, but excluding the shares of our Class B common stock that may be converted into an aggregate of shares of our Class A common stock. Of these shares, only the shares of Class A common stock sold in this offering by us, plus any shares sold upon exercise of the underwriters' option to purchase additional shares, will be freely tradable without restriction in the public market immediately following this offering.

We expect that the lock-up agreements pertaining to this offering will expire after 180 days from the date of this prospectus. Goldman Sachs & Co. LLC, Cowen and Company, LLC and Piper Sandler & Co., however, may, in their sole discretion, permit our officers, directors and other stockholders who are subject to these lock-up agreements to sell shares prior to the expiration of the lock-up agreements. In addition, shares of Class A common stock that are either subject to outstanding options under our 2007 Equity Incentive Plan (2007 Plan) and or reserved for future issuance under the 2017 Plan and the 2023 Plan, will become eligible for our 2017 Equity Incentive Plan (2017 Plan) sale in the public market to the extent permitted by the provisions of various vesting schedules, the lock-up agreements and Rule 144 and Rule 701 under the Securities Act of 1933, as amended (the Securities Act). If these additional shares of Class A common stock are sold, or if it is perceived that they will be sold, in the public market, the trading price of our Class A common stock could decline.

After this offering, the holders of shares of our Class A common stock (including Class A common stock issuable upon conversion of Class B common stock) at will be entitled to rights with respect to the registration of their shares under the Securities Act, subject to the 180-day lock-up agreements described above. See "Description of Capital Stock—Registration rights". Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act, except for shares held by affiliates, as defined in Rule 144 under the Securities Act. Any sales of securities by these stockholders could have a material adverse effect on the trading price of our Class A common stock.

We are an "emerging growth company" and a "smaller reporting company" and our election of reduced reporting requirements applicable to emerging growth companies and smaller reporting companies may make our Class A common stock less attractive to investors.

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act (JOBS Act). For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act (Section 404), reduced disclosure obligations regarding executive compensation in this prospectus and our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. In addition, as an emerging growth company, we are only required to provide two years of audited financial statements. We could be an emerging growth company for up to five years following the completion of this offering, although circumstances could cause us to lose that status earlier, including if we are deemed to be a "large accelerated filer," which occurs when the market value of our Class A common stock and Class B common stock that is held by non-affiliates exceeds $700 million as of the prior June 30, or if we have total annual gross revenue of $1.235 billion or more during any fiscal year before that time, in which cases we would no longer be an emerging growth company as of the following December 31, or if we issue more than $1.0 billion in non-convertible debt during any three-year period before that time, in which case we would no longer be an emerging growth company immediately. Even after we no longer qualify as an emerging growth company, we could still qualify as a "smaller reporting company," which would allow us to take advantage of many of the same exemptions from disclosure requirements including not being required to comply with the auditor attestation requirements of Section 404 and reduced disclosure obligations regarding executive compensation in this prospectus and our periodic reports and proxy statements. We cannot predict if investors will find our Class A common stock less attractive because we may rely on these exemptions. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock and our share price may be more volatile.

In addition, the JOBS Act provides that an emerging growth company can also take advantage of an extended transition period for complying with new or revised accounting standards until such time as those

standards apply to private companies. We have elected to avail ourselves of this exemption from new or revised accounting standards, and therefore we will not be subject to the same requirements to adopt new or revised accounting standards as other public companies that are not emerging growth companies.

We are also a "smaller reporting company" as defined in the Exchange Act. We may continue to be a smaller reporting company even after we are no longer an emerging growth company. We may take advantage of certain of the scaled disclosures available to smaller reporting companies and will be able to take advantage of these scaled disclosures for so long as our voting and non-voting common stock held by non-affiliates is less than $250.0 million measured on the last business day of our second fiscal quarter, or our annual revenue is less than $100.0 million during the most recently completed fiscal year and our voting and non-voting common stock held by non-affiliates is less than $700.0 million measured on the last business day of our second fiscal quarter.

Because we do not anticipate paying any cash dividends on our capital stock in the foreseeable future, capital appreciation, if any, will be your sole source of gain.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. As a result, capital appreciation, if any, of our Class A common stock will be your sole source of gain for the foreseeable future. In addition, the terms of any future debt agreements may preclude us from paying dividends. Any return to stockholders will therefore be limited to the appreciation of their stock. There is no guarantee that shares of our common stock will appreciate in value or even maintain the price at which stockholders have purchased their shares.

We may incur significant costs from class action litigation due to our expected stock volatility.

Our stock price may fluctuate for many reasons, including as a result of public announcements regarding the progress of our development efforts for our discovery platform and our drug candidates, the development efforts of future partners or competitors, the addition or departure of our key personnel, variations in our quarterly operating results and changes in market valuations of biopharmaceutical and biotechnology companies. This risk is especially relevant to us because biopharmaceutical and biotechnology companies have experienced significant stock price volatility in recent years. When the market price of a stock has been volatile as our stock price may be, holders of that stock have occasionally brought securities class action litigation against the company that issued the stock. If any of our stockholders were to bring a lawsuit of this type against us, even if the lawsuit is without merit, we could incur substantial costs defending the lawsuit. The lawsuit could also divert the time and attention of our management.

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

Provisions in our amended and restated certificate of incorporation and our amended and restated bylaws may delay or prevent an acquisition of our company or a change in our management. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Because our board of directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace current members of our management team. These provisions include:

- a prohibition on actions by our stockholders by written consent;
- a requirement that special meetings of stockholders, which our company is not obligated to call more than once per calendar year, be called only by the chairman of our board of directors, our chief executive officer, or our board of directors pursuant to a resolution adopted by a majority of the total number of authorized directors;
- advance notice requirements for election to our board of directors and for proposing matters that can be acted upon at stockholder meetings;

- division of our board of directors into three classes, serving staggered terms of three years each; and
- the authority of the board of directors to issue preferred stock with such terms as the board of directors may determine.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, as amended, which prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. These provisions would apply even if the proposed merger or acquisition could be considered beneficial by some stockholders.

Our amended and restated certificate of incorporation that will be in effect at the closing of this offering will provide that the Court of Chancery of the State of Delaware and, to the extent enforceable, the federal district courts of the United States of America will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated certificate of incorporation that will be in effect at the closing of this offering will provide that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative claim or cause of action brought on our behalf;
- any claim or cause of action for a breach of fiduciary duty owed by any of our current or former directors, officers, or other employees to us or our stockholders;
- any claim or cause of action against us or any of our current or former directors, officers or other employees arising out of or pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation, or our bylaws (as each may be amended from time to time);
- any claim or cause of action seeking to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or our amended and restated bylaws (as each may be amended from time to time, including any right, obligation, or remedy thereunder);
- any claim or cause of action as to which the Delaware General Corporation Law confers jurisdiction to the Court of Chancery of the State of Delaware; and
- any claim or cause of action against us or any of our current or former directors, officers, or other employees governed by the internal-affairs doctrine.

This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction.

In addition, our amended and restated certificate of incorporation to be effective upon the closing of this offering will provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause or causes of action arising under the Securities Act, including all causes of action asserted against any defendant to such complaint. For the avoidance of doubt, this provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering.

While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions, and there can be no assurance that such provisions will be enforced by a court in those other jurisdictions. We note that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

Additionally, our amended and restated certificate of incorporation to be effective upon the closing of this offering will provide that any person or entity holding, owning or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to these provisions.

General risk factors

Our operations are vulnerable to interruption by earthquake, fire, power loss, telecommunications failure, terrorist activity and other events beyond our control, which could harm our business.

Our facility is located in a seismically active region. We have not undertaken a systematic analysis of the potential consequences to our business and financial results from a major earthquake, fire, power loss, terrorist activity or other disasters and do not have a complete recovery plan for such disasters. In addition, we do not carry sufficient insurance to compensate us for actual losses from interruption of our business that may occur, and any losses or damages incurred by us could harm our business.

If securities or industry analysts do not publish research or reports about our company, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline.

The trading market for our Class A common stock will be influenced by the research and reports that securities or industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no or few securities or industry analysts commence coverage of our company, the trading price for our Class A common stock would be negatively impacted. In the event we obtain securities or industry analyst coverage, if any of the analysts who cover us issue an adverse or misleading opinion regarding us, our business model, our intellectual property rights or our Class A common stock performance, or if our target studies and operating results fail to meet the expectations of the analysts, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Unfavorable global political or economic conditions could adversely affect our business, financial condition or results of operations.

Our results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. The global credit and financial markets have experienced severe volatility and disruptions in the past several years. A severe or prolonged economic downturn, such as the global financial crisis, could result in a variety of risks to our business, including our ability to raise additional capital when needed on acceptable terms, if at all. There can be no assurance that further deterioration in credit and financial markets and confidence in economic conditions will not occur. A weak or declining economy could also result in supply chain disruptions. In addition, the current military conflict between Russia and Ukraine could disrupt or otherwise adversely impact our operations and those of third parties upon which we rely. Related sanctions, export controls or other actions have been or may in the future be initiated by nations including the United States, the European Union or Russia, such as potential cyberattacks or disruption of energy flows, which could adversely affect our business and/or our supply chain, our CROs, CMOs and other third parties with whom we conduct business. Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact our business.

Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties, could adversely affect our current and projected business operations and financial condition and results of operations.

Events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. Most recently, on March 10, 2023, Silicon Valley Bank (SVB) was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. Similarly,

on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each placed into receivership. Although a statement by the Department of the Treasury, the Federal Reserve and the FDIC indicated that all depositors of SVB (such as our company) would have access to all of their money after only one business day of closure, including funds held in uninsured deposit accounts, borrowers under credit agreements, letters of credit and certain other financial instruments with SVB, Signature Bank or any other financial institution that is placed into receivership by the FDIC may be unable to access undrawn amounts thereunder. Even though we assess our banking relationships as we believe necessary or appropriate, our access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired by factors that affect us, the financial services industry or economy in general. For example, approximately $9.5 million of our cash and cash equivalents were in uninsured accounts at SVB at the time of SVB's closure. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry. In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any decline in available funding or access to our cash and liquidity resources could, among other risks, adversely impact our ability to meet our operating expenses, financial obligations or fulfill our other obligations, result in breaches of our contractual obligations or result in violations of federal or state wage and hour laws. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on our liquidity and our business, financial condition or results of operations.

We are subject to U.S. and certain foreign export and import controls, sanctions, embargoes, anti-corruption laws, and anti-money laundering laws and regulations. Compliance with these legal standards could impair our ability to compete in domestic and international markets. We can face criminal liability and other serious consequences for violations, which can harm our business.

We are subject to export control and import laws and regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations, various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls, the U.S. Foreign Corrupt Practices Act of 1977, as amended (FCPA), the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, and other state and national anti-bribery and anti-money laundering laws in the countries in which we conduct activities. Anti-corruption laws are interpreted broadly and prohibit companies and their employees, agents, contractors, and other collaborators from authorizing, promising, offering, or providing, directly or indirectly, improper payments or anything else of value to recipients in the public or private sector. We may engage third parties to sell our products outside the United States, to conduct clinical trials, and/or to obtain necessary permits, licenses, patent registrations, and other regulatory approvals. We have direct or indirect interactions with officials and employees of government agencies or government-affiliated hospitals, universities, and other organizations. We can be held liable for the corrupt or other illegal activities of our employees, agents, contractors, and other collaborators, even if we do not explicitly authorize or have actual knowledge of such activities. Any violations of the laws and regulations described above may result in substantial civil and criminal fines and penalties, imprisonment, the loss of export or import privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm, and other consequences.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations and financial position, business strategy, drug candidates, planned preclinical studies and clinical trials, results of preclinical studies, clinical trials, research and development costs, regulatory approvals, timing and likelihood of success, as well as plans and objectives of management for future operations, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that are in some cases beyond our control and may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “would,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “believe,” “estimate,” “predict,” “potential,” or “continue” or the negative of these terms or other similar expressions. Forward-looking statements contained in this prospectus include, but are not limited to, statements about:

- our financial performance;
- our ability to obtain additional cash and the sufficiency of our existing cash, cash equivalents and short-term investments in marketable securities to fund our future operating expenses and capital expenditure requirements;
- the accuracy of our estimates regarding expenses, future revenue, capital requirements, and needs for additional financing;
- the scope, progress, results and costs of developing denifanstat or any other drug candidates we may develop, and conducting preclinical studies and clinical trials, including our FASCINATE-2 Phase 2b clinical trial;
- the timing and costs involved in obtaining and maintaining regulatory approval of denifanstat or any other drug candidates we may develop, and the timing or likelihood of regulatory filings and approvals, including our expectation to seek special designations or accelerated approvals for our drug candidates for various indications;
- current and future agreements with third parties in connection with the development and commercialization of denifanstat or any other future drug candidate;
- our estimated number of patients in the United States who suffer from the diseases we target, including NASH, and the number of subjects that will enroll in our clinical trials;
- our ability to advance drug candidates into and successfully complete clinical trials;
- our relationship with Ascletis, and the success of its development efforts for denifanstat;
- the ability of our clinical trials to demonstrate the safety and efficacy of denifanstat and any other drug candidates we may develop, and other positive results;
- our plans relating to commercializing denifanstat and any other drug candidates we may develop, if approved, including the geographic areas of focus and our ability to grow a sales team;
- the rate and degree of market acceptance of denifanstat and any other future drug candidate, as well as the reimbursement coverage for such drug candidates;
- the success of competing therapies that are or may become available;
- developments relating to our competitors and our industry, including competing drug candidates and therapies;
- our plans relating to the further development and manufacturing of denifanstat and any other drug candidates we may develop, including additional indications that we may pursue for denifanstat or other drug candidates;
- existing regulations and regulatory developments in the United States and other jurisdictions;

- our potential and ability to successfully manufacture and supply denifanstat and any other drug candidates we may develop for clinical trials and for commercial use, if approved;
- the rate and degree of market acceptance of denifanstat and any other drug candidates we may develop, as well as the pricing and reimbursement of denifanstat and any other drug candidates we may develop, if approved;
- our expectations regarding our ability to obtain, maintain, protect and enforce intellectual property protection for denifanstat and for any other future drug candidate;
- our ability to attract and retain the continued service of our key personnel and to identify, hire, and then retain additional qualified personnel and our ability to attract additional collaborators with development, regulatory and commercialization expertise;
- the impact of the COVID-19 pandemic on our business and operations, including enrollment in our clinical trials, manufacturing suppliers, collaborators, use of CROs and employees;
- our expectations regarding the period during which we will qualify as an emerging growth company under the JOBS Act; and
- our anticipated use of our existing cash, cash equivalents and short-term investments in marketable securities and the proceeds from this offering.

We have based these forward-looking statements largely on our current expectations and projections about our business, the industry in which we operate and financial trends that we believe may affect our business, financial condition, results of operations and prospects, and these forward-looking statements are not guarantees of future performance or development. These forward-looking statements speak only as of the date of this prospectus and are subject to a number of risks, uncertainties and assumptions described in "Risk Factors" and elsewhere in this prospectus. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein until after we distribute this prospectus, whether as a result of any new information, future events or otherwise.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this prospectus, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and you are cautioned not to unduly rely upon these statements.

MARKET, INDUSTRY AND OTHER DATA

This prospectus contains estimates, statistical data and other information concerning our industry, market and competitive position, including data regarding the estimated size and patient populations of those and related markets, existing therapeutic options and the incidence of certain medical conditions, from our own internal estimates and research, as well as from independent market research, industry and general publications and surveys, governmental agencies and publicly available information in addition to research, surveys and studies conducted by third parties. Internal estimates are derived from publicly available information released by industry analysts and third-party sources, our internal research and our industry experience, and are based on assumptions made by us based on such data and our knowledge of our industry and market, which we believe to be reasonable. In some cases, we do not expressly refer to the sources from which this data is derived. In that regard, when we refer to one or more sources of this type of data in any paragraph, you should assume that other data of this type appearing in the same paragraph is derived from the same sources, unless otherwise expressly stated or the context otherwise requires.

Industry data and other third-party information have been obtained from sources believed to be reliable, but we have not independently verified any third-party information. In addition, while we believe the industry, market and competitive position data included in this prospectus is reliable and based on reasonable assumptions, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed in “Risk Factors.” These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties or by us.

USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately $ million (or approximately $ million if the underwriters exercise their option to purchase additional shares of our Class A common stock in full) based on an assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

Each $1.00 increase or decrease in the assumed initial public offering price of $ per share would increase or decrease, as applicable, the net proceeds to us from this offering by $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease of 1.0 million shares in the number of shares of Class A common stock offered by us would increase or decrease, as applicable, the net proceeds to us from this offering by $ million, assuming the assumed initial public offering price of $ per share remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

We currently intend to use the net proceeds from this offering, together with our existing cash, cash equivalents and short-term investments in marketable securities, as follows:

- approximately $ million to advance the ongoing development of denifanstat including clinical trials and manufacturing of additional drug supply; and
- the remainder for general corporate purposes, including working capital and operating expenses.

We may also use a portion of the remaining net proceeds and our existing cash, cash equivalents and short-term investments in marketable securities to in-license, acquire, or invest in complementary businesses, technologies, products or assets. However, we have no current commitments or obligations to do so.

We believe, based on our current operating plan, that the net proceeds from this offering, together with our existing cash, cash equivalents and short-term investments in marketable securities, will be sufficient to fund our operations for at least the next months. However, our expected use of proceeds from this offering described above represents our current intentions based on our present plans and business condition. The amounts and timing of our actual expenditures will depend on numerous factors, including the time and cost necessary to conduct our planned clinical trials, the results of our planned clinical trials and other factors described in “Risk Factors” in this prospectus, as well as the amount of cash used in our operations and any unforeseen cash needs. Therefore, our actual expenditures may differ materially from the estimates described above. We may find it necessary or advisable to use the net proceeds for other purposes.

We will have broad discretion over how to use the net proceeds to us from this offering. We intend to invest the net proceeds to us from the offering that are not used as described above in short-term, investment- grade, interest-bearing instruments.

DIVIDEND POLICY

We have never declared or paid cash dividends on our capital stock. We do not anticipate declaring or paying, in the foreseeable future, any cash dividends on our capital stock. We intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our board of directors, subject to applicable laws, and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

In addition, our ability to pay cash dividends on our capital stock in the future may be limited by the terms of any future debt or preferred securities we issue or any credit facilities we enter into.

CAPITALIZATION

The following table sets forth our cash, cash equivalents and short-term investments in marketable securities and total capitalization as of December 31, 2022:

- on an actual basis;
- on a pro forma basis, giving effect to (i) the automatic conversion of all of outstanding shares of redeemable convertible preferred stock into an aggregate of shares of Class A common stock and shares of Class B common stock immediately upon the closing of this offering; and (ii) the issuance of shares of Class A common stock as a result of the net exercise of certain outstanding warrants to purchase 3,200,913 shares of Class A common stock, assuming an initial public offering price of $ per share, the midpoint of the estimated offering price range listed on the cover page of this prospectus; and
- on a pro forma as adjusted basis, giving effect to (i) the pro forma adjustments set forth above, (ii) the issuance and sale of shares of Class A common stock in this offering at the assumed initial public offering price of $ per share, the midpoint of the estimated offering price range listed on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us and (iii) the filing and effectiveness of our amended and restated certificate of incorporation upon the closing of this offering.

The pro forma as adjusted information below is illustrative only, and our capitalization following the closing of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing.

You should read this information in conjunction with our financial statements and the related notes included elsewhere in this prospectus and in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of December 31, 2022		
(in thousands, except share and per share data)	**Actual**	**Pro Forma**	**Pro Forma As Adjusted[1]**
		(unaudited)	
Cash, cash equivalents and short-term investments in marketable securities	$ 32,345	$	$
Redeemable convertible preferred stock warrant liability	$ 4	$	$
Redeemable convertible preferred stock, par value $0.0001 per share; 1,373,810,170 shares authorized, 1,373,730,625 shares issued and outstanding, actual; 1,373,810,170 shares authorized, no shares issued and outstanding, pro forma; no shares authorized, no shares issued and outstanding, pro forma as adjusted	214,620		
Stockholders' (deficit) equity:			
Preferred stock, $0.0001 par value; no shares authorized, issued, and outstanding, actual; and shares authorized, no shares issued and outstanding, pro forma and pro forma as adjusted	—		
Class A common stock, par value $0.0001 per share; 1,608,370,000 shares authorized, 14,714,471 shares issued and outstanding, actual; 1,608,370,000 shares authorized, shares issued and outstanding, pro forma; shares authorized, shares issued and outstanding, pro forma as adjusted[2]	1		

(in thousands, except share and per share data)	As of December 31, 2022		
	Actual	Pro Forma	Pro Forma As Adjusted[1]
			(unaudited)
Class B common stock, par value $0.0001 per share; no shares authorized, no shares issued and outstanding, actual; shares authorized, shares issued and outstanding, pro forma; shares authorized, shares issued and outstanding, pro forma as adjusted[2]			
Additional paid-in capital	35,001		
Accumulated other comprehensive loss	(84)		
Accumulated deficit	(221,868)		
Total stockholders' (deficit) equity	(186,950)		
Total capitalization	$ 27,674	$	$

(1) Each $1.00 increase or decrease, as applicable, in the assumed initial public offering price of $ per share, the midpoint of the estimated offering price range listed on the cover page of this prospectus, would increase or decrease, as applicable, the pro forma as adjusted amount of each of cash, cash equivalents and short-term investments in marketable securities, additional paid-in capital, total stockholders' equity and total capitalization by $ million , assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease, as applicable, of 1.0 million shares in the number of shares of Class A common stock offered by us at the assumed initial public offering price per share, the midpoint of the estimated offering price range listed on the cover page of this prospectus, would increase or decrease, as applicable the pro forma as adjusted amount of each of cash, cash equivalents and short-term investments in marketable securities, additional paid-in capital, total stockholders' equity and total capitalization by $ million.

(2) Immediately following this offering we will have two classes of common stock: shares of Class A common stock and shares of Class B common stock.

The number of shares of Class A common stock and Class B common stock that will be outstanding after this offering on a pro forma and pro forma as adjusted basis is based on shares of Class A common stock and shares of Class B common stock outstanding as of December 31, 2022 after giving effect to (i) the reclassification of all outstanding shares of common stock into shares of Class A common stock, and (ii) the automatic conversion of all outstanding shares of redeemable convertible preferred stock into shares of Class A common stock and shares of Class B common stock, and excludes:

- 5,795,185 shares of Class A common stock issuable upon exercise of outstanding options as of December 31, 2022 under the 2007 Plan with a weighted average exercise price of $0.22 per share;
- 247,776,633 shares of Class A common stock issuable upon exercise of outstanding options as of December 31, 2022 under the 2017 Plan with a weighted average exercise price of $0.08 per share;
- shares of Class A common stock issuable upon exercise of outstanding options granted after December 31, 2022 under the 2017 Plan with a weighted average exercise price of $ per share;
- shares of Class A common stock reserved for future issuance under the 2023 Plan, which will become effective once the registration statement of which this prospectus forms a part is declared effective, as well as any future automatic annual increases in the number of shares of Class A common stock reserved for issuance under the 2023 Plan and any shares underlying outstanding stock awards granted under (i) the 2007 Plan or (ii) the 2017 Plan, that expire or are repurchased, forfeited, cancelled or withheld, as more fully described in "Executive Compensation—Equity benefit plans";

- shares of Class A common stock reserved for issuance under the ESPP, which will become effective once the registration statement of which this prospectus forms a part is declared effective, and any future automatic annual increases in the number of shares of Class A common stock reserved for future issuance under our ESPP; and
- shares of Class A common stock issuable upon exercise of the outstanding warrant to purchase 79,545 shares of Series D redeemable convertible preferred stock with an exercise price of $0.88 per share that automatically convert to a warrant to purchase shares of Class A common stock in connection with this offering.

DILUTION

If you invest in our Class A common stock in this offering, your ownership interest will be diluted to the extent of the difference between the initial public offering price per share of our Class A common stock and the pro forma as adjusted net tangible book value per share of our common stock immediately after this offering.

Our historical net tangible book value as of December 31, 2022 was a deficit of $221.9 million, or $15.12 per share of our common stock. Our historical net tangible book value (deficit) represents the amount of our total tangible assets less our total liabilities and redeemable convertible preferred stock. Historical net tangible book value per share represents historical net tangible book value (deficit) divided by the number of shares of our common stock outstanding as of December 31, 2022.

Our pro forma net tangible book value as of December 31, 2022 was $ million, or $ per share. Pro forma net tangible book value per share represents the amount of our total tangible assets (net of deferred offering costs) less our total liabilities, divided by the number of shares of our common stock outstanding as of December 31, 2022, after giving effect to (i) the automatic conversion of all outstanding shares of redeemable convertible preferred stock into an aggregate of shares of Class A common stock and shares of Class B common stock immediately upon the closing of this offering and (ii) the issuance of shares of Class A common stock as a result of the net exercise of certain outstanding warrants to purchase 3,200,913 shares of Class A common stock, assuming an initial public offering price of $ per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus.

After giving further effect to the sale of shares of Class A common stock that we are offering at the assumed initial public offering price of $ per share, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of December 31, 2022 would have been $ million, or $ per share. This amount represents an immediate increase in pro forma net tangible book value of $ per share to our existing stockholders and an immediate dilution in pro forma net tangible book value of $ per share to new investors purchasing shares of Class A common stock in this offering.

Dilution per share to new investors is determined by subtracting pro forma as adjusted net tangible book value per share after this offering from the initial public offering price per share paid by new investors. The following table illustrates this dilution (without giving effect to any exercise by the underwriters of their option to purchase additional shares):

Assumed initial public offering price per share		$
Historical net tangible book deficit per share as of December 31, 2022	$(15.12)	
Pro forma increase in net tangible book value per share as of December 31, 2022 attributable to the pro forma adjustment described above		
Pro forma net tangible book value per share as of December 31, 2022		
Increase in pro forma net tangible book value per share attributable to new investors participating in this offering		
Pro forma as adjusted net tangible book value per share after this offering		
Dilution per share to new investors in this offering		$

The dilution information discussed above is illustrative only and may change based on the actual initial public offering price and other terms of this offering. Each $1.00 increase or decrease, as applicable, in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, the pro forma as adjusted net tangible book value per share after this offering by $, and dilution in pro forma net tangible book value per share to new investors by $, assuming that the number of shares of Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease, as applicable, of 1.0 million shares in the number of shares of Class A common stock offered by us would increase or decrease, as applicable, our pro forma as adjusted net tangible book value per share after this offering by $ per share, in each case, and decrease or increase, as applicable, the dilution to investors participating in this offering by $ per share, assuming that the assumed initial public offering price remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters exercise their option to purchase up to additional shares of our Class A common stock in full, the pro forma as adjusted net tangible book value after the offering would be $ per share, the increase in pro forma net tangible book value per share to existing stockholders would be $ per share and the dilution per share to new investors would be $ per share, in each case assuming an initial public offering price of $ per share.

The following table summarizes on the pro forma as adjusted basis described above, as of December 31, 2022, the differences between the number of shares of common stock purchased from us by our existing stockholders and common stock by new investors purchasing shares in this offering, the total consideration paid to us in cash and the average price per share paid by existing stockholders for shares of common stock issued prior to this offering and the price to be paid by new investors for shares of common stock in this offering. The calculation below is based on the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, before deducting underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Weighted-Average Price Per Share
	Number	Percentage	Amount	Percentage	
	(in thousands, except share, per share and percent data)				
Existing stockholders before this offering		%	$	%	$
New investors purchasing shares in this offering					
Total		%	$	%	

Each $1.00 increase or decrease, as applicable, in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, the total consideration paid by new investors by $ million and, in the case of an increase, would increase the percentage of total consideration paid by new investors to % and, in the case of a decrease, would decrease the percentage of total consideration paid by new investors to %, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same. Similarly, each increase or decrease, as applicable, of 1.0 million shares in the number of shares offered by us, would increase or decrease, as applicable, the total consideration paid by new investors by $ million and, in the case of an increase, would increase the percentage of total consideration paid by new investors to % and, in the case of a decrease, would decrease the percentage of total consideration paid by new investors to %, assuming that the assumed initial public offering price of $ per share remains the same.

The foregoing tables and calculations (other than the historical net tangible book value calculation) are based on shares of our Class A common stock and shares of our Class B common stock outstanding as of December 31, 2022 after giving effect to (i) the reclassification of all outstanding shares of common stock into shares of Class A common stock, and (ii) the automatic conversion of outstanding shares of redeemable convertible preferred stock into shares of Class A common stock and shares of Class B common stock, and excludes:

- 5,795,185 shares of Class A common stock issuable upon exercise of outstanding options as of December 31, 2022 under the 2007 Plan with a weighted average exercise price of $0.22 per share;
- 247,776,633 shares of Class A common stock issuable upon exercise of outstanding options as of December 31, 2022 under the 2017 Plan with a weighted average exercise price of $0.08 per share;
- shares of Class A common stock issuable upon exercise of outstanding options granted after December 31, 2022 under the 2017 Plan with a weighted average exercise price of $ per share;
- common stock reserved for future issuance under the 2023 Plan, which will become effective once the registration statement of which this prospectus forms a part is declared effective, as well as any future automatic annual increases in the number of shares of Class A common stock reserved for issuance under the 2023 Plan and any shares underlying outstanding stock awards granted under (i) the 2007 Plan or (ii) the 2017 Plan, that expire or are repurchased, forfeited, cancelled or withheld, as more fully described in “Executive Compensation—Equity benefit plans”;
- shares of Class A common stock reserved for issuance under the ESPP, which will become effective once the registration statement of which this prospectus forms a part is declared effective, and any future automatic annual increases in the number of shares of Class A common stock reserved for future issuance under the ESPP; and
- shares of Class A common stock issuable upon exercise of the outstanding warrant to purchase 79,545 shares of Series D redeemable convertible preferred stock with an exercise price of $0.88 per share that automatically convert to a warrant to purchase shares of Class A common stock in connection with this offering.

To the extent any outstanding options or warrants are exercised, new options or other equity awards are issued under our equity incentive plans, or we issue additional equity or convertible debt securities in the future, there will be further dilution to new investors.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our audited financial statements as of and for the years ended December 31, 2022 and 2021, and related notes and other financial information included elsewhere in this prospectus. This discussion and analysis and other parts of this prospectus contain forward-looking statements based upon our current plans and expectations that involve risks, uncertainties and assumptions, such as statements regarding our plans, objectives, expectations, intentions and beliefs. Our actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus. You should carefully read the "Risk Factors" section of this prospectus to gain an understanding of the important factors that could cause actual results to differ materially from our forward-looking statements. Please also see "Special Note Regarding Forward-Looking Statements."

Overview

We are a clinical-stage biopharmaceutical company developing novel therapeutics called fatty acid synthase (FASN) inhibitors that target dysfunctional metabolic pathways in diseases resulting from the overproduction of the fatty acid, palmitate. Our lead drug candidate, denifanstat, is an oral, once-daily pill and selective first-in-class FASN inhibitor in development for the treatment of nonalcoholic steatohepatitis (NASH), for which there are no treatments currently approved in the United States or Europe. Denifanstat has been studied in over 600 people to date and we are currently testing it in our FASCINATE-2 Phase 2b clinical trial in NASH. The interim results, which were presented at the American Association for the Study of Liver Diseases (AASLD) meeting in November 2022, showed statistically significant improvements across key markers of disease in patients treated with denifanstat, including an approximately 34% reduction in liver fat and 67% responder rate (defined as reduction in liver fat by 30% or more) at 26 weeks as compared to baseline. These results are consistent with earlier findings from our FASCINATE-1 Phase 2 clinical trial, and strengthen our belief that the topline liver biopsy results we expect to announce in the first quarter of 2024 will directly show improvement in disease. Additionally, our precision medicine approach is core to our development strategy in NASH, and includes the identification of pharmacodynamic and predictive biomarkers to confirm target engagement and clinical response in patients treated with denifanstat. We are also evaluating the promise of FASN inhibition, beyond NASH, in additional disease areas in which dysregulation of fatty acid metabolism also plays a key role, including in acne and certain forms of cancer.

Since our inception, we have devoted substantially all of our resources to researching, discovering and developing our pipeline of proprietary FASN inhibitors and other drug targets, organizing and staffing our company, performing business planning, establishing our intellectual property portfolio, raising capital and general and administration activities to support and expand such activities. We do not have any products approved for sale, have not generated any revenue from product sales and have not recognized revenue related to our license agreement. To date, we have financed our operations primarily with proceeds from the sales of our redeemable convertible preferred stock and convertible notes. Through December 31, 2022, we have raised $233.3 million in gross proceeds from the sale of our redeemable convertible preferred stock and convertible notes. We will continue to require additional capital to develop our drug candidates and fund operations for the foreseeable future. Accordingly, until such time as we can generate significant revenue from sales of our drug candidates, if ever, we expect to finance our cash needs through public or private equity or debt financings, third-party funding and marketing and distribution arrangements, as well as other collaborations, strategic alliances and licensing arrangements, or any combination of these approaches.

We have incurred net losses in each year since inception and expect to continue to incur net losses in the foreseeable future. Our net losses may fluctuate significantly from quarter-to-quarter and year-to-year, depending in large part on the timing of our preclinical studies, clinical trials and manufacturing activities, and our expenditures on other research and development activities. Our net loss was $30.5 million for year ended December 31, 2022. As of December 31, 2022, we had an accumulated deficit of $221.9 million.

As of December 31, 2022, we had cash and cash equivalents and short-term investments in marketable securities of $32.3 million.

We do not expect to generate any revenue from commercial product sales unless and until we successfully complete development and obtain regulatory approval for one or more of our drug candidates, which we expect will take a number of years, if ever. We expect our expenses will increase substantially in connection with our ongoing activities, as we:

- advance drug candidates through preclinical studies and clinical trials;
- require the manufacture of supplies for our preclinical studies and clinical trials;
- pursue regulatory approval of drug candidates;
- hire additional personnel;
- operate as a public company;
- acquire, discover, validate and develop additional drug candidates; and
- obtain, maintain, expand and protect our intellectual property portfolio.

We rely and will continue to rely on third parties in the conduct of our preclinical studies and clinical trials and for manufacturing and supply of our drug candidates. We have no internal manufacturing capabilities, and we will continue to rely on third parties for our preclinical study and clinical trial materials. Given our stage of development, we do not yet have a marketing or sales organization or commercial infrastructure. Accordingly, if we obtain regulatory approval for any of our drug candidates, we also expect to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution.

Because of the numerous risks and uncertainties associated with product development, we are unable to predict the timing or amount of increased expenses or when or if we will be able to achieve or maintain profitability. Even if we are able to generate revenue from the sale of our products, if any, we may not become profitable. If we fail to become profitable or are unable to sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and may be forced to reduce our operations.

COVID-19 impacts

The outbreak of the 2019 novel coronavirus disease (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020, and the related responses by public health and governmental authorities to contain and combat its outbreak and spread has severely impacted the U.S. and world economies during the end of the first quarter of 2020 and continuing through the end of 2022. COVID-19 and the U.S. response to the pandemic are significantly affecting the economy. There are no comparable events that provide guidance as to the effect the COVID-19 pandemic may have, and, as a result, the ultimate effect of the pandemic is highly uncertain and subject to change. We do not yet know the full extent of the effects on the economy, the markets we serve, our business, or our operations.

Moving forward, economic recessions, increased inflation and/or interest rates, including those brought on by the continued COVID-19 outbreak may have a negative effect on our operating results. Any prolonged disruption to our operations or workforce availability is likely to have a significant adverse effect on our results of operations and cash flows. All of the above may be exacerbated in the future as the COVID-19 outbreak and the governmental responses thereto continue.

License agreement with Ascletis

In January 2019, we entered into a license agreement that became effective in February 2019 with Ascletis BioScience Co. Ltd. (Ascletis), a subsidiary of Ascletis Pharma Inc., a biotechnology company incorporated in the Cayman Islands and headquartered in Hangzhou, China and a significant stockholder. We entered into this agreement with the intention to develop, manufacture, and commercialize our FASN inhibitor denifanstat, which is referred to as ASC40 in the People's Republic of China, Hong Kong, Macau and Taiwan (referred to collectively in this prospectus as Greater China). Under the terms of the license agreement, we granted Ascletis and its affiliates an exclusive, royalty-bearing, sublicensable right and license under our intellectual property to develop, manufacture, commercialize and otherwise exploit denifanstat and other products containing denifanstat-related compounds in Greater China. Under the license agreement,

we conducted all development activities in connection with the FASCINATE-1 Phase 2 clinical trial in the United States and Greater China at our sole expense, except for certain in-kind contributions by Ascletis in Greater China. Ascletis is solely responsible at its sole expense for conducting development activities in connection with obtaining and maintaining regulatory approvals for denifanstat in Greater China. Ascletis will solely own all regulatory filings and approvals in Greater China other than those regulatory filings jointly applied for in connection with the FASCINATE-1 Phase 2 clinical trial.

We are eligible to receive development and commercial milestone payments from Ascletis in an aggregate of up to $122.0 million as well as tiered royalties ranging from percentages in the high single digits to mid-teens on future net sales of denifanstat in Greater China. This license and Phase 2 research and development services components of the license agreement with Ascletis are representative of a "relationship with a customer" and therefore are subject to Accounting Standards Codification 606, Revenue from Contracts with Customers (ASC 606). In January 2022, Ascletis initiated dosing of a Phase 3 trial for recurrent GBM, potentially triggering a $2.0 million milestone payment under the license agreement. We have initiated discussions with Ascletis to confirm achievement of this milestone and whether amendment of this milestone could benefit both parties.

Unless terminated earlier, the license agreement will continue until the expiration of the last expiring royalty term. Ascletis has the right to terminate the license agreement for convenience upon ninety-day written notice to us. In addition, either party may terminate the license agreement for uncured material breach by the other party, or upon the occurrence of insolvency-related events of the other party.

Components of results of operations

Revenue

To date, we have not generated any revenue from product sales or license agreements and do not expect to generate any revenue from the sale of products for the foreseeable future.

Operating expenses

Research and development expenses. Research and development expenses represent costs incurred in performing research, development and manufacturing activities in support of our own product development efforts and include personnel-related costs (such as salaries, employee benefits and stock-based compensation) for our personnel in research and development functions; costs related to acquiring, developing and manufacturing supplies for preclinical studies, clinical trials and other studies, including fees paid to contract manufacturing organizations (CMOs); costs and expenses related to agreements with contract research organizations, investigative sites and consultants to conduct non-clinical and preclinical studies and clinical trials; professional and consulting services costs; and facility and other allocated costs. We do not track research and development expenses by drug candidate.

We expect our research and development expenses to increase substantially in absolute dollars for the foreseeable future as we advance our drug candidates into and through preclinical studies and clinical trials, pursue regulatory approval of our drug candidates and expand our pipeline of drug candidates. The process of conducting the necessary preclinical and clinical research to obtain regulatory approval is costly and time-consuming. The actual probability of success for our drug candidates may be affected by a variety of factors, including the safety and efficacy of our drug candidates, early clinical data, investment in our clinical programs, competition, manufacturing capability and commercial viability. We may never succeed in achieving regulatory approval for any of our drug candidates. As a result of the uncertainties discussed above, we are unable to determine the duration and completion costs of our research and development projects or if, when and to what extent we will generate revenue from the commercialization and sale of our drug candidates.

Our clinical development costs may vary significantly based on factors such as:

- difficulties obtaining regulatory approval to commence a clinical trial or complying with conditions imposed by a regulatory authority regarding the scope or term of a clinical trial;

- conditions imposed on us by the FDA or other regulatory authorities regarding the scope or design of our clinical trials;
- delays in reaching or failing to reach agreement on acceptable terms with prospective CROs, CMOs, and trial sites, the terms of which can be subject to extensive negotiation and may vary significantly;
- insufficient supply of our drug candidates or other materials necessary to conduct and complete our clinical trials;
- difficulties obtaining institutional review board (IRB) approval, or positive ethics committee opinions to conduct a clinical trial at a prospective site;
- slow enrollment and retention rate of subjects in our clinical trials;
- the FDA or other regulatory authority requiring alterations to any of our study designs, our pre-clinical strategy or our manufacturing plans;
- governmental or regulatory delays and changes in regulatory requirements, policy and guidelines;
- serious and unexpected drug-related side effects related to the drug candidate being tested;
- lack of adequate funding to continue the clinical trial;
- subjects experiencing severe or unexpected drug-related adverse effects;
- occurrence of severe adverse effects in clinical trials of the same class of agents conducted by other companies;
- any changes to our manufacturing process, suppliers or formulation that may be necessary or desired;
- third-party vendors not performing manufacturing and distribution services in a timely manner or to sufficient quality standards;
- third-party clinical investigators losing the licenses or permits necessary to perform our clinical trials, not performing our clinical trials on our anticipated schedule or consistent with the clinical trial protocol, good clinical practice (GCP), or other regulatory requirements;
- third-party contractors not performing data collection or analysis in a timely or accurate manner;
- third-party contractors becoming debarred or suspended or otherwise penalized by the FDA or other government or regulatory authorities for violations of regulatory requirements, in which case we may need to find a substitute contractor, and we may not be able to use some or all of the data produced by such contractors in support of our marketing applications; and
- failure of our third-party contractors, such as CROs and CMOs, or our investigators to comply with regulatory requirements or otherwise meet their contractual obligations in a timely manner.

General and administrative expenses. Our general and administrative expenses consist primarily of costs and expenses related to: personnel (including salaries, employee benefits and stock-based compensation) in our executive, finance and accounting and other administrative functions; legal services, including relating to intellectual property and corporate matters; accounting, auditing, consulting and tax services; insurance; information technology; and facility and other allocated costs not otherwise included in research and development expenses.

We expect our general and administrative expenses to increase substantially in absolute dollars for the foreseeable future as we increase our headcount to support our continued research and development activities and grow our business. We also anticipate that we will incur increased expenses as a result of operating as a public company, including expenses related to audit, legal, regulatory and tax-related services associated with maintaining compliance with SEC rules and regulations and those of any national securities exchange on which our securities are traded, additional insurance expenses, investor relations activities and other administrative and professional services.

Other income (expense), net. Our other income (expense), net primarily includes interest income earned and changes in the fair value of our redeemable convertible preferred stock related instruments. Interest income consists of interest earned on our cash, cash equivalents and short-term investments in marketable securities.

Results of operations

Comparison of the years ended December 31, 2022 and 2021

The following table summarizes our results of operations for the periods indicated (in thousands):

	Years Ended			
	2022	2021	Change	% Change
Operating expenses:				
Research and development	$ 24,919	$ 19,340	$ 5,579	29%
General and administrative	6,136	4,379	1,757	40%
Total operating expenses	31,055	23,719	7,336	31%
Loss from operations	(31,055)	(23,719)	(7,336)	(31)%
Other income (expense), net:				
Change in fair value of redeemable convertible preferred stock tranche liability	—	(751)	751	100%
Change in fair value of redeemable convertible preferred stock warrants	3	2	1	50%
Interest income and other	553	26	527	nm
Total other income (expense), net	556	(723)	1,279	nm
Net loss	$(30,499)	$(24,442)	$(6,057)	(25)%

nm—not meaningful

Research and development expense. Our research and development expense increased by $5.6 million, or 29%, for the year ended December 31, 2022, compared to the year ended December 31, 2021. The increase in our research and development expense was primarily due to an increase of $6.2 million related to our FASCINATE-2 Phase 2b trial that commenced in mid-2021 and reached full enrollment in 2022, and a $0.8 million increase in salaries, wages and benefits due to increased headcount. These increases were offset by a decrease of $1.6 million related to the completion of a manufacturing campaign in 2021.

General and administrative expenses. Our general and administrative expenses increased by $1.8 million, or 40%, for the year ended December 31, 2022, compared to the year ended December 31, 2021 primarily due to $1.4 million in capitalized deferred financing costs expensed in 2022 and increases in headcount.

Other income (expense), net. Our other income (expense), net increased by $1.3 million for the year ended December 31, 2022, compared to the year ended December 31, 2021. Interest income increased $0.5 million offset by the loss of $0.8 million from the extinguishment of the redeemable convertible preferred stock liability with the completion of the Series F preferred stock financing in 2021.

Liquidity and capital resources

To date, we have relied on private equity and debt financings to fund our operations. We have incurred net losses and negative cash flows from operations since inception, including net losses of $30.5 million and $24.4 million for the years ended December 31, 2022 and 2021, respectively. For the years ended December 31, 2022, and 2021 we had negative cash flows from operations of $24.5 million and $21.7 million, respectively. As of December 31, 2022, we had cash, cash equivalents and short-term investments in marketable securities of $32.3 million. We expect to incur additional losses and negative cash flows from operations for the next 12 months. Based on our recurring losses from operations incurred since inception, expectation of

continuing operating losses for the foreseeable future, and need to raise additional capital to finance our future operations, we have concluded that there is substantial doubt regarding our ability to continue as a going concern within one year after the date that these financial statements are issued.

Future funding requirements

Our primary uses of cash are to fund our operations, which consist primarily of research and development expenditures related to our programs and, to a lesser extent, general and administrative expenditures. We anticipate that we will continue to incur significant expenses for the foreseeable future as we continue to advance our drug candidates, expand our corporate infrastructure, including the costs associated with being a public company, further our research and development initiatives for our drug candidates, scale our laboratory and manufacturing operations, and incur marketing costs associated with potential commercialization. We are subject to all of the risks typically related to the development of new drug candidates, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. We anticipate that we will need substantial additional funding in connection with our continuing operations.

Based on our recurring losses from operations incurred since inception, expectation of continuing operating losses for the foreseeable future, and need to raise additional capital to finance our future operations, we have concluded that there is substantial doubt regarding our ability to continue as a going concern within one year after the date that these financial statements are issued. We will need to raise additional capital prior to commencing pivotal trials for any of our drug candidates. Until we can generate a sufficient amount of revenue from the commercialization of our drug candidates or from collaboration agreements with third parties, if ever, we expect to finance our future cash needs through public or private equity or debt financings, third-party (including government) funding and marketing and distribution arrangements, as well as other collaborations, strategic alliances and licensing arrangements, or any combination of these approaches. The sale of equity or convertible debt securities may result in dilution to our stockholders and, in the case of preferred equity securities or convertible debt, those securities could provide for rights, preferences or privileges senior to those of our common stock. Debt financings may subject us to covenant limitations or restrictions on our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Our ability to raise additional funds may be adversely impacted by deteriorating global economic conditions and the recent disruptions to and volatility in the credit and financial markets in the United States and worldwide resulting from the ongoing COVID-19 pandemic. There can be no assurance that we will be successful in acquiring additional funding at levels sufficient to fund our operations or on terms favorable or acceptable to us. If we are unable to obtain adequate financing when needed or on terms favorable or acceptable to us, we may be forced to delay, reduce the scope of or eliminate one or more of our research and development programs.

Our future capital requirements will depend on many factors, including:

- difficulties obtaining regulatory approval to commence a clinical trial or complying with conditions imposed by a regulatory authority regarding the scope or term of a clinical trial;
- conditions imposed on us by the FDA or other regulatory authorities regarding the scope or design of our clinical trials;
- delays in reaching or failing to reach agreement on acceptable terms with prospective CROs, CMOs, and trial sites, the terms of which can be subject to extensive negotiation and may vary significantly;
- insufficient supply of our drug candidates or other materials necessary to conduct and complete our clinical trials;
- difficulties obtaining IRB or ethics committee approval to conduct a clinical trial at a prospective site;
- slow enrollment and retention rate of subjects in our clinical trials;
- the FDA or other regulatory authority requiring alterations to any of our study designs, our pre-clinical strategy or our manufacturing plans;
- governmental or regulatory delays and changes in regulatory requirements, policy and guidelines;

- serious and unexpected drug-related side effects related to the drug candidate being tested;
- lack of adequate funding to continue the clinical trial;
- subjects experiencing severe or unexpected drug-related adverse effects;
- occurrence of severe adverse effects in clinical trials of the same class of agents conducted by other companies;

  any changes to our manufacturing process, suppliers or formulation that may be necessary or desired
- third-party vendors not performing manufacturing and distribution services in a timely manner or to sufficient quality standards;
- third-party clinical investigators losing the licenses or permits necessary to perform our clinical trials, not performing our clinical trials on our anticipated schedule or consistent with the clinical trial protocol, GCP, or other regulatory requirements;
- third-party contractors not performing data collection or analysis in a timely or accurate manner;
- third-party contractors becoming debarred or suspended or otherwise penalized by the FDA or other government or regulatory authorities for violations of regulatory requirements, in which case we may need to find a substitute contractor, and we may not be able to use some or all of the data produced by such contractors in support of our marketing applications; and
- failure of our third-party contractors, such as CROs and CMOs, or our investigators to comply with regulatory requirements or otherwise meet their contractual obligations in a timely manner.

A change in the outcome of any of these or other variables could significantly change our costs and timing associated with the development of our drug candidates. Furthermore, our operating plans may change in the future, and we may need additional funds to meet operational needs and capital requirements associated with such change.

Sources and uses of cash

The following table sets forth our primary sources and uses of cash for each of the periods presented below (in thousands):

	Years Ended December 31,	
	2022	2021
Net cash (used in) provided by:		
Operating activities	$(24,490)	$(21,710)
Investing activities	(32,010)	—
Financing activities	(73)	9,739
Net decrease in cash and cash equivalents	$(56,573)	$(11,971)

Cash flows from operating activities. Our net cash used in operating activities was $24.5 million for the year ended December 31, 2022. Our cash used in operating activities resulted from a net loss of $30.5 million primarily driven by the use of funds in our operations to develop our drug candidates, partially offset by adjustments for non-cash items of $1.8 million related to stock-based compensation, non-cash lease expense and accretion of discount on marketable securities. The net loss was also partially offset by a decrease in prepaid expenses and other assets of $1.4 million and an increase in accounts payable and accrued expenses of $2.9 million.

Our net cash used in operating activities was $21.7 million for the year ended December 31, 2021. Our cash used in operating activities resulted from a net loss of $24.4 million primarily driven by the use of funds in our operations to develop our drug candidates, partially offset by adjustments for non-cash based items of $2.8 million related to stock-based compensation, the change in fair value of redeemable convertible preferred stock tranche liability and non-cash lease expense, as well as a $0.6 million increase in accounts payable and accrued expenses. These were partially offset by an increase in prepaid expenses and other assets of $0.5 million.

Cash flows from investing activities. Our net cash used in investing activities was $32.0 million for the year ended December 31, 2022, which primarily related to purchases of marketable securities of $41.4 million, offset by sales of marketable securities of $9.4 million.

There was no cash used in investing activities for the year ended December 31, 2021.

Cash flows from financing activities. Our net cash used in financing activities was $73 thousand for the year ended December 31, 2022, which consisted primarily of the payment of deferred financing costs of $85 thousand offset by proceeds from the exercise of stock options of $12 thousand.

Our net cash provided by financing activities was $9.7 million for the year ended December 31, 2021, primarily consisting of net proceeds from the issuance of redeemable convertible preferred stock of $10.8 million, offset by the payment of deferred financing costs of $1.3 million.

Off-balance sheet arrangements

During the periods presented we did not have, nor do we currently have, any off-balance sheet arrangements as defined in the rules and regulations of the SEC.

Critical accounting policies

Our management's discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, and expenses and the disclosure of contingent assets and liabilities in our financial statements. On an ongoing basis, we evaluate our estimates and judgments, including those related to accrued expenses, redeemable convertible preferred stock tranche liabilities and stock-based compensation. We base our estimates on historical experience, known trends and events and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are described in more detail in "Notes to the Financial Statements—Note 2" included in our audited financial statements elsewhere in this prospectus, we believe the following accounting policies and estimates to be most critical to the judgments and estimates used in the preparation of our financial statements.

Accrued research and development expense

As part of the process of preparing our financial statements, we are required to estimate our accrued research and development expenses. This process involves reviewing open contracts and purchase orders, communicating with our applicable personnel to identify services that have been performed on our behalf and estimating the level of service performed and the associated cost incurred for the service when we have not yet been invoiced or otherwise notified of actual costs. The majority of our service providers require advance payments; however, some invoice us in arrears for services performed, on a pre-determined schedule or when contractual milestones are met. We make estimates of our accrued expenses as of each balance sheet date in the financial statements based on facts and circumstances known to us at that time. We periodically confirm the accuracy of the estimates with the service providers and make adjustments if necessary.

We base our expenses related to preclinical studies, clinical trials and other studies on our estimates of the services performed pursuant to contracts with research institutions and clinical research organizations that conduct and manage preclinical studies, clinical trials and other studies on our behalf. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven payment flows. There may be instances in which payments made to our vendors will exceed the level of services provided and result in a prepayment of the expense. Payments under some of these contracts depend on factors such as the successful enrollment of patients and the completion of clinical trial milestones. In accruing service fees, we estimate the time period over which services will be performed and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort

varies from the estimate, we adjust the accrual or prepaid expense accordingly. Although we do not expect our estimates to be materially different from amounts actually incurred, our understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in reporting amounts that are too high or too low in any particular period. To date, we have not made any material adjustments to our prior estimates of accrued research and development expenses.

Stock-based compensation

We recognize stock-based compensation expense in an amount equal to the estimated grant date fair value of each option grant or stock award over the estimated period of service and vesting. This estimation of the fair value of each stock-based grant or issuance on the date of grant involves numerous assumptions by management. Although we calculate the fair value under the Black Scholes option pricing model, which is a standard option pricing model, this model still requires the use of numerous estimates, including, among others, the expected term of the award, the volatility of the underlying equity security, a risk-free interest rate, fair value of common stock, and expected dividends. The use of different values by management in connection with these estimates in the Black Scholes option pricing model could produce substantially different results.

For awards with service-based vesting conditions only, we recognize share-based compensation expense on a straight-line basis over the requisite service or vesting period. For awards with service- and performance-based vesting conditions, we recognize stock-based compensation expense using the graded vesting method over the requisite service period beginning in the period in which the awards are deemed probable to vest, to the extent such awards are probable to vest. We recognize the cumulative effect of changes in the probability outcomes in the period in which the changes occur.

See “Notes to the Financial Statements—Note 10” included elsewhere in this prospectus for more information.

Common stock valuations

We estimate the fair value of our common stock, utilizing our enterprise value determined with assistance from a third-party valuation expert, and in accordance with the guidance outlined in the American Institute of Certified Public Accountants Technical Practice Aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation. Our management considered various objective and subjective factors to determine the fair value of our common stock as of each grant date, including:

- the prices at which we sold shares of redeemable convertible preferred stock and the superior rights and preferences of the redeemable convertible preferred stock relative to our common stock at the time of each grant;
- the progress of our research and development programs, including the status and results of clinical and preclinical studies for our drug candidates;
- our stage of development and commercialization and our business strategy;
- external market conditions affecting the biopharmaceutical industry and trends within the biopharmaceutical industry;
- our financial position, including cash on hand, and our historical and forecasted performance and operating results;
- the lack of an active public market for our common stock and our redeemable convertible preferred stock;
- the likelihood of achieving a liquidity event, such as an initial public offering (IPO) or sale of our company in light of prevailing market conditions; and
- the analysis of IPOs and the market performance of similar companies in the biopharmaceutical industry.

The assumptions underlying these valuations represented management’s best estimate, which involved inherent uncertainties and the application of management’s judgment. As a result, if we had used different

assumptions or estimates, the fair value of our common stock and our stock-based compensation expense could have been materially different.

We estimated the valuations of our common stock, utilizing our enterprise value determined with assistance from a third-party valuation expert, as of the dates on which our board of directors granted equity awards. There are three main valuation approaches: market, income, and asset. The market approach involves the analysis of market data from comparable transactions to derive pricing indications. The income approach is based on the fundamental assumption that the value of a company today is the present value of all expected future income, appropriately adjusted for risk and time. In the asset approach each component of a company's assets and liabilities are valued separately and summed to conclude the value of the company. On January 11, 2021, March 31, 2021, March 31, 2022, and December 31, 2022, we used third-party valuations of our common stock prepared using the market and asset approaches.

The following models were used to allocate total equity value to our equity securities, including our common warrants, and total capital value to equity securities and debt:

- The option pricing method (OPM) which uses option pricing formulas to derive the value of each security class taking all economic rights of individual security class into account. The OPM analyzes a wide range of future equity values and assigns probabilities and equity values based on each security class's allocation of value in each value outcome.
- The probability weighted expected return method (PWERM) which involves the estimation of future potential outcomes for our company, as well as values and probabilities associated with each respective potential outcome. The common stock per share value determined using this approach is ultimately based upon probability-weighted per share values resulting from the various future scenarios, which can include an IPO, merger or sale, dissolution, or continued operation as a private company.

Once a public trading market for our common stock has been established in connection with the completion of this offering, it will no longer be necessary for our management to estimate the fair value of our common stock in connection with our accounting for granted stock options and other such awards we may grant, as the fair value of our common stock will be determined based on the quoted market price of our common stock.

Quantitative and qualitative disclosures about market risk

Interest rate risk

Our cash and cash equivalents as of December 31, 2022, consisted of cash in our current accounts and money market funds readily convertible to cash. As of December 31, 2022, our short-term investments in marketable securities, consisted of available-for-sale commercial paper, corporate debt securities and U.S. Treasury securities. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates. However, because of the nature of the instruments in our portfolio, a sudden change in market interest rates would not be expected to have a material impact on our financial condition or results of operations. We believe that our exposure to interest rate risks is not significant and that a hypothetical 10% movement in market interest rates would not have a significant impact on the total value of our portfolio or our interest income. In addition, we do not believe that our cash, cash equivalents and short-term investments in marketable securities have significant risk of default or illiquidity.

Financial institution risk

Financial instruments that potentially subject us to concentration of credit risk consist of cash, cash equivalents and marketable securities. At December 31, 2022, most of our funds were invested with Silicon Valley Bank (SVB) and custodied at U.S. Bank and consisted of short-term marketable securities. Working capital consisting of bank deposits were kept at SVB, where account balances at times exceeded federally insured limits. At December 31, 2021 our cash and cash equivalents consisted of bank deposits including deposits and money market funds at one financial institution.

Foreign currency exchange risk

We have foreign currency risks related to some of our expenses denominated in Euros, British pound sterling, and Chinese yuan, which are subject to fluctuations due to changes in foreign currency exchange rates. Additionally, fluctuations in foreign currency exchange rates may cause us to recognize transaction gains and losses in our statements of operations. We have not engaged in foreign currency hedging transactions to minimize those fluctuations. To date, foreign currency transaction gains and losses have not been material to our financial statements.

Effects of inflation

Inflation generally affects us by increasing our cost of labor and research and development contract costs. We do not believe inflation had a material effect on our results of operations during the periods presented.

Emerging growth company status

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act (the JOBS Act). Under the JOBS Act, emerging growth companies can delay the adoption of new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. Other exemptions and reduced reporting requirements under the JOBS Act for emerging growth companies include presentation of only two years of audited financial statements in a registration statement for IPO, an exemption from the requirement to provide an auditor's report on internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, as amended, an exemption from any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation and less extensive disclosure about our executive compensation arrangements. We have elected to use the extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that (i) we are no longer an emerging growth company or (ii) we affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

We will remain an emerging growth company until the earliest of (i) the last day of our first fiscal year in which we have total annual gross revenues of $1.235 billion or more, (ii) the last day of our fiscal year following the fifth anniversary of the completion of this offering, (iii) the date on which we are deemed to be a large accelerated filer, under the rules of the SEC, which means the market value of equity securities that is held by non-affiliates exceeds $700.0 million as of the prior June 30th and (iv) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period.

Recently adopted accounting pronouncements

See "Notes to the Financial Statements—Note 2" included elsewhere in this prospectus for more information.

BUSINESS

Overview

We are a clinical-stage biopharmaceutical company developing novel therapeutics called fatty acid synthase (FASN) inhibitors that target dysfunctional metabolic pathways in diseases resulting from the overproduction of the fatty acid, palmitate. Our lead drug candidate, denifanstat, is an oral, once-daily pill and selective first-in-class FASN inhibitor in development for the treatment of nonalcoholic steatohepatitis (NASH), for which there are no treatments currently approved in the United States or Europe. Denifanstat has been studied in over 600 people to date and we are currently testing it in our FASCINATE-2 Phase 2b clinical trial in NASH. The interim results, which were presented at the American Association for the Study of Liver Diseases (AASLD) meeting in November 2022, showed statistically significant improvements across key markers of disease in patients treated with denifanstat, including an approximately 34% reduction in liver fat and 67% responder rate (defined as reduction in liver fat by 30% or more) at 26 weeks as compared to baseline. These results are consistent with earlier findings from our FASCINATE-1 Phase 2 clinical trial, and strengthen our belief that the topline liver biopsy results we expect to announce in the first quarter of 2024 will directly show improvement in disease. Additionally, our precision medicine approach is core to our development strategy in NASH, and includes the identification of pharmacodynamic and predictive biomarkers to confirm target engagement and clinical response in patients treated with denifanstat. We are also evaluating the promise of FASN inhibition, beyond NASH, in additional disease areas in which dysregulation of fatty acid metabolism also plays a key role, including in acne and certain forms of cancer.

NASH is an aggressive form of nonalcoholic fatty liver disease (NAFLD), a condition where an abnormal buildup of excess fat, known as steatosis, occurs in the liver unrelated to the consumption of alcohol. According to a study published in 2023, NASH is a growing epidemic that affected more than 265 million people worldwide in 2019 and for which there are currently no approved treatments in the United States or Europe. It is often associated with insulin resistance, type 2 diabetes, cardiovascular disease, and an increase in overall mortality. Left untreated, damage to the liver can lead to cirrhosis or liver cancer, potentially making liver transplantation necessary. We believe denifanstat may offer a meaningful therapeutic solution for this unmet need. The therapeutic potential of denifanstat, as an oral, once-daily pill and first-in-class FASN inhibitor, lies in its differentiated mechanism of action directly targeting the three key drivers of NASH pathogenesis: steatosis, inflammation, and fibrosis.

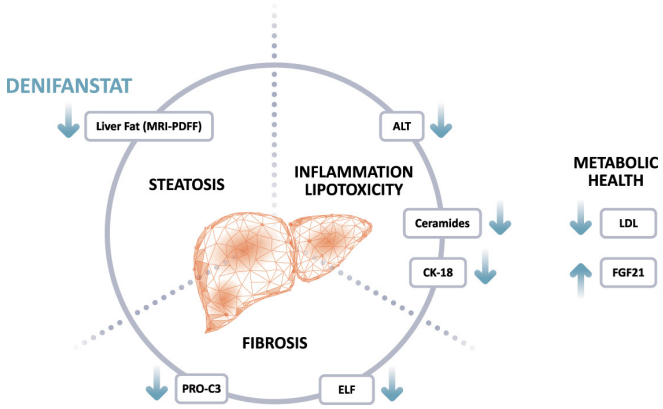

Figure 1. Comprehensive improvement across biomarkers

In September 2022, we completed patient enrollment in our FASCINATE-2 Phase 2b clinical trial and conducted a planned interim analysis of a subset of 56 patients who had completed 26 weeks of dosing. The interim analysis results were presented at the AASLD meeting in November 2022 and highlighted statistically significant improvements across key markers of disease in patients treated with denifanstat. Improvements included a 34% reduction in liver fat and 67% responder rate. Overall, these interim analysis results confirmed significant activity across the three major drivers of liver damage in a biopsy-proven

NASH population with advanced fibrosis. The results are also consistent with earlier results announced in June 2020 from our completed FASCINATE-1 Phase 2 clinical trial. We expect to announce topline biopsy results from our FASCINATE-2 Phase 2b clinical trial in the first quarter of 2024. We believe the ability of denifanstat to directly target steatosis, inflammation, and fibrosis will also allow us to pursue studies that examine the impact of denifanstat in the treatment of pediatric and cirrhotic NASH.

In addition to NASH, we are exploring the use of denifanstat in acne and in select forms of cancer, diseases in which dysregulation of fatty acid metabolism also play a key role. Denifanstat is currently being tested in a Phase 2 clinical trial for acne, and a Phase 3 trial in recurrent glioblastoma multiforme (GBM) in combination with bevacizumab. Both trials are being conducted in China by our strategic partner, Ascletis BioScience Co. Ltd. (Ascletis). Ascletis expects to announce topline results for acne in the second quarter of 2023 and reach enrollment of about 120 recurrent GBM patients in the third quarter of 2023 as a basis for interim analysis. These results will guide our development strategy in these indications. Furthermore, our compound library of FASN inhibitors provides us the ability to evaluate additional drug candidates for further development. For example, we have completed IND-enabling studies for TVB-3567.

Given the inherent complexity of NASH and other diseases caused by dysregulated lipogenesis, our development strategy includes precision medicine approaches using non-invasive tests (NITs), which we also refer to as biomarkers, to identify both indications that can be treated by denifanstat and patients who are most likely to respond to denifanstat. This includes the development blood-based of pharmacodynamic biomarkers, such as tripalmitin, to confirm FASN inhibition and pathway engagement by denifanstat, as well as predictive biomarkers incorporating metabolomic and single nucleotide polymorphism (SNP) blood profiling to identify a biomarker signature that predicts improvements in markers of NASH disease in patients taking denifanstat. Furthermore, we may apply such predictive tests complementary to therapeutic intervention with denifanstat to better understand the patients who partially respond to denifanstat. Identifying these potential non-responders may help clinicians determine if, for instance, a combination of denifanstat and another non-FASN inhibitor therapeutic may optimize clinical outcomes. We will continue to validate these biomarkers with the liver biopsy results from the ongoing FASCINATE-2 Phase 2b clinical trial and anticipate developing complementary diagnostic tools to benefit patients, clinicians and payors. Ultimately, we intend to leverage these non-invasive biomarkers to ensure FASN biology is informing both the diseases we investigate and the patients who receive treatment.

Our management team brings extensive experience in research, clinical development and commercialization in the fields of hepatology, cardiovascular/metabolic disease, oncology and rare diseases. Members of our team have experience advancing drugs through FDA approval and subsequent commercialization.

Our FASN inhibitor pipeline

The critical role of FASN overactivity in NASH, acne and cancer has made it an attractive target for drug therapy. Early generations of FASN inhibitor compounds made by others were limited by their off-target activities, inappropriate localization to the brain and poor pharmaceutical properties. Most of these compounds never entered clinical development. The few that did failed in early-stage clinical trials due to these limitations. We selected denifanstat from our library of over 1,200 internally discovered and wholly owned FASN inhibitors after a rigorous medicinal chemistry and preclinical development effort. We advanced denifanstat into clinical development, based upon its oral administration, high selectivity for FASN, and excellent pharmacokinetic and pharmaceutical properties, including restricted penetration of the blood-brain barrier. FASN is a large protein with six different enzymatic domains. The selectivity of denifanstat is a consequence of binding to the protein in an area that is not an enzymatic active site and unique to the structure of FASN. This selectivity is critical for preventing off-target effects that plagued earlier generations of FASN inhibitor compounds.

The following table summarizes our development programs for multiple diseases with high unmet need:

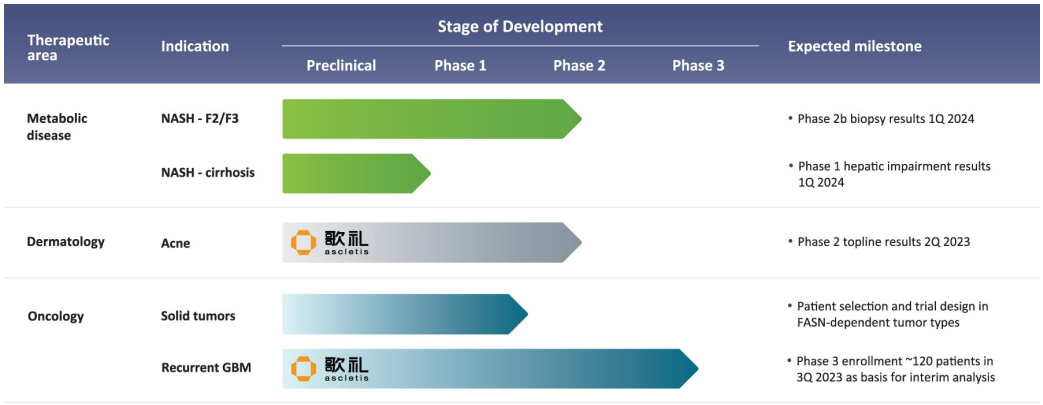

Figure 2. Pipeline of denifanstat indications

Although we believe our drug candidates have the potential to address several diseases, we need to complete additional preclinical studies and clinical trials to determine the safety and efficacy of our drug candidates. The results of future studies and trials may differ from the results of our earlier studies and trials. We have not received regulatory approval for any of our drug candidates. To obtain regulatory approval and commercialize our drug candidates, the FDA or foreign regulatory authorities will need to determine that our drug candidates are safe and effective for their intended uses.

Our strategy

Our goal is to develop and commercialize our selective FASN inhibitors in therapeutic areas where upregulation of FASN plays a central role in the development or progression of disease. We intend to achieve this goal by pursuing the following key strategic objectives:

- ***Progress denifanstat through clinical development for the treatment of NASH.*** In our FASCINATE-1 Phase 2 clinical trial, denifanstat reduced liver fat with statistical significance as assessed by magnetic resonance imaging-derived proton density fat fraction (MRI-PDFF) following 12 weeks of dosing. It also significantly improved biomarkers of metabolic health, inflammation and fibrosis, and was well-tolerated. In September 2022, we completed enrollment of our FASCINATE-2 Phase 2b clinical trial of denifanstat in NASH patients with moderate to advanced fibrosis to evaluate the impact of denifanstat on NASH assessed by biopsy following 52 weeks of dosing. In November 2022, we announced positive interim analysis results consistent with the earlier FASCINATE-1 trial—statistically significant improvements in the key biomarkers of NASH, including liver fat, inflammation and fibrosis. We expect to announce topline biopsy results in the first quarter of 2024.
- ***Establish denifanstat as a backbone therapy for the treatment of NASH.*** Given the disease complexity, as well as the heterogeneity and large size of the NASH patient population, we believe denifanstat can address multiple NASH indications as a differentiated monotherapy and in combination with other agents. We intend to seek approval of denifanstat as monotherapy for the treatment of NASH patients with F2-F3 fibrosis and expand into additional NASH indications such as cirrhotic (F4) NASH and pediatric NASH to maximize denifanstat's full clinical and commercial potential. We believe combination therapies will have a meaningful role in the NASH treatment paradigm to effectively address all patient segments. We intend to assess combinations of denifanstat, as an oral small molecule agent, with other complementary mechanisms.
- ***Advance our precision medicine strategy to identify patients who will benefit from denifanstat.*** Given that NASH is a complex, progressive disease with no approved treatments in the United States or Europe, our precision medicine strategy to develop non-invasive biomarkers complements our clinical development efforts for denifanstat. This includes the development and application of pharmacodynamic biomarkers to confirm drug response to denifanstat and predictive biomarkers to

select the patients mostly likely to have a clinical response. We will continue to validate these biomarkers with results emerging from our ongoing clinical development, including the liver biopsy results expected from the FASCINATE-2 clinical trial, and anticipate developing biomarker tests to benefit patients, clinicians and payors.

- ***Expand pipeline in indications beyond NASH where FASN plays a central role in disease pathogenesis.*** Based on our seminal work around FASN biology and the broad potential of this mechanism in diseases beyond NASH, we have prioritized acne and oncology in our initial development pursuits for denifanstat beyond NASH. In acne, our strategic partner, Ascletis, is currently conducting a Phase 2 clinical trial in patients with moderate to severe disease in China. Topline results are expected in the second quarter of 2023. In oncology, we are developing FASN inhibitors to treat specific subsets of solid tumors that are FASN-dependent. We are exploring the potential of denifanstat in combination with other classes of oncology drugs. Our first-in-human Phase 1 clinical trial for denifanstat was conducted in patients with advanced solid tumors. Additionally, Ascletis has initiated a Phase 3 registrational trial for denifanstat in China in patients with recurrent GBM. Ascletis expects to reach enrollment of about 120 recurrent GBM patients in the third quarter of 2023 as a basis for interim analysis. We will maintain a focused and disciplined strategy in evaluating potential indications beyond NASH that may merit further advancement.
- ***Develop and commercialize our drug candidates independently in indications and geographies where we believe we can maximize value and benefit to patients***. Because we believe our FASN platform and drug candidates have the potential to treat a broad range of diseases, we will independently develop drug candidates in indications and geographies where we believe we can successfully commercialize on our own if they are approved. We will collaborate on drug candidates that we believe have promising utility in disease areas, patient populations or geographies that are better served by the resources or specific expertise of other biopharmaceutical companies. Our license agreement with Ascletis for the development, manufacturing and commercialization of denifanstat in Greater China is an example of us prosecuting this strategy.

Our team

We have assembled a team with extensive experience in drug development and commercialization in the fields of hepatology, cardiometabolic disease and oncology. Collectively, our team has been directly involved in a broad spectrum of research and development and commercial activities leading to successful outcomes, including FDA approvals and marketed drugs. Prior to joining Sagimet in October 2022, our president and chief executive officer, David Happel, was chief executive officer at Cognoa Inc. and held leadership positions at Horizon Therapeutics plc, Raptor Pharmaceutical Corp., Dynavax Technologies Corporation, and Chiron Corporation. Our executive chairman, Dr. George Kemble, served as our chief executive officer from October 2015 to October 2022, and as our chief scientific officer from August 2011 to October 2015. Prior to Sagimet, Dr. Kemble was senior vice president and head of research at MedImmune, LLC (now a subsidiary of AstraZeneca PLC). Our chief medical officer, Dr. Eduardo Bruno Martins, M.D., D.Phil., has held leadership positions at Abbvie Inc., Allergan, Inc., Eiger BioPharmaceuticals, Inc., Gilead Sciences, Inc., Genentech, Inc., Dynavax Technologies Corporation, Intermune, Inc., and SciClone Pharmaceuticals, Inc. where he led clinical development and medical affairs activities across various phases and therapeutic areas. Our chief financial officer and head of corporate development, Dennis Hom, has been instrumental to a variety of financing events and corporate transactions at leading pharmaceutical and biotechnology companies including Achaogen, Inc., Amgen Inc. and Novartis AG, and was previously an investment banker at J.P. Morgan Chase & Co. and predecessor firm Hambrecht & Quist. In addition, we are backed by a group of renowned and leading life-science investors including Altium Capital Management, Invus, Kleiner Perkins Caufield & Byers, New Enterprise Associates (NEA), PFM Health Sciences, Rock Springs Capital Management, other undisclosed investors, and Ascletis, our strategic partner in Greater China.

Denifanstat in NASH

Our lead drug candidate, denifanstat, is an oral, once-daily pill currently being evaluated in our FASCINATE-2 Phase 2b clinical trial for the treatment of NASH. Positive interim results from this trial were presented at AASLD in November 2022 showed denifanstat significantly improved markers of three major drivers of disease in patients. A 67% responder rate in liver fat reduction, 16.5 U/L decrease in ALT, and

0.34 decrease in enhanced liver fibrosis (ELF) score were observed. These results are consistent with earlier positive findings from our FASCINATE-1 Phase 2 clinical trial, in which denifanstat demonstrated significant improvement across a comprehensive set of non-invasive biomarkers. Denifanstat is unique among drug candidates in development for NASH due to its ability to directly target hepatocytes, inflammatory cells and stellate cells in the liver. By targeting these cells, denifanstat leads to reductions in hepatic fat, inflammation, and fibrosis, which we believe will lead to meaningful clinical benefits to NASH patients. It is a first-in-class inhibitor of FASN, the key enzyme in the de novo lipogenesis (DNL) pathway that converts metabolites of dietary sugars such as fructose into palmitate, a saturated fatty acid. Excess DNL activity and palmitate drive the hallmarks of NASH through accumulation of triglyceride in hepatocytes, and induction of inflammatory responses.

Overview of NASH

NASH is an aggressive form of NAFLD, a condition where an abnormal buildup of excess fat (known as steatosis) occurs in the liver unrelated to the consumption of alcohol. To date, no treatments have been approved in the United States or Europe. NAFLD encompasses a progressive and histologically-defined range of liver diseases including simple steatosis (the presence of excess liver fat without inflammation or fibrosis) to NASH without fibrosis (excess liver fat with inflammation), to NASH with fibrosis and may ultimately to cirrhosis or cancer of the liver.

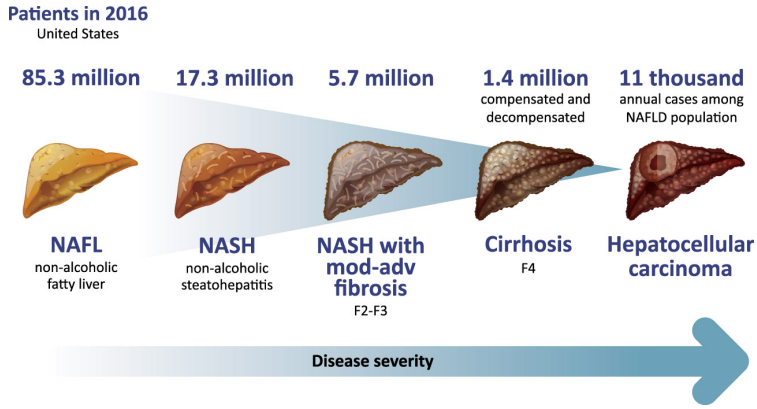

Figure 3. NAFLD disease progression and epidemiology

NASH is initiated and propagated through several processes driven by excess fat in liver cells.

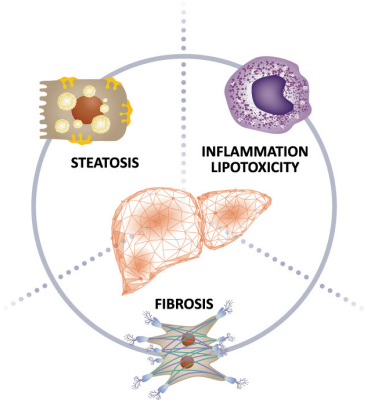

Figure 4. Excess liver fat drives three key diseases processes

Excess intracellular fat damages hepatocytes, the predominant cell type in the liver, leading to apoptosis, or cell death. Hepatocyte apoptosis triggers the stimulation of specialized immune cells. The increased activity of these cells drives inflammation in the liver. Additionally, as more hepatocytes are destroyed and inflammation increases, hepatic stellate cells, are stimulated and induce fibrotic scarring. As this progressive cycle continues, the functions of the liver become compromised, potentially necessitating transplantation.

The diagnosis and severity of the disease can be assessed by histological analyses of liver tissue taken by biopsy which examine the degree of steatosis, inflammation and fibrosis using a microscope. For example, NAFLD activity score (NAS) is the most widely used histological grading and staging score and is a compilation of scores measuring steatosis, ballooning and inflammation. Additionally, the severity of fibrosis is scored on a 5-level scale of F0 (no fibrosis) to F4 (cirrhosis). NAS, along with the fibrosis stage, indicate the degree of progression of an individual's disease. In addition to liver biopsy, non-invasive approaches for the diagnosis of NASH are becoming increasingly prevalent, and may eventually replace liver biopsy as further data becomes available. As part of its December 2018 NASH draft guidance, the FDA emphasized the importance of non-invasive biomarkers in accurately diagnosing and assessing various degrees of NASH. The FDA encouraged sponsors to include non-invasive biomarkers in clinical trials for NASH with the goal of ultimately supplanting liver biopsy.

NAFLD is a growing epidemic. According to a study published in 2023, NAFLD affected more than 1.6 billion people worldwide as of 2019, 265 million of whom had NASH. In a separate study published in 2018, the prevalence of NASH in the United States was estimated at 17.3 million in 2016 and expected to grow to 27.0 million by 2030. Of the NASH patients in the United States, 5.7 million had NASH with advanced fibrosis (F2-F3), which is our initial target patient population for denifanstat if approved. According to two studies published in 2021 and 2023, when left untreated, NASH can lead to liver cirrhosis, which is currently on par with alcohol as the leading indication for liver transplantation and is expected to surpass alcohol in the coming years. According to a study published in 2022, in the United States alone, the economic burden of NASH has been estimated to be over $222 billion.

NASH treatments in development

NASH is characterized by the build-up of fat in the liver and various degrees of inflammation and fibrosis along with systemic metabolic changes including dyslipidemia (increased fat levels in blood) and insulin resistance. These parameters provide a framework to classify the various treatments under development and their mechanisms of action, many of which have significant limitations or address only a subset of NASH patients. Treatments that primarily address the build-up of fat in the liver and systemic metabolic changes include enzyme-specific inhibitors, gene expression activators, and growth factor analogs. Other approaches attempt to directly target only inflammation and fibrosis.

Enzyme-specific inhibitors in the lipid synthesis pathway target an enzyme in the DNL pathway to return lipid synthesis to a normal level, reduce liver fat, and minimize the ongoing inflammation and fibrosis in NAFLD and NASH patients, ultimately allowing the liver tissue to regain its normal cellular structure and function. FASN and acetyl-CoA carboxylase (ACC) are examples of enzyme inhibitors, both of which have shown significant clinical improvements in fat reduction, and improvements in biomarkers of liver enzymes, inflammation and fibrosis. ACC inhibitors, unlike FASN inhibitors, have also been shown to increase plasma triglyceride levels in NASH patients. This is particularly problematic for NASH patients who typically have an elevated risk for cardiovascular disease.

Nuclear receptor modulators alter the gene expression pattern of cells, affecting multiple biochemical pathways, which can lead to unintended changes beyond the target pathway of interest. Examples of nuclear receptor modulators studied as therapeutic targets in NASH include farnesoid X receptor (FXR) agonists, peroxisome proliferator-activated receptor (PPAR) agonists, and thyroid hormone receptor beta (THRß) agonists. FXR is expressed in a number of tissues throughout the body, including the liver. It serves as a receptor for bile acids and participates in regulating their metabolism, including synthesis, conjugation, absorption, and secretion. The PPAR family of receptors modulate fatty acid metabolism and energy homeostasis. FXR and PPAR agonists have had mixed clinical results to date and are yet to be approved for the treatment of NASH in the United States or Europe. Recent data from a positive Phase 3 clinical trial with a THRß agonist represent a significant advancement in the NASH space. Activation of hepatic THRß is associated with systemic lipid lowering, increased bile acid synthesis, and fat oxidation. These results suggest that directly targeting liver fat metabolism can be a successful therapeutic strategy in NASH. However, it should be noted that therapeutic nuclear receptor modulation is not without safety risk. FXR agonists can affect pathways leading to excess bile acids, which have long been shown to be toxic. This can cause pruritus, or itching of the skin. PPAR agonists have been associated with weight gain. THRß agonists need to be highly selective for the beta isoform of this receptor and avoid binding the alpha isoform, which exists in the heart and kidneys. If not highly selective they can result in significant, potentially life-threatening complications.

Growth factor analogs attempt to mimic natural proteins, such as FGF21, to bring several disordered systems back to normal levels. In a relatively small clinical trial in patients with F2-F3 fibrosis, an FGF21 analog showed evidence of NASH resolution and improvement in liver fibrosis after 24 weeks of treatment. Gastrointestinal side effects are common with injected FGF21, nausea and diarrhea being the most common. Because of the large size of proteins, the mode of delivery is typically limited to injection. Growth factor analogs are also more expensive to manufacture compared to small molecules. We believe there is a significant likelihood that patients will develop neutralizing antibodies against these therapeutics with chronic treatment.

Glucagon-like peptide 1 (GLP-1) analogs are approved to treat diabetes and obesity; they are under investigation for the treatment of NASH. In a recent Phase 2 trial, treatment with a GLP-1 analog reduced body weight, demonstrated significant histological NASH resolution, and reduced biomarkers associated with NASH. However, it did not achieve significant improvement in fibrosis compared to placebo. This is consistent with the GLP-1 peripheral mechanism of action via body weight loss, which reduces liver fat and inflammation. Gastrointestinal side effects are common with injected or oral semaglutide, with nausea being the most common.

Anti-inflammatory and anti-fibrotics target the inflammation and fibrosis resulting from the build-up of fat in the liver. Despite promising preclinical and early clinical data, drugs targeting fibrosis have often failed to produce meaningful results in mid- to late-stage clinical trials. This suggests that drugs that only impact liver fibrosis may not be sufficient to impact NASH in a meaningful way. For instance, a Phase 3 clinical trial of a drug candidate targeting the CCR2/5 receptor on inflammatory cells to stop fibrosis has been terminated early due to lack of efficacy. If successful, anti-inflammatory and anti-fibrotic drug candidates can help treat elements of NASH, but they are not expected to target and reduce the liver fat synthesis that drives the disease.

Our lead drug candidate—denifanstat in NASH

Denifanstat, formerly known as TVB-2640, an oral, once-daily pill, is our selective first-in-class FASN inhibitor currently being developed for the treatment of NASH. Following a robust translational research

program in multiple preclinical models that demonstrated FASN inhibition reduced liver fat, decreased inflammatory cells and molecules and blunted fibrosis and a proof-of-mechanism Phase 1b clinical trial that demonstrated inhibition of hepatic DNL in humans, we initiated two Phase 2 clinical trials in patients with NASH: FASCINATE-1 and FASCINATE-2. The completed FASCINATE-1 Phase 2 clinical trial examined multiple doses of denifanstat, ranging from 25mg to 75mg daily, administered for 12 weeks compared to placebo in 142 patients in the United States and China. Denifanstat caused a rapid and robust reduction in liver fat that was statistically significant in the 50mg cohort, as well as improvements in inflammatory, fibrotic and cardiometabolic components of the disease in this short time period, and was generally well tolerated in these diverse populations. The 50mg dose was selected for further study.

In September 2022, we completed enrollment of our FASCINATE-2 Phase 2b clinical trial, which will examine the impact of 50mg denifanstat for one year on the liver of biopsy confirmed NASH patients with moderate to advanced fibrosis (F2-F3). In November 2022, we announced an interim analysis of non-invasive biomarkers from the earliest 52 patients enrolled in the trial after 26 weeks of dosing. These results confirmed and extended the conclusions of the FASCINATE-1 trial in a more advanced population of NASH patients. In this interim cohort, 67% of patients treated with denifanstat reduced their liver fat by 30% or more, and 45% of these responders reduced their liver fat by 50% or more. Third-party studies have shown that NASH patients who reduce their liver fat by 30% or more, known as responders, are much more likely to have improved liver histology than those who do not achieve this goal. Denifanstat also showed a statistically significant decrease of 16.5 U/L ($p<0.05$), or 25%, in levels of ALT, a marker of hepatic inflammation and damage, and a statistically significant decrease of 0.34 ($p<0.05$) in ELF score. Decreases in ELF score suggest reduced levels of fibrosis. In addition to decreases in LDL-cholesterol, comprehensive improvements across biomarkers of liver fat, inflammation and fibrosis were consistent with those seen in the earlier FASCINATE-1 trial. We believe these robust improvements in multiple measures of liver health will be reflected in patient liver biopsies to be collected at the end of the trial. Similar to FASCINATE-1, patients in the FASCINATE-2 interim analysis continued to demonstrate that denifanstat is generally well tolerated. We expect to announce topline biopsy results in the first quarter of 2024.

Results from FASCINATE-1 and -2 will enable us to design the pivotal Phase 3 program for denifanstat in NASH. In March of 2021, we received fast track designation for denifanstat for the treatment of NASH, which will enable us to work expeditiously with the U.S. Food and Drug Administration (FDA) to align on the design of this critical registration program. See "—Government regulation and product approval—Expedited development and review programs."

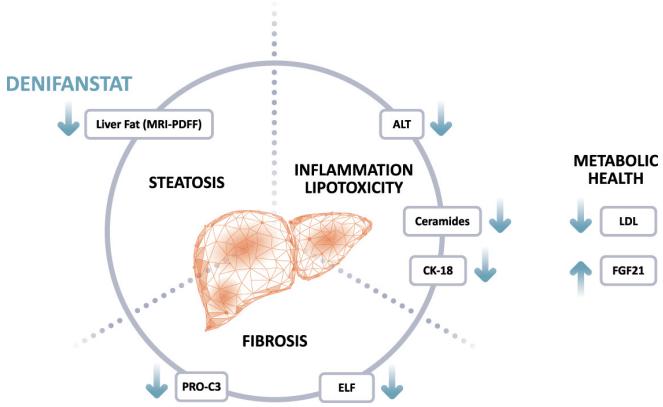

Figure 5. Comprehensive improvement across biomarkers

Proposed mechanisms of action in NASH

FASN is the key enzyme in the DNL pathway that converts metabolites of dietary sugars such as fructose into palmitate, a saturated fatty acid. Excess DNL activity and palmitate drive the hallmarks of NASH through accumulation of triglyceride in hepatocytes, and induction of inflammatory responses. The amount of FASN expressed and the DNL pathway activity are increased in the livers of patients with metabolic syndrome or NAFLD compared to healthy individuals. Increased DNL activity in hepatocytes leads to the accumulation of excess fat (steatosis) in the liver. This initiating event drives NASH, and causes liver inflammation, tissue damage, and fibrosis. In addition, inflammatory cells require DNL for pro-inflammatory function, and hepatic stellate cells, which generate fibrotic scar tissue in the liver, require DNL to express profibrotic genes including procollagen. Furthermore, palmitate, the product of FASN, is used to synthesize pro-inflammatory and pro-fibrotic molecules called lipotoxins which contribute to the mechanisms driving the progressive nature of NASH. This places FASN at the nexus of three major drivers of liver damage in NASH: excess intracellular fat synthesis, inflammation and fibrosis.

We believe that inhibiting FASN has the potential to minimize side effects in NASH patients for several reasons. First, the enzymatic inhibition of FASN is targeted and directly acts within the DNL pathway, unlike nuclear receptor modulators such as THRß or FXR agonists that activate multiple transcription pathways. Second, FASN is aberrantly overactivated in the liver in NASH, and normalizing activity through inhibition of FASN may avoid side effects. Furthermore, mice genetically engineered to have the FASN gene knocked-out in their livers appear normal, whereas mice with the ACC gene, an enzyme one step earlier in the lipid synthesis pathway, knocked-out have high liver and plasma triglycerides.

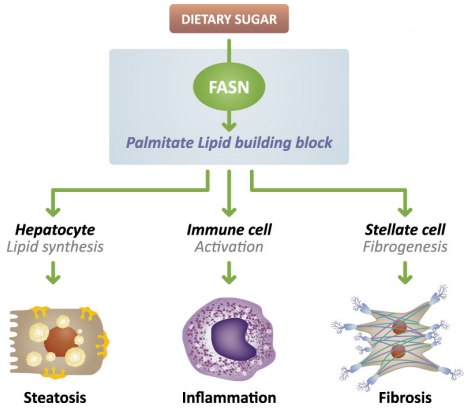

Figure 6. Denifanstat impacts key drivers of NASH

We believe that denifanstat has the potential to alleviate NASH by inhibiting FASN and thereby impacting key drivers of NASH by:

1. Blocking liver fat accumulation (steatosis) by reducing liver fat synthesis in hepatocytes;
2. Minimizing inflammation by blocking the activation and cytokine secretion by inflammatory cells; and
3. Reducing fibrosis by blocking the activation and fibrogenic activity of stellate cells.

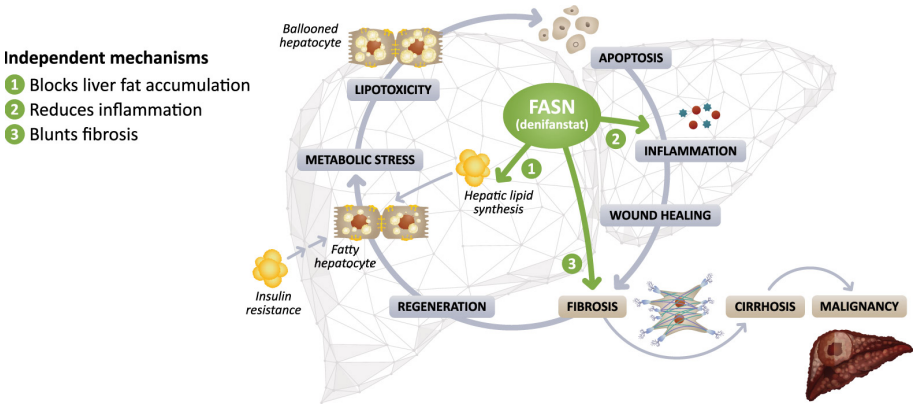

Figure 7. The cycle of NASH pathogenesis

This diagram above of the cycle of NASH pathogenesis shows how excess dietary sugar, particularly in someone with decreased sensitivity to insulin, produces excess palmitate in hepatocytes leading to fatty hepatocytes. The high level of palmitate, a lipotoxin, creates metabolic stress in these cells, leading to ballooned hepatocytes, which is evidence of cellular damage. These damaged hepatocytes undergo apoptosis. The cellular debris resulting from apoptosis stimulates inflammatory cells in the liver, eliciting an inflammatory response. This damage and inflammation in the liver stimulates hepatic stellate cells, which trigger fibrotic responses to repair the wound. As additional excess sugars come in via the diet, this process continues, leading to build up of fibrotic scar tissue. If the damaging environment is removed, the liver has the potential to regenerate healthy tissue over time. However, if the damaging environment continues to persist, some patients will progress to cirrhosis and may develop hepatocellular carcinoma.

Recent studies, including evidence presented at the European Association for the Study of the Liver in Paris, France in 2018, have shown that the liver also continues to produce fat in the later stages of NAFLD, including in patients with early stages of cirrhosis. This broadens the number of patients who could benefit from FASN inhibition. These late-stage patients can progress to liver cirrhosis, which can lead to acute liver decompensation events that can be life threatening, require hospitalization, and in the case of decompensated cirrhosis, liver transplant. We believe the three-pronged potential mechanism of action of denifanstat could address these patients with NASH cirrhosis, preventing further liver damage.

NASH clinical program

Denifanstat has been studied in over 600 people to date including healthy volunteers, patients with solid tumors, patients with acne, and patients with NASH. In NASH, we have completed a Phase 2 clinical trial, FASCINATE-1, that examined multiple doses of denifanstat from patients in both the United States and China. We are currently conducting a Phase 2b trial, FASCINATE-2, in patients with biopsy confirmed NASH with moderate to advanced fibrosis (F2-F3). FASCINATE-1 examined doses ranging from 25mg to 75mg daily for 12 weeks and demonstrated improvement in non-invasive measurements of steatosis, inflammation, fibrotic and metabolic parameters. FASCINATE-2 is evaluating 50mg dose daily for one year. Data from an interim analysis announced in November 2022 and showed consistent improvements in these non-invasive measurements. We expect to announce topline biopsy results in the first quarter of 2024. Results from these Phase 2 trials will inform the design of our pivotal program.

FASCINATE-2 Phase 2b clinical trial in NASH patients—ongoing

In August 2021, we initiated enrollment of a randomized, placebo-controlled, double-blind Phase 2b clinical trial, FASCINATE-2, which is designed to evaluate the impact of denifanstat on NASH assessed by biopsy following 52 weeks of daily oral treatment. In September 2022, we completed full enrollment of 168 NASH patients with F2-F3 fibrosis confirmed by liver biopsy and randomized overall 2:1 to receive 50mg of denifanstat or placebo for 52 weeks. Following 52 weeks of therapy, a second liver biopsy will be obtained. A central pathologist who is unaware of the patients' assignment to denifanstat or placebo cohorts

will evaluate these biopsies. Patients will be followed for an additional four weeks after the biopsy for safety. The results of this trial will determine the effect of denifanstat on liver fat, inflammation, and fibrosis. We expect to announce topline biopsy results in the first quarter of 2024.

FASCINATE-2 Phase 2b clinical trial design

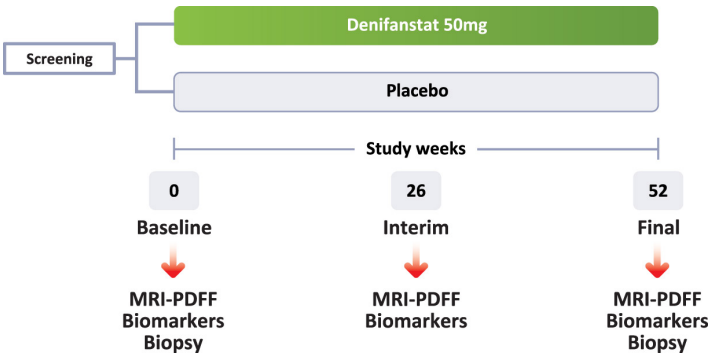

Figure 8. FASCINATE-2 Phase 2b clinical trial design

The primary efficacy endpoint is histological improvement at week 52 in NAFLD activity score (NAS) (i.e. ≥2 points improvement in NAS with ≥1 point improvement in ballooning or inflammation) and without worsening of fibrosis (by NASH Clinical Research Network (CRN) fibrosis score); or resolution of steatohepatitis and no worsening of liver fibrosis (by NASH CRN fibrosis score). Resolution of steatohepatitis is defined as absence of fatty liver disease or isolated or simple steatosis without steatohepatitis and a NAS of 0 or 1 for inflammation, 0 for ballooning, and any value for steatosis. The study also has multiple secondary endpoints such as artificial intelligence-based digital pathology assessment of liver biopsies and non-invasive markers of fibrosis.

Interim analysis

In November 2022, we announced results from a planned interim analysis of non-invasive biomarkers and tolerability. The earliest 52 patients enrolled with baseline MRI-PDFF value of ≥8% liver fat were evaluated after 26 weeks of treatment or an early termination visit after week 22. The purpose of the planned interim analysis was to examine the secondary efficacy endpoint of the proportion of MRI-PDFF ≥30% responders at week 26.

Patients in the interim analysis cohort were representative of a NASH population with moderate to advanced fibrosis. At the start of the trial, the mean age of patients in this subset was 56.4, 59.7% were female, mean weight of 99.6 kg, 65.4% had type 2 diabetes mellitus, F2-F3 fibrosis 46.2%/53.8%, liver fat content by MRI-PDFF 19.3%, ALT 62.7 U/L, LDL-cholesterol 102.9mg/dL, enhanced liver fibrosis score (ELF) 9.7, and PRO-C3 17.8 ng/mL. This interim cohort included 30 patients who received denifanstat and 22 patients who received placebo. Statistical analysis was performed on results for denifanstat compared to placebo at week 26 versus baseline, including analysis of covariance.

Liver fat biomarker: MRI-PDFF imaging

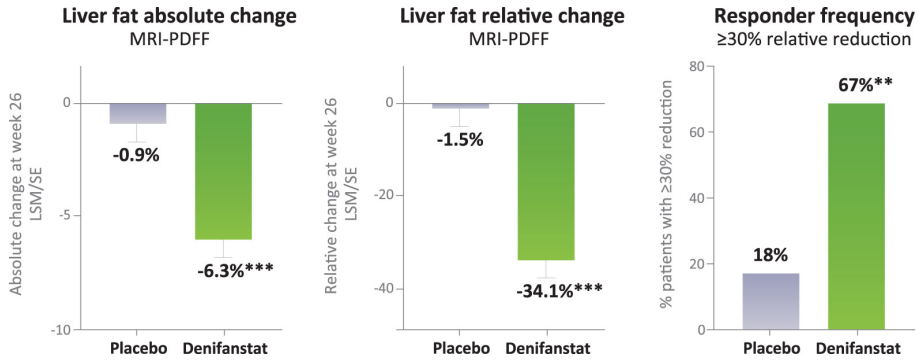

Figure 9. Liver fat biomarkers. ** p<0.01, *** p<0.001.

Treatment with denifanstat resulted in 67% (p<0.001) of patients becoming MRI-PDFF responders compared with 18% in placebo, and approximately half of these denifanstat responders decreased liver fat by an even greater amount of ≥50%. MRI-PDFF responders achieve ≥30% relative reduction of liver fat. A meta-analysis of several clinical trials showed that patients who experience a ≥30% relative reduction of liver fat had a 7-fold higher likelihood that the biopsied liver tissue in these responders would show a ≥2 point improvement in NAS and a 5-fold higher rate of NASH resolution. The relative reduction in liver fat measured by MRI-PDFF of 34.1% (p<0.001) in patients treated with 50mg denifanstat compared with -1.5% in the placebo group. The p-value is a measure that states the probability that a comparable or better result would be produced purely by chance. Differences with a p-value of ≤0.05 are generally considered statistically significant, indicating a high degree of confidence that the measured result was due to administration of the drug and not due to chance.

In addition to liver fat, several inflammation/lipotoxicity, fibrosis and metabolic health biomarkers that are important to NASH were assessed in this interim analysis.

Inflammation biomarkers

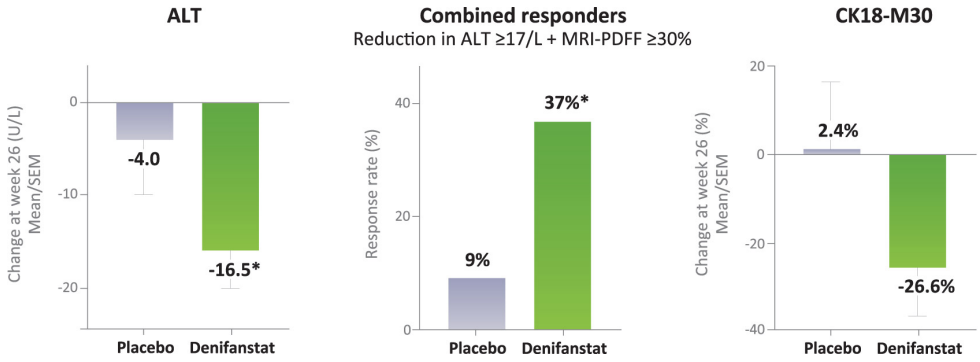

Figure 10. Inflammation biomarkers. * p<0.05

- ***ALT.*** Denifanstat showed a statistically significant decrease of ALT by 16.5 U/L (p<0.05), or a 25% decrease. ALT is a liver enzyme often elevated in NASH patients and indicative of hepatic inflammation and damage. Decreasing ALT levels in NASH patients has been shown to correlate with improvement of liver biopsy.
- ***ALT/MRI-PDFF combined responders.*** Recent studies show that an MRI-PDFF reduction of ≥30% combined with an ALT reduction of ≥17 U/L highly correlate with histological improvement. Denifanstat patients achieving this combined metric was significantly higher than placebo (37% vs 9%, p<0.05).

- ***CK18-M30.*** Denifanstat decreased CK18-M30 by 26.6% (p=ns). Cytokeratin 18 (CK18) is a major cytoskeleton protein in hepatocytes that is released into the bloodstream when the cell is damaged. CK18-M30, a major fragment of CK18, is often elevated in NASH patients. Decreasing CK18 levels is indicative of improved liver tissue.

Fibrosis biomarkers

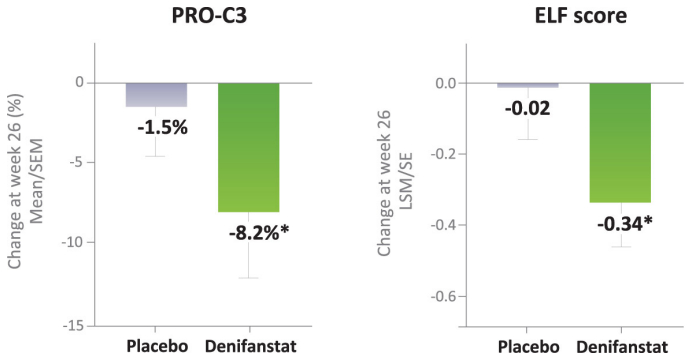

Figure 11. Fibrosis biomarkers. * p<0.05

- **PRO-C3**. Denifanstat showed a statistically significant decrease of 8.2% (-4.4 ng/mL, p<0.05) in PRO-C3 levels (measured by Roche Cobas assay) compared with a decrease of 1.5% (-0.3 ng/mL) in the placebo group. PRO-C3 is a protein fragment of procollagen and indicative of active hepatic fibrogenesis when found in the blood. Decreases of PRO-C3 suggest reduced levels of fibrosis in the liver.
- ***ELF score***. Denifanstat showed a statistically significant decrease of 0.34 (p<0.05) in ELF score compared with a decrease of 0.02 with placebo. Decreases in ELF score suggest reduced levels of fibrosis in the liver and ELF is reported to have prognostic value.

Metabolic/lipid biomarkers

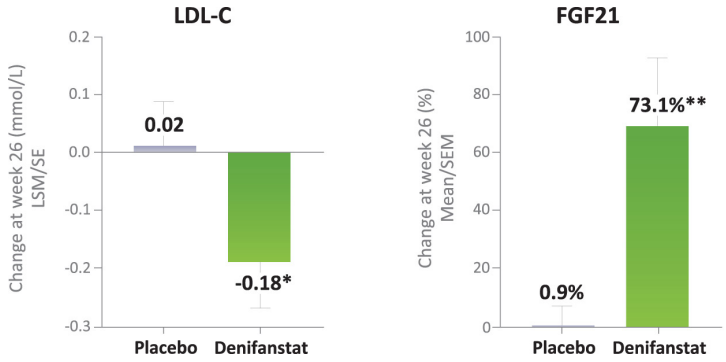

Figure 12. Metabolic / lipid biomarkers. * p<0.05, ** p<0.01

- ***LDL-cholesterol***. Denifanstat showed a statistically significant decrease in LDL-cholesterol levels of 0.18 mmol/L (-6.97mg/dL, p<0.05), or -5.89%, as compared to an increase of 0.02 mmol/L with placebo. Elevated LDL-cholesterol levels are associated with increased risk of cardiovascular disease and often elevated in NASH patients.
- ***FGF-21.*** Denifanstat showed a statistically significant increase in FGF-21 levels of 73.1% (p<0.01). Elevated FGF-21 levels are indicative of a protective response to restore insulin sensitivity particularly in obese subjects.

We also assessed other laboratory values in patients in the interim cohort as described below:

- ***Tripalmitin.*** Denifanstat decreased tripalmitin levels by 41.95% ($p<0.001$) after 13 weeks of treatment. Tripalmitin is a triglyceride in which all three fatty acid chains are palmitate. We believe this reduction reflects the reduction of excess palmitate resulting from the inhibition of FASN.
- ***Total plasma triglycerides***. There were minor elevations of triglyceride levels of 23mg/dL ($p<0.01$). Based on metabolomic analyses from our FASCINATE-1 trial, we believe these triglycerides contain a higher proportion of polyunsaturated fatty acids, which may have health benefits for patients. Polyunsaturated fatty acids are a class of fatty acids that include omega-3 and omega-6 fatty acids that have been shown to reduce the risk of cardiovascular disease.
- ***Total and HDL cholesterol***. Denifanstat decreased total cholesterol levels by 3.18%, and 1.36% ($p<0.01$) in HDL-cholesterol.

Safety data

In FASCINATE-2 the safety population includes all 168 subjects enrolled. All safety data remain blinded while the trial is ongoing. As of February 2023, treatment emergent adverse events (TEAEs) have been reported in 118 subjects (70.2%), 20 (12%) of which led to treatment discontinuation. Of the TEAEs, 108 (64%) were Grade 1 or Grade 2. TEAEs reported in ≥5% of subjects were COVID-19 (20 subjects; 12.0%), alopecia (18 subjects; 10.8%), dry eye (16 subjects; 9.5%), and urinary tract infection (10 subjects; 6.0%). There were 10 treatment emergent serious adverse events reported, none of which were considered by the investigator as related to study drug. Additionally, there was no evidence of drug-induced liver injury (DILI) and no deaths in the trial. Contemporaneous with the interim analysis, an Independent Data Monitoring Committee (IDMC) completed a planned review of unblinded safety data for all 168 enrolled subjects and a risk/benefit assessment using data from the 52 patients in the interim analysis. The IDMC concluded that dosing in the FASCINATE-2 Phase 2b trial should continue as planned with no concerns or suggested changes to the protocol.

FASCINATE-1 Phase 2 clinical trial results

We completed our FASCINATE-1 Phase 2 clinical trial in 2021 and demonstrated a once-daily, oral dose of denifanstat for 12 weeks was well-tolerated and led to a statistically significant, dose dependent reduction in excess liver fat in patients with NASH. Denifanstat demonstrated improvements in biomarkers across all three hallmarks of NASH:

- Liver fat (steatosis): MRI-PDFF
- Inflammation/lipotoxicity: alanine transaminase (ALT), ceramides, CK-18
- Fibrosis: PRO-C3, ELF

Denifanstat also improved multiple biomarkers of metabolic health, including LDL-cholesterol and FGF21. We believe the concordance of improvements observed across multiple parameters in this relatively short time frame supports the potential of denifanstat to treat NASH patients.

FASCINATE-1 Phase 2 clinical trial design

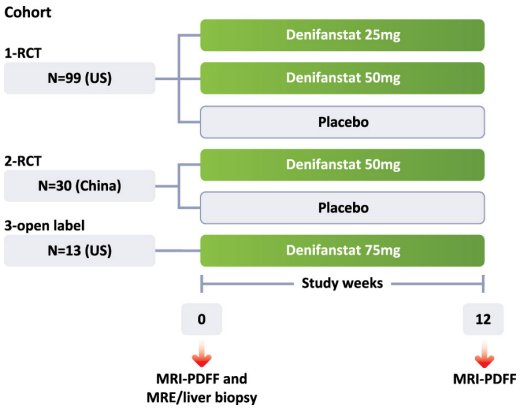

Figure 13. FASCINATE-1 Phase 2 trial design

The trial was conducted over three cohorts. Cohort 1 and Cohort 2 were randomized, placebo-controlled, single-blind, dose escalation clinical trials based in the United States and China. Cohort 3 was an open-label, non-randomized trial in the United States to evaluate a higher 75mg dose level which did not demonstrate a discernable benefit and was less well-tolerated. Based on these results, we selected the 50mg dose to advance into further clinical development.

Key enrollment criteria included male and female subjects aged ≥18 years with either biopsy-proven NASH within two years before randomization or magnetic resonance elastography (MRE) ≥2.5 kPa (Cohorts 1 and 2 only); and MRI-PDFF ≥8%. A total of 142 patients were enrolled across the three cohorts, with 112 patients enrolled in the United States and 30 patients enrolled in China.

Cohort 1 clinical activity—United States

Baseline demographics. The median age of patients in Cohort 1 was 55 years, 46% were female, and 93% were white with 72% identifying as Hispanic or Latino. As expected for a NASH population, the median liver fat was 15.6%, the majority of patients had type 2 diabetes and the median body mass index (BMI) was 32.6 kg/m^2. Safety data was reported for all 99 patients enrolled in the clinical trial. The primary analysis of clinical activity was performed on 85 patients that had an end-of-treatment MRI-PDFF. Two patients discontinued the trial early due to a TEAE and five patients had an end of treatment MRI-PDFF later than planned between 12 and 16 weeks of treatment as a result of COVID-19 visit restrictions; they were not included in the primary efficacy analysis.

Liver fat biomarker: MRI-PDFF imaging

The primary endpoint of this clinical trial was the percent change in relative liver fat following 12 weeks of treatment. The patients in the placebo group, on average, had a 4.5% relative increase in liver fat over 12 weeks. In contrast, there was a dose-dependent relative reduction of liver fat of 9.6% (p=0.053) in patients treated with 25mg of denifanstat and of 28.1% (p<0.01) in patients treated with 50mg.

In a secondary analysis, 23% of patients in the 25mg arm achieved an MRI-PDFF response (p=ns), defined as ≥30% relative reduction of liver fat, and 61% of patients treated with 50mg of denifanstat achieved a response (p<0.001), compared with 11% of the placebo group, as depicted below.

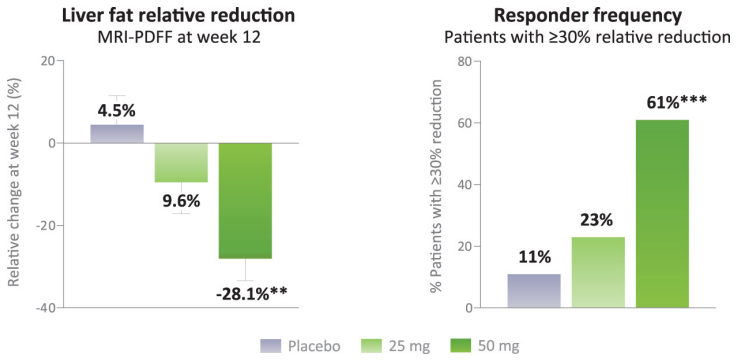

Figure 14. Liver fat biomarkers. **p<0.01, *** p<0.001

MRI-PDFF images for one patient treated with 50mg of denifanstat are shown below. The two images were taken 12 weeks apart from one another at the same horizontal position in the patient's body. The image on the left shows substantial liver fat content, represented by the yellow-green colored portion of the image. After 12 weeks of treatment this same area no longer had a substantial amount of liver fat, as shown by the lack of yellow-green coloration and presence of the blue background color in the image on the right.

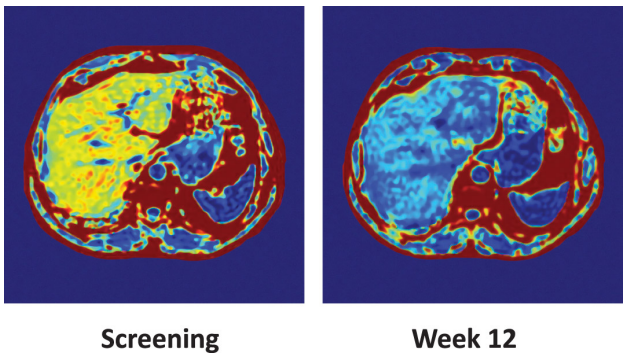

Figure 15. MRI-PDFF images for one patient treated with 50mg denifanstat

In addition to liver fat, several inflammation/lipotoxicity, fibrosis and metabolic health biomarkers that are important to NASH were assessed in this clinical trial.

Inflammation/lipotoxicity biomarkers

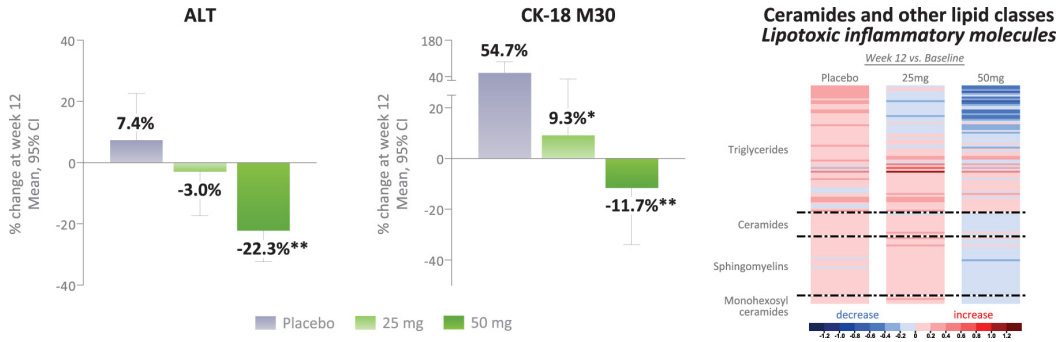

Figure 16. Inflammation / lipotoxicity biomarkers. *p<0.05,**p≤0.01

- ***ALT.*** Denifanstat showed a statistically significant decrease of ALT up to 22.3% (p<0.01) in a dose-dependent manner. Approximately one-third of the patients in each arm had abnormal ALT levels

at baseline. In this subgroup, 33% of placebo patients normalized ALT post-treatment compared to 60% of the patients treated with 50mg of denifanstat.

- ***CK-18(M30).*** Denifanstat showed a statistically significant decrease of CK-18(M30) up to 11.7% ($p<0.01$) in a dose-dependent manner.
- ***Ceramides.*** Denifanstat showed a statistically significant decrease in multiple ceramides. Excess accumulation of ceramides, a type of fat often increased in NASH patients, is toxic and leads to inflammation and fibrosis. Decreasing ceramide levels likely reflects the reduction of excess palmitate and suggests an improved inflammatory environment.

Fibrosis biomarkers

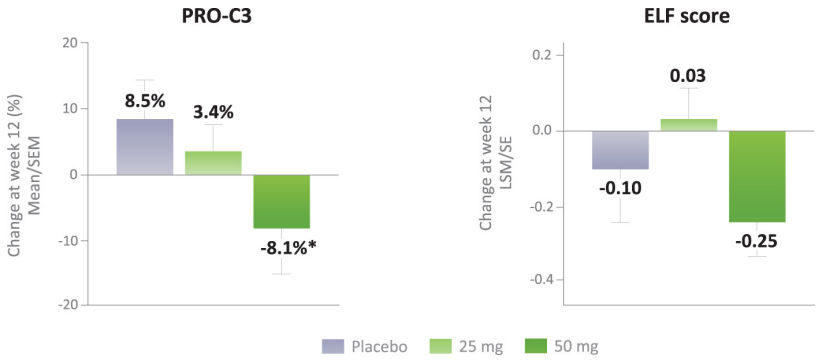

Figure 17. Fibrosis biomarkers. *p<0.05

- ***PRO-C3***. Denifanstat showed a statistically significant decrease in PRO-C3 levels (measured by ELISA) in a dose-dependent manner. PRO-C3 levels increased in the placebo group by 8.5% and decreased in the denifanstat 50mg-treated group by 8.1% ($p < 0.05$).
- ***ELF Score***. Denifanstat showed a 0.25 decrease in ELF score compared to a decrease of 0.1 with placebo (p = ns).

Metabolic/lipid biomarkers

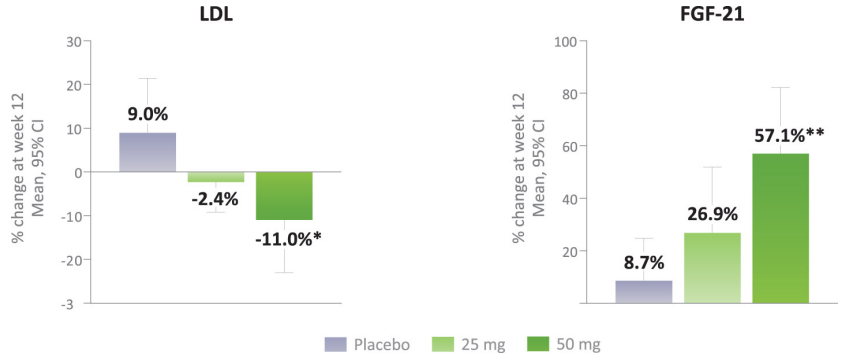

Figure 18. Metabolic / lipid biomarkers. *p<0.05 **p<0.01

- ***LDL-cholesterol***. Denifanstat showed a statistically significant decrease in LDL-cholesterol levels up to 11% ($p<0.05$) in a dose- dependent manner.
- ***FGF-21.*** Denifanstat showed a statistically significant increase in FGF-21 levels up to 57% ($p<0.01$) in a dose-dependent manner. Over the course of the clinical trial, we also assessed other laboratory values in the patients as described below:

- ***Tripalmitin.*** Denifanstat decreased tripalmitin levels up to 40% ($p<0.0001$) in a dose-dependent manner.
- ***Total plasma triglycerides***. There were minor elevations of triglyceride levels of 22mg/dL (p=ns) and 13mg/dL (p=ns) in the 25mg and 50mg arms, respectively. We believe the lack of dose-dependence suggests that these small, statistically nonsignificant increases were not due to the action of denifanstat.
- ***Total and HDL cholesterol***. Denifanstat decreased total cholesterol levels up to 5.1% ($p<0.05$) and HDL-cholesterol up to 4.4% ($p<0.01$) in a dose dependent manner. The ratio of total-cholesterol and HDL-cholesterol (4.4-4.6) did not change in any arm in the clinical trial during 12 weeks of treatment suggesting that the reduction of HDL-cholesterol was indicative of lowered total-cholesterol levels in the blood.

Cohorts 2 and 3

Cohort 2—China. Under our license agreement with Ascletis, we evaluated the profile of denifanstat (designated ASC-40 in China) in a small cohort of NASH patients under our FASCINATE-1 protocol in China. We enrolled 30 NASH patients who received either 50mg of ASC40 (n=21) or placebo (n=9) once-daily for 12 weeks. The median age of patients in the China in this clinical trial was 34 years, 23.3% were female, 100% were Asian, median liver fat was 18.0%, and the median BMI was 28.9 kg/m2. In March 2021, together with Ascletis, we announced results showing ASC40 reduced liver fat with a 50% responder rate in patients treated with ASC40. ASC40 also demonstrated a decrease of ALT by 28% (p=ns) (mean decrease of 31 U/L at week 12). 63% of patients had at least at 17 unit decrease in ALT, a threshold that has been associated with liver fibrosis biopsy response.

Cohort 3—75mg Open-Label. A small, open-label 75mg once-daily cohort was conducted in the United States (N=13 patients) to explore the safety and efficacy of denifanstat at this dose level. The median age of Cohort 3 in this clinical trial was 48 years, 38.5% were female, 100% were Hispanic/Latino, median liver fat was 14.0%, and the median BMI was 28.4 kg/m2. At the end of 12 weeks of treatment, denifanstat 75mg led to a mean relative decline of liver fat content by MRI-PDFF of 35.8% and a responder rate of 57.1%. The liver fat decline was mostly driven by one single patient that had a decline of 82.6%. Denifanstat 75mg once-daily also decreased ALT by 3.2% (9.6 U/L) and LDL cholesterol by 13.5%.

Safety data

	Cohort 1			Cohort 2		Cohort 3
Treatment Emergent Adverse Event (TEAE) Classification	US Placebo N=31	US 25mg N=33	US 50 mg N=35	China Placebo N=9	China 50 mg N=21	US 75mg N=13
Any TEAE	Gr 1: 12 (38.7%) Gr 2: 7 (22.6%)	Gr 1: 18 (54.5%) Gr 2: 7 (21.2%)	Gr 1: 12 (34.3%) Gr 2: 6 (17.1%)	Gr 1: 3 (33%) Gr 2: 2 (22%)	Gr 1: 11 (52%) Gr 2: 4 (19%) Gr 3: 2 (10%)	Gr 1: 3 (23%) Gr 2: 6 (46%)
TEAE leading to drug withdrawal	0	2 (6.1%)	0	0	0	4 (31%)
Treatment Emergent Serious Adverse Event (SAE)	0	0	0	0	0	0
Drug related TEAE	Gr 1: 3 (9.7%) Gr 2: 1 (3.2%)	Gr 1: 10 (30.3%) Gr 2: 2 (6.1%)	Gr 1: 9 (25.7%) Gr 2: 1 (2.9%)	0	Gr 1: 9 (43%) Gr 2: 4 (19%)	Gr 1: 1 (8%) Gr 2: 6 (46%)

Figure 19. FASCINATE-1 safety summary

Denifanstat was considered well-tolerated in the FASCINATE-1 Phase 2 trial, with adverse events that were mostly mild and similar among the cohorts. Safety data was collected from all 99 patients, of whom 68 were treated with denifanstat. Overall, 62 (63%) patients experienced at least one TEAE, all of which were assessed by the investigator as Grade 1 or mild except one incidence of Grade 2 urinary tract infection, one incidence of Grade 2 increased appetite at 25mg, and one incidence of Grade 2 shortness of breath at 50mg. All three of these Grade 2 TEAEs resolved without dose adjustment. No denifanstat-related serious

adverse events occurred in any dose group. Overall, the most common TEAEs, regardless of drug-relatedness, among denifanstat-treated patients included headache (six patients; 9%), peripheral edema, rash, and upper respiratory tract infection (four patients; 6%); bronchitis, diarrhea, nausea, and urinary tract infection (four patients; 6%); and hypertriglyceridemia (noted as unrelated to treatment; two patients; 5.7%). Two (3%) patients discontinued denifanstat due to a TEAE: (1) mild eye allergy on day two of the clinical trial and (2) mild conjunctivitis. Both events occurred at the 25mg dose and resolved following discontinuation. No discontinuations for a TEAE were observed in the 50mg dose cohort.

In the Chinese cohort of 30 patients, 21 and nine of whom were treated with denifanstat and placebo, respectively, the 50mg denifanstat daily dose was well tolerated with a benign adverse event profile and no serious adverse events. Most TEAEs were Grade 1 (11 patients: 52% on denifanstat and 3 patients; 33% on placebo) or Grade 2 (four patients; 19% on denifanstat and two patients; 22% on placebo). No patients in the China cohort discontinued due to a TEAE Treatment-related AEs, as determined by the investigator, were observed in 13 patients (62%) on denifanstat.

In the 75mg open-label cohort of 13 patients, there was an increased incidence of TEAEs compared to U.S. patients who received 25mg or 50mg, 23% of TEAES were Grade 1 and 46% of TEAES were Grade 2, including four cases of dry skin (30.8%, including possible PPE syndrome), five cases of dry eye (38.5%) and four cases of hair thinning (30.8%). Hair thinning was not observed in the 25mg or 50mg cohorts. The 75mg cohort had an overall discontinuation rate of 46.2% (N=6) due to AEs. Four patients discontinued treatment due to more than one on-target AE; hair thinning (N=4; 30.8%), dry skin (N=4; 30.8%, including possible PPE syndrome), dry eye (N=2; 15.4%). Two patients (15.4%) discontinued due to one or more AEs of headache, lower abdominal pain, constipation, and diarrhea. All TEAEs were Grades 1 or 2, and there were no serious adverse events. While the 75mg dose demonstrated clinical activity, the adverse effects, which were reversible, were not balanced by the clinical activity observed. As such, this dose level was not pursued in the FASCINATE-2 Phase trial.

The results from the FASCINATE-1 Phase 2 trial showed that a once-daily, oral dose of 25mg or 50mg of denifanstat for 12 weeks was well-tolerated and led to rapid and robust reduction in excess liver fat in patients with NASH, which was statistically significant in the 50mg cohort, in a dose-dependent manner. Additionally, these data showed improvements across steatosis, inflammation/lipotoxicity and fibrosis biomarkers associated with NASH and multiple biomarkers of metabolic health. Based on the results, we elected to use the once-daily, oral 50mg dose in the FASCINATE-2 Phase 2b trial.

Phase 1 clinical trial results

To evaluate the impact of denifanstat on liver fat synthesis in 12 healthy male adults with characteristics of metabolic syndrome, we collaborated with the University of Missouri. Liver fat synthesis was quantified by measuring the conversion of acetate into the product of FASN, palmitate. This measurement was done in each subject once before the subject received denifanstat and again after 10 days of taking a once-daily oral dose of either 50mg, 100mg or 150mg of denifanstat. This second measurement was taken approximately 10 hours after the last dose in order to measure the impact of steady-state drug levels on liver fat synthesis. This trial showed there was a significant reduction of liver fat synthesis at all doses and such reduction occurred in a dose-dependent manner. The 50mg dose reduced peak liver fat synthesis by approximately 26% and the 150mg dose inhibited liver fat synthesis by 78%, as shown in the graphic below. The drug was well-tolerated; one of the four subjects given 100mg and one of the two subjects given 150mg of denifanstat experienced some hair thinning that returned to normal after the drug was stopped. These changes correlated with significant reduction of their skin sebum while on treatment, which returned to normal after drug was stopped.

Denifanstat inhibited DNL in human volunteers

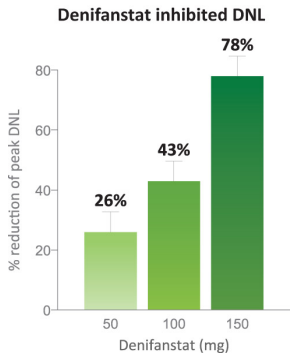

Figure 20. Inhibition of liver fat synthesis in Phase 1 trial

We believe the results from this clinical trial established the clinical proof of mechanism for denifanstat. The results showed that an oral dose of denifanstat reached the liver of adults who were overweight. By inhibiting FASN, fat synthesis was reduced in the liver. Prior studies have shown subjects with increased amounts of liver fat have an approximately 3-fold higher rate of FASN-mediated DNL compared to subjects with lower liver fat. The conceptual goal of denifanstat treatment in NASH patients is to normalize the rate of DNL; the goal does not include ablation of the pathway. The data from this Phase 1 trial suggested that doses below 100mg should be evaluated for their ability to reduce liver fat by reducing the rate of DNL.

Preclinical studies in NASH models

We characterized the effect of FASN inhibitors in preclinical models of NASH using a comprehensive strategy. We performed mechanistic *in vitro* studies in isolated human cell types to confirm the mode of action of FASN inhibitors. The *in vitro* results demonstrated that FASN inhibition via DNL pathway directly targets a) liver fat accumulation in hepatocytes, the initiating event of NASH, b) pro-inflammatory signaling in immune cells, and c) fibrogenesis by hepatic stellate cells, as described below. We used several different *in vivo* mouse models of NASH that encompass the full physiology of diet induced NASH and liver histology. In these models FASN inhibitors showed consistently that FASN inhibitors had in vivo activity and improved liver health biomarkers including ALT, pro-inflammatory cytokines, and liver histology endpoints of steatosis, inflammation and fibrosis. Collectively, these preclinical results suggest that FASN inhibitors effect change in the histologic parameters of NASH resolution and fibrosis improvement in two distinct ways. Not only do they act by preventing inflammation and fibrosis secondary to the excess accumulation of fat, but they also act by inhibiting inflammation and fibrosis mechanisms directly.

Disease models—direct impact on steatosis, inflammation and fibrosis

Steatosis—FASN inhibition directly reduced lipid accumulation in liver models. In human liver microtissues, denifanstat decreased cellular triglycerides, a marker of lipid accumulation or steatosis. This is a consequence of FASN inhibition leading to decreased hepatic DNL. These findings were extended in animal models where decreased lipid content was observed after FASN inhibitor treatment by Oil Red staining or steatosis by histology.

Inflammation—FASN inhibition directly reduced pro-inflammatory activity in immune cells. Two types of immune cells relevant for inflammation in the liver were used to test the effect of FASN inhibitors on pro-inflammatory activity: human white blood cells and human primary CD4+ T-cells. In human white blood cells were activated with lipopolysaccharide (LPS) or related stimulants, treatment with FASN inhibitors dramatically decreased production of interleukin-1 beta, a pro-inflammatory cytokine. A similar effect was observed in mice fed with a high fat, high cholesterol diet where interleukin-1 beta plus several other pro-inflammatory cytokines and chemokines were reduced. Th17 cells are immune cells that can cause pro-inflammatory damage in the liver and the DNL pathway is important for Th17 cell differentiation and function. In human primary CD4+ T cells, denifanstat significantly reduced the number of Th_{17} cells and

increased the number of regulatory T-cells (T_{reg}). T_{reg} cells are more common in healthy livers and expected to blunt the damage caused by the inflammation producing Th_{17} and other immune cells.

Fibrosis—FASN inhibition directly reduced activation and fibrogenic activity of human hepatic stellate cells (HSCs). HSCs are the main cell type responsible for fibrosis and the deposition of scar tissue in the liver. HSCs need the DNL pathway to become activated to accomplish fibrogenic activity, which leads to production of fibrotic scar. In the human HSC cell line LX-2, FASN inhibitor decreased expression of several fibrogenic genes, as seen in Figure 21. This includes the genes encoding collagen 1α1, αSMA, two important markers of HSC activation and pro-fibrogenic activity. The protein levels of collagen 1α1 and SMA were also decreased by FASN inhibitor treatment. These results provide mechanistic evidence that FASN inhibition can directly reduce fibrogenic activity in HSCs. We believe that this would be expected to reduce fibrosis. In more complex disease models such as mice with NASH, decreased expression of fibrogenic markers was also observed after FASN inhibitor treatment.

	% inhibition of gene expression in hepatic stellate cells at 48hr vs baseline	
Gene	50 nM FASNi	150 nM FASNi
Col1α1	37%**	68%****
αSMA	37%	60%**
TGFβ-R1	0%	53%*
PDGF-Rβ	0%	54%**
TIMP1	19%	9%
TIMP2	12%	24%
MMP2	0%	50%**

Figure 21. Expression of fibrogenic genes
in a human stellate cell line. *p<0.01, **p<0.05, ****p<0.0001

FASN inhibition not only directly inhibits the fibrogenic activity of stellate cells, but it also removes the fibrogenic stimuli required to activate these cells. These stimuli result from excess fat in hepatocytes. By reducing liver fat via FASN inhibition, the levels of fibrogenic stimuli, including lipotoxins are reduced. We believe this is an important and unique facet of using FASN inhibition to treat NASH.

Disease models—in vivo activity in NASH

We evaluated the effect of FASN inhibitors in three different mouse models of NASH spanning the spectrum of disease severity; a prevention model, a therapeutic model with diet-induced NASH, and a therapeutic model with diet-induced NASH and advanced fibrosis and tumor formation (FAT-NASH). The results showed that FASN inhibition alleviated established features of NASH. For mouse models, we used a surrogate FASN inhibitor TVB-3664 for these experiments due to its improved pharmacokinetics in mice. TVB-3664 has a chemical structure highly related to denifanstat and inhibited FASN with similar potency.

FASN inhibition ameliorated disease progression in diet-induced NASH mouse model (a therapeutic model). After 44 weeks on a high-fat/fructose/cholesterol diet, mice developed obesity, steatohepatitis and liver fibrosis before FASN inhibitor treatment was initiated at that point in time for eight additional weeks, while the mice continued the same diet. After treatment with the FASN inhibitor, livers showed reduced steatosis and NAS score, despite being on a diet high in fat, fructose and cholesterol. FASN inhibition also improved biomarkers of liver inflammation, diminished liver triglyceride and cholesterol, and reduced expression of fibrosis biomarkers and fibrosis severity.

FASN inhibition had in vivo activity in the diet induced FAT-NASH model with established liver fibrosis and liver cancer (a therapeutic model). In a study performed by our collaborator Professor Scott Friedman at the Icahn School of Medicine at Mt. Sinai Hospital in New York, mice were fed a high-fat, high-sugar diet and given a once weekly injection of carbon tetrachloride, for six months. This toxic chemical causes liver fibrosis in rodent models of NASH. Mice received either placebo or FASN inhibitor for the last three months. After six months, mice in the placebo group had extensive fibrosis evidenced by scar tissue

and collagen deposition in their livers as well as liver tumors. This was visualized by the picrosirius red staining of liver slices as shown below (left panel) In contrast, mice that received the FASN inhibitor (middle and right panels) for 12 weeks had significantly less scar tissue and collagen deposition in their livers and, in most cases, less than observed before the drug was started, indicating that FASN inhibition reversed fibrosis despite continued insult to the liver as shown in the figure below. Quantitation of collagen content by digital pathology showed that this decrease is statistically significant, as shown in the graph below. Additionally, animals receiving the FASN inhibitor had overall 85% fewer liver tumors than those receiving placebo and several drug-treated animals had no tumors in their livers at the end of the study. These results were consistent with the documented role of FASN and the DNL pathway in liver fat accumulation, inflammation and fibrogenesis.

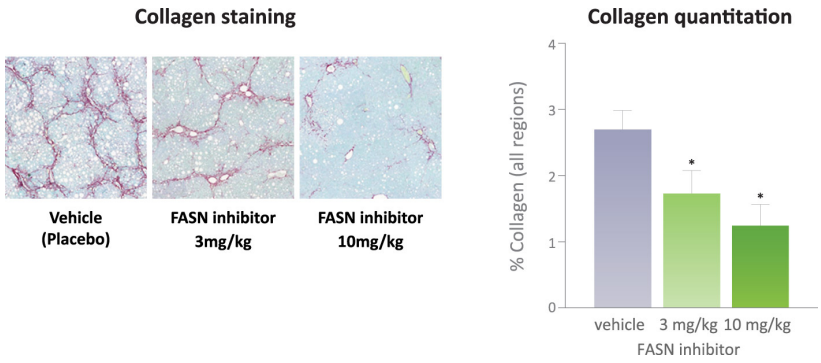

Figure 22. FASN inhibitor decreased liver fibrosis in mouse model of NASH. * p<0.05

Precision medicine—enabling the right intervention for NASH patients

We have initiated a comprehensive biomarker program as part of denifanstat development. Biomarkers are indicators of the disease state and/or response to treatment, and typically measured using convenient, non-invasive approaches. In addition to disease-associated biomarkers, we are developing two types of biomarkers specific to denifanstat and FASN. We believe the identification of these biomarkers has the potential to prospectively identify appropriate patients that will respond to therapy with denifanstat alone or in combination, monitor treatment response to drive clinical outcomes for NASH patients, and help differentiate denifanstat as a therapy for NASH.

NASH, the hepatic manifestation of metabolic syndrome, is a complex, progressive disease with no approved treatments in the United States or Europe. Published clinical trials with different drug candidates in NASH typically show liver histology response rates less than 30%, which means that the majority of patients do not show obvious benefit. With the large and growing global NASH population, we believe that it would be beneficial to develop precision medicine approaches to i) confirm that the drug is having a positive impact based on biomarker assessments, and ii) match NASH patients prior to initiation with the most appropriate treatment for their disease. These have the potential to provide physicians with a helpful tool to better manage their patients, and increase the market opportunity for denifanstat.

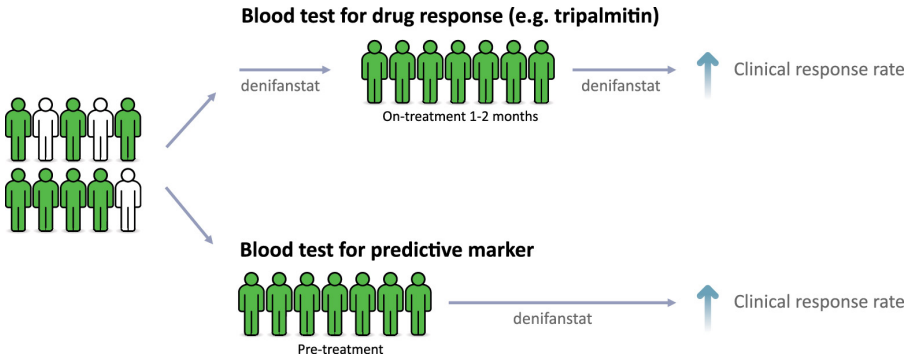

Figure 23. Precision medicine strategy

Drug response biomarkers

Pharmacodynamic (PD) biomarkers are drug response markers and provide evidence that a drug has modulated its target. This is important to test in clinical trials because lack of sufficient target modulation can cause lack of clinical activity. Over the past several years, we identified tripalmitin as a PD biomarker for FASN inhibition in several clinical trials and developed a reliable assay to measure serum tripalmitin in patients. Tripalmitin is a triglyceride with palmitate, a fatty acid produced by FASN, at each of the acyl moieties; therefore, a decrease of tripalmitin confirms FASN inhibition. At 50mg denifanstat, tripalmitin levels are statistically significantly decreased by an average of approximately 42% in the FASCINATE-1 trial and in the FASCINATE-2 interim analysis.

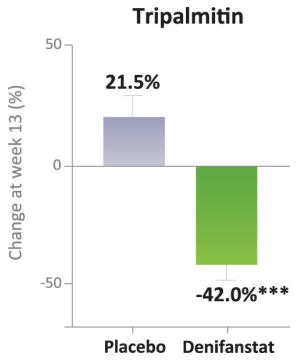

Figure 24. Tripalmitin levels at 13 weeks of dosing. ***p<0.001

We anticipate that other biomarkers may be used in conjunction with PD biomarkers such as tripalmitin to refine and enhance the robustness of demonstrating drug response in treated patients. These markers may include ALT, AST or other parameters that change upon denifanstat treatment.

Predictive biomarkers

We also plan to develop a predictive test to select NASH patients most likely to have an efficacious clinical response.

This program includes two distinct technical approaches, both using blood samples to identify biomarkers or biomarker panels that may predict clinical response to denifanstat: metabolomic profiling to measure metabolic state, and SNP profiling to incorporate genetic markers associated with metabolic disease. We have identified a preliminary biomarker signature (termed Sig-A) that predicts liver fat response to denifanstat. We measured the metabolomic profile of patients in our FASCINATE-1 clinical trial by examining approximately 470 metabolites in blood samples collected before treatment. Machine learning algorithms then identified Sig A, which consists of a panel of blood biomarkers. Figure 25 shows the predicted liver fat change score on a per patient basis for Sig-A (Y axis) derived by machine learning, compared to the actual liver fat change (X axis) for patients in our FASCINATE-1 clinical trial. Sig-A gave accuracy of 84%, positive predictive value of 73% and negative predictive value of 90% for a liver fat decrease of $\geq$25% by denifanstat.

Biomarker signature predicted liver fat response to denifanstat

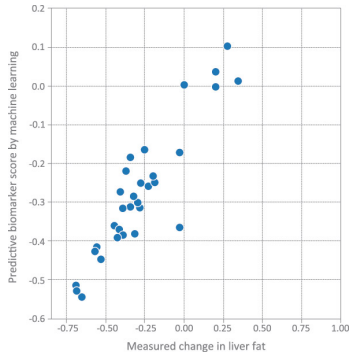

Figure 25. Biomarker signature correlation with liver fat change. Sig-A consists of 6 metabolites; ursodeoxycholic acid (UDCA), DL-2-aminocaprylic acid, sarcosine, 21lycol-UDCA, D(-)-2-aminobutyric acid, phosphatidylcholine (O-18:0/22:4).

We believe that these early results are encouraging, and we will have the opportunity to clinically validate this predictive marker panel in samples from the ongoing FASCINATE-2 Phase 2b trial. We plan to incorporate liver histology results and other NASH disease markers to refine Sig-A, and additional panels of biomarkers will also be tested. If successful, we will consider including this predictive metabolomic panel as a stratification factor in a Phase 3 clinical trial for NASH, with the hypothesis that patients positive for the predictive biomarker panel would have increased response rate, eventually to develop a diagnostic. We may also identify whether potential partial responder patients may benefit from combination therapy.

Combination strategy in NASH patients

Currently there are no agents approved in the United States or Europe to treat NASH. Clinical results of single agent trials have often been modest, with the majority of patients not responding. Combination therapy may increase the depth and breadth of clinical response across patient populations and decrease tolerability concerns for the treatment of NASH. The magnitude of patients combined with the disease complexity support the concept that multiple combinations of drugs targeting different mechanisms will be required to effectively manage this disease in a large, diverse population.

Based on its proposed mechanism of action, we believe that denifanstat, if successfully developed and approved, has the potential to be a backbone therapy and improve clinical activity in combination with a broad set of other drugs. Denifanstat's convenient once a day oral administration and tolerability profile make it a potentially desirable combination partner. The activity of denifanstat may be further empowered by additional drugs targeting other aspects of NASH or metabolic disease.

Our combination strategy is to use preclinical models to mechanistically evaluate the combination potential prior to considering clinical studies with the combination. We focused on combination partners that have clinical validation in NASH, and complementary mechanism of action to denifanstat. We have experience with models of human liver microtissues, human liver slices, and murine models; these models and others continue to be refined in order to provide information that guides identification of mechanisms and drugs that would exhibit a significant benefit for combination therapy.

For example, we are evaluating a GLP-1 agonist in a preclinical mouse combination study. We are also interested in a combination with THRß agonists. THRß agonists do not act directly on hepatic stellate cells. Therefore, any improvement in fibrosis by THRß agonists is likely to be indirect. A combination of denifanstat with a THRß agonist may improve clinical activity on fibrosis endpoints. In addition, the complementary mechanisms of denifanstat (inhibiting fat synthesis) and THRß (increasing fat removal) might further normalize liver fat in NASH patients.

We may conduct exploratory clinical trials with relatively short durations to evaluate combinations of denifanstat and other complementary mechanisms. These trials will allow us to evaluate potential improvements in non-invasive biomarkers directly in NASH patients and select combinations for further development.

Additional NASH indications

Cirrhotic NASH. According to a study published in 2022, when left unchecked, over time approximately 10%-20% of patients with NASH will progress to liver cirrhosis (histological stage F4). Once cirrhosis has developed, the risk of developing a major complication of is 17%, 23%, and 52% at one, three, and 10 years, respectively. The survival of patients with NASH cirrhosis falls markedly once decompensation occurs, with a median survival of approximately two years. Conversely, histological regression of cirrhosis has been shown to reduce the risk of cirrhosis-related complications by 6-fold. A recent randomized, placebo-controlled Phase 2b clinical trial conducted by a third-party demonstrated that a combination of an FXR agonist (cilofexor) and a DNL inhibitor (firsocostat, ACC inhibitor) for 48 weeks in patients with bridging fibrosis and cirrhosis due to NASH was numerically better than placebo at reducing steatosis, lobular inflammation and ballooning. This trial also showed evidence of fibrosis improvement with the combination using NITs as well as a machine learning supported digital pathology assessment. This trial demonstrated that a lipogenesis inhibitor has the potential to address the underlying disease in compensated cirrhotic patients. Currently, we are conducting a short term pharmacokinetic and safety trial of denifanstat in patients with impaired hepatic function to establish the suitability of dosing for an extended duration in patients with compensated cirrhosis. This trial along with the biopsy results of FASCINATE-2 could enable the initiation of a clinical efficacy trial in patients with compensated cirrhosis in 2024.

Pediatric NASH. According to a study published in 2022, NASH is the most common form of liver disease in children; approximately 10% of children in the United States have NAFLD, NASH was observed in 23% of children with NAFLD, and 15% have F2-F3 fibrosis. We intend to submit plans to regulatory authorities for the development of denifanstat in pediatric NASH patients, including the conduct of toxicology studies in juvenile animals and an assessment of the safety of denifanstat in young adults (18-24 years old) across all studies. The information provided could enable the design of a clinical trial in pediatric patients with NASH in 2024, with initiation of patient enrollment in 2025.

Other indications—research programs

FASN plays a pathogenic role in several diseases beyond NASH. The overall strategy of our decade long research follows four core steps, a) identify diseases where FASN contributes to the underlying pathology, b) generate proof of concept data to demonstrate the mechanism of action, c) use precision medicine to identify patient populations enriched for clinical response where feasible and, d) accelerate the program to the appropriate clinical development stage. We believe that this rigorous research process de-risks clinical development. Based on this framework and the clinical and preclinical data we have collected to date, we have prioritized acne and oncology as the next potential clinical indications for our FASN inhibitors.

Denifanstat is an advanced, selective FASN inhibitor in clinical-stage development and has been shown to block the enzyme's activity in humans and has been administered to over 600 people since 2013. This set of attributes uniquely affords the company the ability to investigate several diseases where FASN treatment may have therapeutic benefits for patients. In addition, we have identified a second clinical candidate FASN inhibitor TVB-3567 that we believe is IND-ready and could be taken into one of these indications. We also have additional FASN inhibitors at earlier stages of development.

Acne

Disease rationale. Acne is the most common skin condition in the United States, affecting up to 50 million Americans annually. Acne usually begins in puberty and affects many adolescents and young adults. Approximately 85% of people between the ages of 12 and 24 experience at least minor acne and the prevalence of severe acne may be as high as 20% of those affected by acne. FASN is responsible through lipid synthesis for the production of skin oils (sebum). In acne, excess sebum can lead to skin lesions and is a pro-inflammatory stimulus leading to exacerbation of those lesions, including development of nodules (nodular acne) and cysts (cystic acne). Studies in patients with acne vulgaris demonstrated that levels of sebum palmitate and sebum sapienate (a derivative of palmitate found in the skin) were increased 20% compared to healthy volunteers. Sebum reduction is one of the major mechanisms of isotretinoin (formerly branded as Accutane or Roaccutane), which is widely prescribed for acne. However, isotretinoin has

significant side effects including spontaneous abortion, birth defects and depression. An oral ACC inhibitor, another DNL inhibitor, studied by Pfizer reduced total sebum levels in the skin as a result of inhibiting lipogenesis.

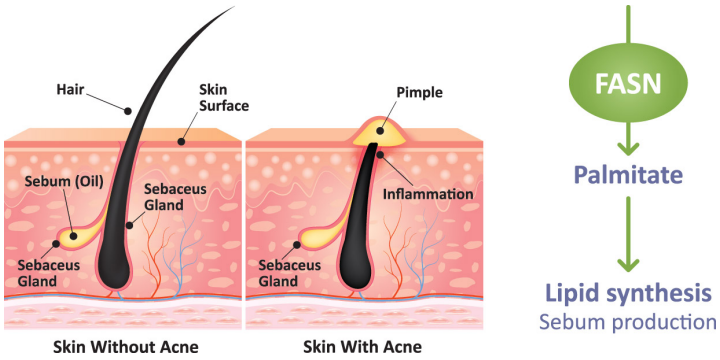

Figure 26. FASN role in acne

Our acne program. We have shown, in two separate Phase 1 clinical trials, that denifanstat can reduce the amount of sebum on patients' skin. This provides mechanistic proof of concept for denifanstat in acne. In November 2022, our strategic partner, Ascletis, completed enrollment of an ongoing Phase 2 clinical trial in 180 patients with moderate to severe acne in China. These patients were randomized and dosed with 25mg, 50mg or 75mg of denifanstat (ASC40) or placebo daily for 12 weeks. Topline results are expected in the second quarter of 2023. Based on the strong contribution of FASN to the underlying disease, promising results from the trial in China would accelerate our development of denifanstat into a Phase 2 trial in the United States.

Oncology

Oncology disease rationale—Dysregulation of lipid metabolism is a hallmark of cancer. Increased expression of FASN has been associated with poor prognosis and reduced survival in several tumor cell types. While most normal cells get their palmitate from dietary sources, cancer cells have a high requirement of lipids for membrane synthesis and cell signaling to meet the demands of high proliferation. Some cancer cells become dependent upon the FASN pathway for proliferation to provide a reliable and self-sufficient source of fatty acids, referred to as onco-metabolism. This is the case for specific cancers driven by driver oncogenes such as mutant KRAS (KRASM), tyrosine kinase receptors and hormone receptors, such as the androgen receptor. The fatty acids made by FASN are relatively resistant to oxidative stress which allows the highly proliferating cancer cells to avoid cell death. We believe that this dependence on FASN provides a vulnerability that can be attacked with FASN inhibitors.

We believe FASN inhibition can also address the enormous challenge of resistance to cancer therapies. Several cancer types have been shown to upregulate FASN to rewire lipid metabolism and change the nature of the tumor cell membrane making these cells resistant to traditional cancer drugs. Use of a FASN inhibitor to normalize metabolism and tumor cell membranes is an appealing strategy to confer susceptibility in combination with a second agent.

The following diagram depicts the role of FASN in the molecular mechanisms associated with cancer:

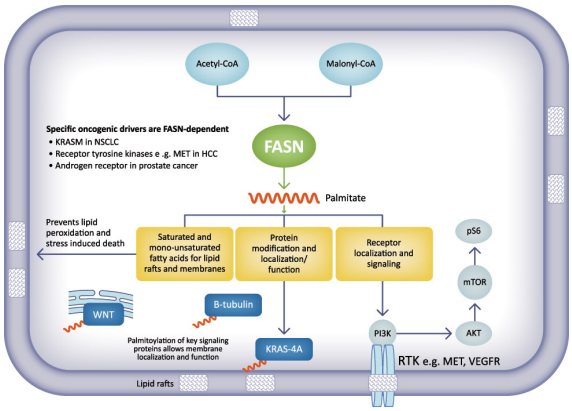

Figure 27. FASN role in molecular mechanisms associated with cancer. i) FASN derived lipids play a structural role in membranes to avoid oxidative stress, and create lipid rafts for oncogenic signaling (for example in KRASM or Androgen receptor signaling). This also contributes to resistance to targeted therapies ii) Palmitate itself (the immediate product of FASN) covalently modifies critical oncogenes to allow them to localize in membranes and function properly (for example KRAS4A). iii) FASN derived lipids are important to create lipid rafts that anchor receptor tyrosine kinases appropriately in the plasma membrane for signaling, and the MET tyrosine kinase is one example of this class.

Our oncology program—We are developing FASN inhibitors to treat specific subsets of solid tumors that are FASN-dependent in combination with other classes of oncology drugs. Our first-in-human Phase 1 clinical trial for denifanstat was conducted in patients with advanced solid tumors. The results provided a foundation and path for future clinical trials. The data from our preclinical, translational studies have identified three FASN-dependent tumor subtypes with potential clinical application, as described below.

Oncology—identification of FASN-dependent tumor types

(i) Non-small cell lung cancer (NSCLC) with KRAS mutations: KRAS mutations are among the most common mutant driver genes in NSCLC tumors and these patients have a poor prognosis. KRASM signaling depends on FASN, and also depends on reactive oxygen species to maintain its pathogenic nature and high proliferation. Introduction of the KRAS mutation into a NSCLC adenocarcinoma induces the cancer cell to be highly dependent on FASN for proliferation and survival. We have generated preclinical and clinical results that demonstrate the potential of FASN inhibitors for the treatment of NSCLC KRASM, as follows:

- In preclinical screening of a large panel of cancer lines for drug sensitivity, we observed that treatment of NSCLC KRASM cells with FASN inhibitor resulted in cell death, whereas KRAS wild type (KRASWT) are less sensitive. Similar findings were made in mouse models.
- The mechanism that underpins FASN-dependence has recently been demonstrated in published studies using models of human cancer; KRASM tumors hijack the FASN pathway to make membrane lipids that are enriched for saturated or mono-unsaturated triglycerides. These membranes are more robust and resistant to oxygen free radicals that KRASM creates. FASN inhibition disrupts this protective circuit meaning that cancer cells need to use poly unsaturated oxidation-prone fatty acids, which leads to stress induced cell death.
- In our Phase 1 clinical trial in patients with solid tumors (described below), patients with NSCLC KRASM tumors treated with denifanstat exhibited stable disease significantly longer than NSCLC patients who did not have a KRAS mutation. The median time to disease progression was 22 weeks for KRASM versus five weeks for KRASWT ($p<0.02$, one sided ANOVA). These clinical results with denifanstat validate the preclinical finding that KRASM is FASN-dependent.
- Preclinical combination studies of one of our FASN inhibitors plus a marketed KRASM G12C inhibitor, adagrasib, further decreased the growth of NSCLC KRASM tumors compared to either agent alone.

In collaboration with a third party, we are further validating that the combination of our FASN inhibitors and a KRASM targeted drug show benefit in preclinical studies. Upon successful completion of these preclinical studies, we will explore a Phase 1b/2 study in patients with NSCLC KRASM to evaluate the effect of denifanstat or another FASN inhibitor from our portfolio, combined with a KRASM targeted agent.

(ii) Hepatocellular carcinoma (HCC) FASN-dependent: We have identified a subset of HCC tumors that are FASN-dependent, in a collaboration with Dr. Xin Chen at the University of California, San Francisco. This subset termed MET-hi, PTEN-lo represents approximately 34% of human HCC, and is defined by high levels of the receptor tyrosine kinase MET and low levels of the tumor suppressor PTEN, which indicates high proliferation activity. Published clinical trials using mouse genetic HCC models support that these cancer pathways are FASN-dependent. Our results are described below.

- Treatment of a mouse HCC MET-hi, PTEN-lo model with FASN inhibitor plus the standard of care kinase inhibitor cabozantinib triggered regression of HCC tumors. In addition, FASN inhibitor therapy combined with either cabozantinib or sorafenib, a second standard of care kinase inhibitor, improved the in vivo activity for c-MYC driven HCC.
- We plan to collaborate with an academic institution to identify more readily available biomarkers that would identify patients with these HCC subtypes, and to explore the etiology of MET-hi PTEN-lo HCC tumors. We have also shown in preclinical models that FASN inhibitor treatment of mice with HCC that develops after NASH significantly reduces the tumor burden compared to untreated mice. NASH-related HCC is an area that we will explore in bioinformatics analysis.
- Upon completion of the biomarker work, a Phase 1b/2 clinical trial enriched for HCC patients, these markers would be conducted to evaluate the initial activity of denifanstat or TVB-3567 combined with cabozantinib.

(iii) Metastatic castration resistant prostate cancer, FASN-dependent: Prostate cancer is a highly lipogenic tumor type. The androgen receptor (AR) is the main driver of disease progression in prostate cancer and upregulates levels of FASN to maintain membrane production and avoid oxidative stress. Several androgen receptor modulators are approved for treatment such as enzalutamide or abiraterone, but resistance emerges leading to relapse, often associated with new variants in AR such as Arv7.

- Results in preclinical models from our collaborator show that FASN inhibition can decrease the levels of resistance markers. Combination of FASN inhibitor with enzalutamide has a better anti-tumor effect than either agent alone. These results provide a strong mechanistic basis for clinical trial combining a FASN inhibitor with an AR inhibitor. Our collaborators at Weill Cornell are planning to conduct an Investigator Sponsored Study in men with metastatic castration resistant prostate cancer to explore this combination.

Oncology—glioblastoma

GBM is a disease of high unmet need. High FASN expression has been observed in glioblastoma tumors and may be associated with resistance to agents such as bevacizumab.

A Phase 2 investigator sponsored clinical trial was conducted in glioblastoma patients (Grade 4 astrocytoma) by Dr. Andrew Brenner from the University of Texas, San Antonio. In this trial, 25 bevacizumab naïve patients in their first relapse were treated with denifanstat (100mg/m2 once daily) plus bevacizumab (10mg/kg once every 2 weeks). The overall response rate was 56% (complete response 17%, partial response 39%) and six-month progression free survival was 31.4%. This represents a statistically significant improvement in six-month progression free survival over historical bevacizumab monotherapy such as the BELOB study 16% ($p<0.01$) and met the primary study endpoint. The observed six month overall survival was 68%, with survival not reaching significance by log rank test ($p=0.56$). The most frequently reported AEs were PPE syndrome, hypertension, mucositis, dry eye, fatigue and skin infection. Most were Grade 1 or 2 in intensity. Based on these results, our partner Ascletis initiated in early 2022 a Phase 3 registrational trial in China in patients with recurrent GBM. Ascletis expects to reach enrollment of about 120 recurrent GBM patients in the third quarter of 2023 as a basis for interim analysis. If the results of this study are positive, we will explore with regulatory authorities initiating our own registrational trial with denifanstat for the treatment of recurrent GBM.

Oncology—Phase 1 results in multiple solid tumors

We conducted a first-in-human Phase 1 clinical trial of denifanstat in patients with advanced, heavily pretreated and mostly metastatic solid tumors which included dose escalation. Importantly, in cancer patients we expect the dose of denifanstat for clinical activity to be higher than in NASH because the objective is to completely shut down FASN activity and cause cell death in cancer, rather than normalize FASN activity. Overall, 136 patients were treated with denifanstat, 76 treated with denifanstat only (monotherapy) and 60 treated in combination with a taxane, a commonly used class of anti-cancer drugs. The study identified the maximum tolerable dose as 100mg per square meter of body surface area ($100mg/m^2$), or approximately 150mg to 200mg daily, whether denifanstat was used alone or in combination. Denifanstat monotherapy treatment resulted in a disease control rate (DCR) of 42%. Disease control was observed across multiple tumor types, including breast (100%), NSCLC (82%), and gynecological (ovarian and cervical) (53%). We believe these results are promising in these heavily pretreated, advanced stage patients.

In patients treated with denifanstat monotherapy, evaluation of time-to-progression (TTP) among patients with NSCLC revealed notably longer TTP for patients with a mutation in the KRAS gene (KRASM) (N=11) compared to those with a normal, or wild-type, KRAS gene (KRASW) (N=6) (22 weeks versus five weeks; p<0·02).

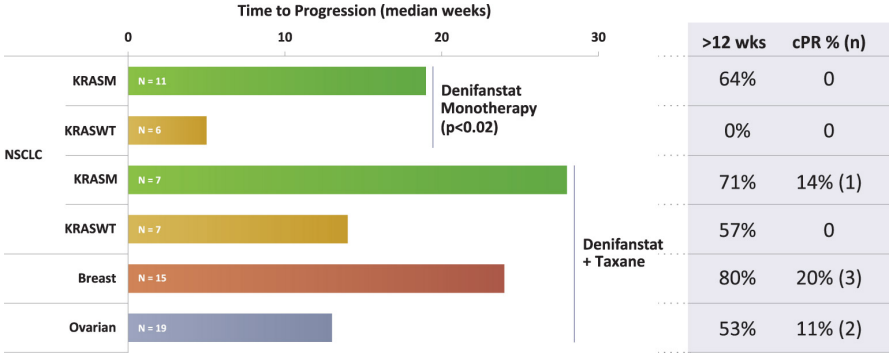

Figure 28. Time to progression in Phase 1 oncology trial

As anticipated, based on prior nonclinical toxicology clinical trial findings, the principal toxicities associated with denifanstat monotherapy were skin and ocular effects, with most being Grade 1 or 2. Common (i.e., incidence >10%) skin effects included alopecia (61%), PPE syndrome (46%), dry skin (22%), skin exfoliation (12%), and rash (11%). Ocular effects included dry eye (17%) and increased lacrimation increased (13%). Six episodes of serious pneumonitis were experienced by five patients receiving denifanstat and paclitaxel, one of which was fatal, all assessed by the investigator as at least possibly related to both denifanstat and paclitaxel. Pneumonitis was not observed in patients treated with denifanstat monotherapy. ECG and Holter monitoring data revealed no clinically relevant QTc prolongation with denifanstat.

This Phase 1 clinical trial was successful and provided a recommended Phase 2 dose of $100mg/m^2$, which corresponds to 150mg or 200mg in most patients. It also identified several tumor types that may merit further development, including KRASM NSCLC, breast cancer, and ovarian cancer. Investigator sponsored Phase 2 clinical trials are ongoing in KRASM NSCLC and breast cancer, as well as a Phase 1b pharmacodynamic clinical trial in colorectal cancer.

Discovery—FASN inhibitors

We recognized that the over-activity of FASN may be involved in a number of different human diseases and have discovered and developed specific inhibitors of this enzyme. The goal of our program was to develop small molecule inhibitors of the enzyme that could be delivered orally for ease of use, requiring no more than two doses daily, and were highly selective for the FASN enzyme in order to avoid unexpected side effects. Early generation FASN inhibitors developed by others suffered poor potency, off target activity, or suboptimal physiochemical or pharmacokinetic properties; none of these entered clinical

development. While early FASN inhibitors functioned as substrate competitors, our inhibitors are designed to target co-factor binding sites and avoid these liabilities.

Hundreds of molecules were ultimately designed, synthesized, and tested through iterative cycles, with several emerging as leading candidates based on their laboratory properties. A few were selected for further characterization leading to the identification of denifanstat as the leading candidate for human clinical trials. Our library of FASN inhibitors provides us with the possibility of selecting other compounds for additional indications. For example, we can select a compound from our library with preferred physio-chemical properties for a topical formulation that may be attractive for certain dermatology indications. We selected denifanstat out of more than 1,200 compounds within our library of FASN inhibitors.

Denifanstat is designed to bind to FASN and specifically inhibits one of the enzymatic subdomains (the ß-ketoacyl reductase), ultimately blocking the ability of FASN to make palmitate. Denifanstat is designed as a reversible inhibitor, meaning that; the compound is designed to be displaced and for FASN to regain its ability to make palmitate. Our preclinical studies have not identified other cellular proteins that bound well to denifanstat, supporting our belief that this compound may be highly selective for FASN and is unlikely to interact with unintended proteins or pathways.

TVB-3567. In addition to our lead drug candidate, we have completed IND-enabling studies with a second selective FASN inhibitor designated as TVB-3567. This compound also showed potent FASN inhibitory activity based on inhibition of palmitate synthesis in human, rat, mouse, and dog cell lines; a single dose of TVB-3567 inhibited palmitate synthesis in a rat model. These studies include the standard suite of IND-enabling, GLP-compliant safety pharmacology and genotoxicity studies, and GLP-compliant general toxicology studies of up to four weeks treatment duration in rats and dogs.

Competition

The biopharmaceutical industry is characterized by intense competition and rapid innovation. Accordingly, our competitors may be able to develop other compounds or drugs that are able to achieve similar or better results than our drug candidates. Our competitors include multinational pharmaceutical companies, specialized biotechnology companies and universities and other research institutions, including 89bio, Inc., Akero Therapeutics, Inc., Altimmune, Inc., Bristol-Myers Squibb Company, Eli Lilly and Company, Galmed Pharmaceuticals Ltd., Gilead Sciences, Inc., Intercept Pharmaceuticals, Inc., Inventiva S.A., Madrigal Pharmaceuticals, Inc., NGM Biopharmaceuticals, Inc., NorthSea Therapeutics B.V., Novartis AG, Novo Nordisk A/S, Pfizer Inc., Terns Pharmaceuticals, Inc., Viking Therapeutics, Inc., and Zydus Therapeutics Inc. Smaller or earlier-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies. We believe that the key competitive factors that will affect the development and commercial success of our drug candidates are efficacy, safety and tolerability profile, convenience of dosing, price, the level of generic competition and reimbursement.

Denifanstat could face competition from other classes individually or in combination, pursuing mechanisms including enzyme-specific inhibitors, gene expression activators, growth factor analogs, and anti- inflammation/anti-fibrotics. Given denifanstat's potential mechanism of action, and its potential complementary mechanism to other therapies, we believe that denifanstat can be used alone or in combination with some of these potential NASH products in development.

License agreement with Ascletis

In January 2019, we entered into a license agreement with Ascletis BioScience Co. Ltd. (Ascletis), a subsidiary of Ascletis Pharma Inc. (Ascletis Pharma), a biotechnology company incorporated in the Cayman Islands and headquartered in Hangzhou, China. The license agreement became effective in February 2019 in connection with the first closing of our Series E financing, which was led by Ascletis and its affiliates through a subsidiary. Under the license agreement, we granted Ascletis an exclusive, royalty-bearing, sub-licensable license under our know-how and patents to develop, manufacture, and commercialize denifanstat and products containing denifanstat-related compounds in the People's Republic of China, Hong Kong, Macau and Taiwan, (referred to collectively in this prospectus as Greater China). We retained certain manufacturing rights in Greater China and the right to practice our intellectual property in Greater China as necessary to perform our obligations under the license agreement. Ascletis granted us a non-exclusive,

sublicensable, royalty-free license under certain intellectual property of Ascletis to develop, manufacture, and commercialize denifanstat and products containing denifanstat-related compounds outside Greater China.

Under the license agreement, we conducted all development activities in connection with the FASCINATE-1 Phase 2 clinical trial in the United States and Greater China at our sole expense, except for certain in-kind contributions by Ascletis in Greater China. Ascletis is solely responsible at its sole expense for conducting development activities in connection with obtaining and maintaining regulatory approvals for denifanstat in Greater China. Ascletis will solely own all regulatory filings and approvals in Greater China other than those regulatory filings jointly applied for in connection with the FASCINATE-1 Phase 2 clinical trial. Further, during the term of the license agreement, each party agreed not to develop, manufacture or commercialize any FASN inhibitors outside the scope of the license agreement in Greater China.

We are eligible to receive development and commercial milestone payments from Ascletis in aggregate of up to $122.0 million. In January 2022, Ascletis initiated dosing of a Phase 3 trial for recurrent GBM, potentially triggering a $2.0 million milestone payment under the license agreement. We have initiated discussions with Ascletis to confirm achievement of this milestone and whether amendment of this milestone could benefit both parties.

We are also eligible to receive from Ascletis tiered royalty payments ranging from high single digit to mid-teen percentages on annual net sales of denifanstat and other products containing licensed compounds in the Territory, subject to customary reductions. Ascletis's obligation to pay royalties expires on a product-by-product and region-by-region basis upon the earlier of the expiration of all valid claims covering a product in a region and 10 years following the first commercial sale of a product in a region.

Unless terminated earlier, the license agreement will continue until the expiration of the last to expire royalty payment obligation. Ascletis has the right to terminate the license agreement for any reason or no reason upon 90 days' written notice. In addition, either party may terminate the license agreement upon the other party's uncured material breach, insolvency, or bankruptcy. Termination of the license agreement will not terminate the non-exclusive license granted to us by Ascletis, except, in the event of early termination by Ascletis for certain of our material breach, we will pay Ascletis single digit royalties on net sales of products outside the territory covered by such non-exclusive license. In the event of early termination for any reason other than by Ascletis for our material breach, Ascletis will transfer all rights to us relating to the products, intellectual property, and regulatory approvals in Greater China, subject to our obligation to pay Ascletis royalties in the low single digit percentages on net sales of any reverted products in Greater China.

In October 2019, we entered into a Patent Assignment Agreement and Patent Re-Assignment Agreement with Ascletis Pharma's subsidiary Gannex Pharma Co., Ltd., (Gannex), whereby we assigned to Gannex all our rights, title, and interest in and to all patents and patent applications in China that we previously licensed to Ascletis pursuant to the license agreement. This assignment did not alter the economic terms under the license agreement with respect to the assigned patents and patent applications, and we retained such rights under the assigned patents and patent applications that we had previously retained under the license agreement. Upon early termination of the license agreement for any reason other than by Ascletis for our material breach, Gannex will reassign all assigned patents and patent applications in China back to us. Additionally, we retain control of the prosecution of the pending patent application assigned to Gannex.

Sales and marketing

We are focused on the discovery and development of our drug candidates. We currently have no sales, marketing or distribution capabilities to commercialize any approved drug candidates. If our drug candidates are approved, we intend either to establish a sales and marketing organization with technical expertise and supporting distribution capabilities to commercialize our products, or to outsource this function to a third party.

Manufacturing

We do not own or operate, and currently have no plans to establish, any manufacturing facilities. We currently rely, and expect to rely, upon third-party CMOs for the manufacture of any drug candidates that

we may develop for larger-scale preclinical and clinical testing, as well as for commercial quantities of any drug candidates that are approved. Our contracted CMOs have manufactured several lots, each one yielding several kilograms of drug, and have manufactured the clinical trial materials in both capsule and tablet form. To date, we have relied on three CMOs based in the United States and China to produce denifanstat drug substance and two CMOs in the United States and China to produce denifanstat drug product. We believe we have sufficient supply to complete our ongoing FASCINATE-2 Phase 2b trial in NASH, and will need to manufacture additional material to support late stage studies such as Phase 3 trials. Under the terms of our license agreement with a subsidiary of Ascletis, we cannot source drug substance from within Greater China, but we are not restricted outside of Greater China.

We do not currently have any long-term agreement with a manufacturer to produce raw materials,APIs, and the finished products of denifanstat. However, we believe that there are multiple sources for all raw materials employed in the manufacturing of our drug substance and drug product, and we believe that several CMOs are able to manufacture lots as needed.

There are extensive regulations that govern the manufacturing of biopharmaceutical products, and the third-party manufacturing organizations we work with are required to adhere to these. Our CMOs are required to manufacture our drug candidates under cGMP requirements, alongside other applicable laws and regulations.

Intellectual property

We strive to protect the proprietary technologies that we believe are important to our business, including pursuing and maintaining patent protection intended to cover the composition of matter of our drug candidates, for example, denifanstat and TVB-3567, their methods of use, related technologies and other inventions that are important to our business. In addition to patent protection, we also rely on trade secrets to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection.

Our commercial success depends in part upon our ability to obtain and maintain patent and other proprietary protection for our drug candidates and other commercially important technologies, inventions and know-how related to our business, defend and enforce our intellectual property rights, in particular, our patent rights, preserve the confidentiality of our trade secrets and operate without infringing valid and enforceable intellectual property rights of others.

The patent positions for biotechnology and pharmaceutical companies like us are generally uncertain and can involve complex legal, scientific and factual issues. We cannot predict whether the patent applications we are currently pursuing will issue as patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient proprietary protection from competitors. In addition, the coverage claimed in a patent application can be significantly reduced before a patent is issued, and its scope can be reinterpreted and even challenged after issuance. As a result, we cannot guarantee that any of our drug candidates will be protected or remain protectable by enforceable patents. Moreover, any patents that we hold may be challenged, circumvented or invalidated by third parties. For more information regarding the risks related to our intellectual property please see “Risk Factors—Risks related to our intellectual property.”

As of March 15, 2023, we owned and/or had control of eleven U.S. patents, 142 issued foreign patents, four pending U.S. patent applications, and 16 pending foreign patent applications. We also owned one pending International (PCT) application.

With regard to denifanstat, as of March 15, 2023, we owned one issued U.S. patent with composition of matter and pharmaceutical composition claims directed to denifanstat. The issued U.S. patent is expected to expire in 2032, without taking a potential patent term extension into account. In addition, we own and/or have control of patents that have been granted in various jurisdictions including Australia, Argentina, Brazil, Europe, Japan, China, South Korea, India, and Israel, which are expected to expire in 2032, without taking potential patent term extensions into account. We also own three issued U.S. patents with claims directed to methods of using denifanstat and combinations of denifanstat with additional agents. The issued U.S. patents are expected to expire in 2035 and 2036, without taking a potential patent term extension into account. Specifically, U.S. Patent No. 10,363,249, which is expected to expire in 2035, issued with

claims directed to a method of treating a taxane-resistant tumor or cancer comprising administering a combination of denifanstat and a taxane. U.S. Patent No. 10,189,822, which is expected to expire in 2036, issued with claims directed to a method of treating various types of cancers (mantle cell lymphoma, chronic myelogenous leukemia, sarcoma; endometrial tumors, non-small cell lung carcinoma, gastric carcinomas, hepatocellular tumors, and head and neck cancer) comprising administering denifanstat, or a combination of denifanstat with additional agents. U.S. Patent No. 11,034,690, which is expected to expire in 2036, issued with claims directed to methods of treating NASH, NAFLD, liver cirrhosis and liver fibrosis comprising administering denifanstat. In addition we own and/or have control of patents with claims directed to methods of using denifanstat, and/or methods of using combinations of denifanstat with additional agents, in China, Japan, and various countries across Europe, which are expected to expire in 2035, 2036, and/or 2037. We also own and/or have control of at least 13 pending applications in jurisdictions including China, Canada, and Korea, which, if issued, are expected to expire in 2036 and/or 2037, without taking potential patent term extensions into account.

With regard to TVB-3567, as of March 15, 2023, we owned one issued U.S. patent with composition of matter claims, as well as claims directed to methods of using TVB-3567 to treat various types of cancer. The issued U.S. patent is expected to expire in 2035, without taking a potential patent term extension into account. In addition, we own and/or have control of patents that have been granted in Australia, Canada, South Africa, Japan, Korea, China, Hong Kong, Macau, India, Singapore, New Zealand and various countries across Europe, which are expected to expire in 2035, without taking potential term extensions into account. Furthermore, we own one pending application in Singapore which, if issued, is also expected to expire in 2035, without taking potential patent term extensions into account. We also own and/or have control of granted patents in China, Israel, and New Zealand, which are expected to expire in 2037, without taking potential patent term extensions into account, and 11 pending patent applications in various countries and regions in North America, Europe, and Asia, which, if issued, are expected to expire in 2037 (2036 in the United States), without taking potential patent term extensions into account.

With respect to claims specifically directed to the treatment of NASH, as of March 15, 2023, we owned U.S. Patent No. 11,034,690, which is expected to expire in 2036, without taking potential term extensions into account. In addition, we own and/or have control of patents that have been granted in Israel, China, and New Zealand which are expected to expire in 2037, without taking potential term extensions into account. We also own and/or have control of 11 applications pending in the U.S., Australia, and various countries and regions in North America, Europe, Asia, and Africa, that disclose chemical genera encompassing denifanstat and TVB-3567 for the treatment of NASH. Any patents issuing from these applications are expected to expire in 2037 (2036 in the United States), without taking potential patent term extensions into account.

The term of individual patents depends upon the legal term of the patents in the countries in which they are obtained. In most countries in which we file, the patent term is 20 years from the earliest date of filing a non-provisional patent application.

In the United States, the term of a patent covering an FDA-approved drug may, in certain cases, be eligible for a patent term extension under the Hatch-Waxman Act as compensation for the loss of patent term during the FDA regulatory review process. The period of extension may be up to five years, but cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval. Only one patent among those eligible for an extension and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. Similar provisions are available in Europe and in certain other jurisdictions to extend the term of a patent that covers an approved drug. It is possible that issued U.S. patents covering denifanstat and TVB-3567 may be entitled to patent term extensions. If our drug candidates receive FDA approval, we intend to apply for patent term extensions, if available, to extend the term of patents that cover the approved drug candidates. We also intend to seek patent term extensions in any jurisdictions where they are available, however, there is no guarantee that the applicable authorities, including the FDA, will agree with our assessment of whether such extensions should be granted, and even if granted, the length of such extensions.

In addition to patent protection, we also rely on trade secret protection for our proprietary information that is not amenable to, or that we do not consider appropriate for, patent protection. However, trade secrets can be difficult to protect. Although we take steps to protect our proprietary information, including

restricting access to our premises and our confidential information, as well as entering into agreements with our employees, consultants, advisors and potential collaborators, such individuals may breach such agreements and disclose our proprietary information including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. In addition, third parties may independently develop the same or similar proprietary information or may otherwise gain access to our proprietary information. As a result, we may be unable to meaningfully protect our trade secrets and proprietary information. For more information regarding the risks related to our intellectual property please see "Risk Factors—Risks related to our intellectual property."

U.S. patent term restoration

Depending upon the timing, duration and specifics of the potential FDA approval of denifanstat and any future drug candidates, some of our U.S. patents may be eligible for limited patent term extension. The Hatch-Waxman Amendments permit a patent restoration term, often referred to as patent term extension, of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The patent term restoration period is generally one half the time between the effective date of an IND and the submission date of an NDA plus the time between the submission date of an NDA and the approval of that application. Only one patent applicable to an approved drug or biologic is eligible for the extension and the application for the extension must be submitted prior to the expiration of the patent. The USPTO, in consultation with the FDA, reviews and approves or denies the application for any patent term extension or restoration. In the future, we intend to apply for extension of patent term for one of our patents covering denifanstat to add patent life beyond its current expected expiration date.

Government regulation and product approval

As a pharmaceutical company that operates in the United States, and in foreign countries, we are subject to extensive regulation. Government authorities in the United States (at the federal, state, and local level) and in other countries extensively regulate, among other things, the research, development, testing, manufacturing, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing, and export and import of drug products such as those we are developing. Any drug candidates that we develop must be approved by the FDA before they may be legally marketed in the United States, and by the appropriate foreign regulatory authority before they may be legally marketed in foreign countries. Generally, our activities in other countries will be subject to regulation that is similar in nature and scope as that imposed in the United States, although there can be important differences. Additionally, some significant aspects of regulation in the European Union are addressed in a centralized way, but country-specific regulation remains essential in many respects.

U.S. drug development process

In the United States, the FDA regulates drugs under the Federal Food, Drug and Cosmetic Act (the FDCA) and implementing regulations. Drugs are also subject to other federal, state, and local statutes and regulations. The process of obtaining regulatory approvals and the subsequent compliance with applicable federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. The process required by the FDA before a drug may be marketed in the United States generally involves the following:

- completion of extensive preclinical laboratory tests, preclinical animal studies and formulation studies in accordance with applicable regulations, including the FDA's Good Laboratory Practices (GLP) regulations, and other applicable regulations;
- submission to the FDA of an IND, which must become effective before human clinical trials may begin and must be updated annually or when significant changes are made;
- approval by an IRB or ethics committee at each clinical site before each clinical trial may be initiated;

- performance of adequate and well-controlled human clinical trials in accordance with applicable regulations, including GCP regulations and other clinical-trial related regulations to establish the safety and efficacy of the proposed drug for its proposed indication;
- preparation and submission to the FDA of an NDA for a new drug after completion of all pivotal trials, which includes not only the results of the clinical trials, but also detailed information on the chemistry, manufacture and quality controls for the drug candidate and proposed labeling;
- a determination by the FDA within 60 days of its receipt of an NDA to file the NDA for review;
- satisfactory completion of an FDA pre-approval inspection of the manufacturing facility or facilities where the drug is produced to assess compliance with the FDA's cGMP requirements to assure that the facilities, methods and controls are adequate to preserve the drug's identity, strength, quality, and purity;
- potential FDA audit of the preclinical and/or clinical trial sites that generated the data in support of the NDA to assess compliance with GCP;
- satisfactory completion of an FDA advisory committee review, if applicable; and
- FDA review and approval of the NDA prior to any commercial marketing or sale of the drug in the United States.

Satisfaction of FDA pre-market approval requirements typically takes many years and the actual time required may vary substantially based upon the type, complexity, and novelty of the proposed drug or disease.

U.S. preclinical and clinical development

Before testing any drug candidate in humans, the drug candidate enters the preclinical testing stage. Preclinical tests include laboratory evaluations of product chemistry, toxicity, and formulation, as well as animal studies, to assess the potential safety and activity of the drug candidate. The conduct of the preclinical tests must comply with federal regulations and requirements, including GLPs. The sponsor must submit the results of the preclinical tests, together with chemistry, manufacturing and controls information, analytical data, any available clinical data or literature and a proposed clinical trial protocol to the FDA as part of the IND. An IND is a request for authorization from the FDA to administer an investigational drug product (i.e., the drug candidate) to humans.

An IND must become effective before human clinical trials may begin. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises concerns or questions or places the IND on clinical hold within that 30-day time period. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. The FDA may also impose clinical holds on a drug candidate at any time before or during clinical trials due to safety concerns, non-compliance or other issues affecting the integrity of the trial. Accordingly, submission of an IND may or may not result in the FDA allowing clinical trials to commence and, once begun, issues may arise that could cause the trial to be suspended or terminated.

Clinical trials involve the administration of the drug candidate to healthy volunteers or patients under the supervision of qualified investigators, generally physicians not employed by or under the trial sponsor's control, in accordance with GCP requirements, which include the requirement that all research subjects provide their informed consent for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria and the parameters to be used to monitor subject safety and assess efficacy. Each protocol, and any subsequent amendments to the protocol, must be submitted to the FDA as part of the IND. Further, each clinical trial must be reviewed and approved by an IRB or ethics committee at or servicing each institution at which the clinical trial will be conducted. An IRB is charged with protecting the welfare and rights of trial participants and considers factors such as whether the risks to individuals participating in the clinical trials are minimized and are reasonable in relation to anticipated benefits. The IRB also approves the informed consent form that must be provided to each clinical trial subject or his or her legal representative and must monitor the clinical trial until completed. Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as

a data safety monitoring board or data monitoring committee. This group provides authorization for whether or not a trial may move forward at designated check points based on access to certain data from the trial. There are also requirements governing the registration of ongoing clinical trials and posting of completed clinical trial results to public registries.

A sponsor who wishes to conduct a clinical trial outside of the United States may, but need not, obtain FDA authorization to conduct the clinical trial under an IND. If a foreign clinical trial is not conducted under an IND, the sponsor may submit data from the clinical trial to the FDA in support of an NDA. The FDA may accept a well-designed and well-conducted foreign clinical study not conducted under an IND if the study was conducted in accordance with GCP requirements, and the FDA is able to validate the data through an onsite inspection if deemed necessary.

Human clinical trials are typically conducted in three sequential phases that may overlap or be combined:

- *Phase 1*. The drug candidate is initially introduced into a limited population of healthy human subjects and tested for safety, dosage tolerance, absorption, metabolism, distribution, and excretion, and if possible, to gain early evidence of effectiveness. In the case of some drug candidates for severe or life-threatening diseases, especially when the candidate may be too inherently toxic to ethically administer to healthy volunteers, the initial human testing is often conducted in patients.
- *Phase 2*. The drug candidate is evaluated in a limited patient population with the targeted disease or condition to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the drug candidate for the targeted disease or condition and to determine dosage tolerance, optimal dosage, and dosing schedule.
- *Phase 3*. The drug candidate is administered to an expanded patient population at geographically dispersed clinical trial sites, to provide substantial evidence of clinical efficacy and to further test for safety. These clinical trials are intended to establish the overall benefit/risk relationship of the drug candidate and provide adequate basis for the labeling of the drug candidate. Generally, two adequate and well-controlled Phase 3 clinical trials are required by the FDA for approval of an NDA.

In some cases, FDA may require, or sponsors may voluntarily pursue, post-approval studies, or Phase 4 clinical trials, that are conducted after initial marketing approval. These trials are used to gain additional experience from the treatment of patients in the intended therapeutic indication. In certain instances, such as with drugs granted accelerated approval, FDA may mandate the performance of Phase 4 trials as a condition of approval of an NDA.

Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the drug candidate as well as finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the drug candidate and, among other things, must develop methods for testing the identity, strength, quality, and purity of the final drug. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the drug candidate does not undergo unacceptable deterioration over its shelf life.

While the IND is active and before approval, progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA and written IND safety reports must be submitted to the FDA and the investigators for serious and unexpected adverse events, along with any findings from other studies suggesting a significant risk to humans exposed to the drug candidate and from animal or *in vitro* testing that suggest a significant risk for human subjects, or any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator brochure. The FDA, the IRB, or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug has been associated with unexpected serious harm to patients.

U.S. NDA review and approval processes

Assuming successful completion of all required testing in accordance with all applicable regulatory requirements, the results of product development, preclinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the chemistry of the drug candidate, proposed labeling and other relevant information are submitted to the FDA as part of an NDA requesting approval to market the drug candidate. Data may come from company-sponsored clinical trials intended to test the safety and effectiveness of a use of a product, or from a number of alternative sources, including studies initiated by investigators. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and effectiveness of the drug candidate to the satisfaction of the FDA. The submission of an NDA is subject to the payment of substantial user fees; a waiver of such fees may be obtained under certain limited circumstances. Sponsors of approved NDAs are also subject to an annual program fee. These fees are typically increased annually.

The FDA reviews all NDAs submitted before it accepts them for filing. As a result of such review, the FDA may refuse to file any NDA that it deems incomplete or not properly reviewable at the time of submission and may request additional information rather than accepting an NDA for filing. The FDA must make a decision on accepting an NDA for filing within 60 days of receipt of the application. Once the submission is accepted for filing, the FDA begins an in-depth review of the NDA.

After the NDA submission is accepted for filing, the FDA reviews the NDA to determine, among other things, whether the proposed product is safe and effective for its intended use and whether the product is being manufactured in accordance with cGMP to assure and preserve the product's identity, strength, quality, and purity. Under the Prescription Drug User Fee Act (PDUFA) guidelines that are currently in effect, the FDA has a goal of ten months from the date of "filing" of a standard NDA for a new molecular entity to review and act on the submission. This review typically takes twelve months from the date the NDA is submitted to FDA because the FDA has approximately two months to make a "filing" decision after the application is submitted The FDA does not always meet its PDUFA goal dates for standard and priority NDAs, and the review process is often significantly extended by FDA requests for additional information or clarification.

The FDA may refer applications for novel drug products or drug products which present difficult questions of safety or efficacy to an advisory committee, typically a panel that includes clinicians and other experts, for review, evaluation, and a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions and typically follows the advisory committee's recommendations.

Before approving an NDA, the FDA will inspect the facilities at which the product is manufactured. The FDA will not approve the product unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA, the FDA may inspect one or more clinical sites to assure compliance with GCP requirements. If the FDA determines that the application, manufacturing process or manufacturing facilities are not acceptable, it will outline the deficiencies in the submission and often will request additional testing or information. Notwithstanding the submission of any requested additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

After the FDA evaluates the application, manufacturing process, and manufacturing facilities, it may issue an approval letter or a Complete Response Letter. An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications. A Complete Response Letter indicates that the review cycle of the application is complete and the application will not be approved in its present form. A Complete Response Letter usually describes all of the specific deficiencies in the NDA identified by the FDA. The Complete Response Letter may require additional clinical data and/or (an) additional clinical trial(s), and/or other significant and time-consuming requirements related to clinical trials, preclinical studies, or manufacturing. If a Complete Response Letter is issued, the applicant may either resubmit the NDA, addressing all of the deficiencies identified in the letter, or withdraw the application. Even

if such data and information is submitted, the FDA may ultimately decide that the NDA does not satisfy the criteria for approval.

If a product receives regulatory approval, the approval may be significantly limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings, or precautions be included in the product labeling or may condition the approval of the NDA on other changes to the proposed labeling, development of adequate controls and specifications, or a commitment to conduct one or more post-market studies or clinical trials. For example, the FDA may require Phase 4 testing, which involves clinical trials designed to further assess a drug safety and effectiveness, and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized. The FDA may also determine that a REMS is necessary to ensure that the benefits of the drug outweigh the potential risks. If the FDA concludes a REMS is needed, the sponsor of the NDA must submit a proposed REMS; the FDA will not approve the NDA without an approved REMS, if required. REMS can include medication guides, communication plans for healthcare professionals, and elements to assure safe use (ETASU). ETASU can include, but are not limited to, special training or certification for prescribing or dispensing, dispensing only under certain circumstances, special monitoring, and the use of patient registries. The requirement for a REMS can materially affect the potential market and profitability of the product. Moreover, product approval may also be conditioned on substantial post approval testing, such as Phase 4 post-market studies, and surveillance to monitor the product's safety or efficacy, and FDA may limit further marketing of the product based on the results of these post-approval studies. Once granted, product approvals may be withdrawn if compliance with regulatory standards is not maintained or problems are identified following initial marketing.

Changes to some of the conditions established in an approved application, including changes in indications, labeling, or manufacturing processes or facilities, require submission to and FDA approval of a new NDA or NDA supplement before the change can be implemented. An NDA supplement for a new indication typically requires clinical data similar to that in the original application, and the FDA uses the same procedures and actions in reviewing NDA supplements as it does in reviewing NDAs. As with new NDAs, the review process is often significantly extended by the FDA requests for additional information or clarification.

In addition, the Pediatric Research Equity Act (PREA) requires a sponsor to conduct pediatric clinical trials for a new active ingredient, new indication, new dosage form, new dosing regimen or new route of administration. Under PREA, original NDAs and supplements must contain a pediatric assessment unless the sponsor has received a deferral or waiver. The required assessment must evaluate the safety and effectiveness of the product for the claimed indications in all relevant pediatric subpopulations and support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The sponsor may request a deferral of pediatric clinical trials for some or all of the pediatric subpopulations. A deferral may be granted for several reasons, including a finding that the drug is ready for approval for use in adults before pediatric clinical trials are complete or that additional safety or effectiveness data needs to be collected before the pediatric clinical trials begin. The FDA may send a non-compliance letter to any sponsor that fails to submit the required assessment, keep a deferral current, or submit a request for approval of a pediatric formulation.

Expedited development and review programs

The FDA offers a number of expedited development and review programs for qualifying drug candidates. For example, the fast track designation program is intended to expedite or facilitate the process for reviewing new drug candidates that are intended to treat a serious or life-threatening disease or condition and demonstrate the potential to address unmet medical needs for the disease or condition. Fast track designation applies to the combination of the drug candidate and the specific indication for which it is being studied. The sponsor of a fast track designated product has opportunities for more frequent interactions with the applicable FDA review team during product development and, once an NDA is submitted, the drug candidate may be eligible for priority review. A fast track designated drug candidate may also be eligible for rolling review, where the FDA may consider for review sections of the NDA on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the NDA, the

FDA agrees to accept sections of the NDA and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the NDA.

A drug candidate intended to treat a serious or life-threatening disease or condition may also be eligible for breakthrough therapy designation to expedite its development and review. A drug candidate can receive breakthrough therapy designation if preliminary clinical evidence indicates that the drug candidate, alone or in combination with one or more other drugs or biologics, may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. The designation includes all of the fast track designation program features, as well as more intensive FDA interaction and guidance beginning as early as Phase 1 and an organizational commitment to expedite the development and review of the drug candidate, including involvement of senior managers.

Any marketing application for a drug candidate submitted to the FDA for approval, including a drug candidate with a fast track designation and/or breakthrough therapy designation, may be eligible for other types of FDA programs intended to expedite the FDA review and approval process, such as priority review and accelerated approval. A drug candidate is eligible for priority review if it is designed to treat a serious or life-threatening disease or condition, and if approved, would provide a significant improvement in safety or effectiveness compared to available alternatives for such disease or condition. For new molecular entity NDAs, priority review means the FDA's goal is to take action on the marketing application within six months of the 60-day filing date.

Additionally, drug candidates studied for their safety and effectiveness in treating serious or life-threatening diseases or conditions may receive accelerated approval upon a determination that the drug candidate has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments. As a condition of accelerated approval, the FDA will generally require the sponsor to perform adequate and well-controlled post-marketing confirmatory clinical studies which must be conducted with due diligence to verify and describe the anticipated effect on irreversible morbidity or mortality or other clinical benefit. Under the FDORA, the FDA may require, as appropriate, that such confirmatory studies be underway prior to approval or within a specific time period after the date accelerated approval is granted. Under FDORA, the FDA has increased authority for expedited procedures to withdraw approval of a drug or indication approved under accelerated approval if, for example, the sponsor fails to conduct the required confirmatory studies or if such studies fail to verify the predicted clinical benefit. In addition, for products being considered for accelerated approval, the FDA generally requires, unless otherwise informed by the agency, pre-approval of all advertising and promotional materials, which could adversely impact the timing of the commercial launch of the product. Thus, even if we seek to utilize the accelerated approval pathway, we may not be able to obtain accelerated approval and, even if we do, we may not experience a faster development, regulatory review or approval process for that drug candidate. In addition, receiving accelerated approval does not assure that the product's accelerated approval will eventually be converted to a traditional approval.

Fast track designation, breakthrough therapy designation, priority review, and accelerated approval do not change the standards for approval, but may expedite the development, review or approval process. Even if a drug candidate qualifies for one or more of these programs, the FDA may later decide that the drug candidate no longer meets the conditions for qualification or decide that the time period for FDA review or approval will not be shortened.

Orphan drug designation

Under the Orphan Drug Act, the FDA may grant orphan designation to a drug intended to treat a rare disease or condition, which is a disease or condition that affects fewer than 200,000 individuals in the United States or, if it affects more than 200,000 individuals in the United States, there is no reasonable expectation that the cost of developing and making a drug product available in the United States for this type of disease or condition will be recovered from sales of the product. Orphan designation must be requested before submitting an NDA. After the FDA grants orphan designation, the identity of the therapeutic agent and its

potential orphan use are disclosed publicly by the FDA. Orphan designation does not convey any advantage in or shorten the duration of the regulatory review and approval process.

If a product that has orphan designation subsequently receives the first FDA approval for the disease or condition for which it has such designation, the product is entitled to orphan product exclusivity, which means that the FDA may not approve any other applications to market the same drug or biological product for the same indication for seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan exclusivity or inability to manufacture the product in sufficient quantities. The designation of such drug also entitles a party to financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages and user-fee waivers. Competitors, however, may receive approval of different products for the indication for which the orphan product has exclusivity or obtain approval for the same product but for a different indication for which the orphan product has exclusivity. Orphan exclusivity also could block the approval of a drug candidate for seven years if a competitor obtains approval of the same drug as defined by the FDA.

A designated orphan drug many not receive orphan drug exclusivity if it is approved for a use that is broader than the indication for which it received orphan designation. In addition, orphan drug exclusive marketing rights in the United States may be lost if the FDA later determines that the request for designation was materially defective or, as noted above, if a second applicant demonstrates that its product is clinically superior to the approved product with orphan exclusivity or the manufacturer of the approved product is unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition.

Post-approval requirements

Any drug products manufactured or distributed pursuant to FDA approvals are subject to continuing regulation by the FDA, including, among other things, requirements related to manufacturing, record-keeping, reporting of adverse experiences periodic reporting, product sampling and distribution, and complying with FDA promotion and advertising requirements, which include, among others, standards for direct-to-consumer advertising, restrictions on promoting drugs for uses or in patient populations that are not described in the drug's approved labeling (off-label use), limitations on industry-sponsored scientific and educational activities, and requirements for promotional activities involving the internet.

The FDA closely regulates the marketing, labeling, advertising, and promotion of drug products. A company can make only those claims relating to safety and efficacy that are consistent with the the FDA-approved labeling. The FDA and other agencies enforce the laws and regulations prohibiting the promotion of off-label uses. Failure to comply with these requirements can result in, among other things, adverse publicity, warning letters, corrective advertising, and potential civil and criminal penalties. Physicians may prescribe, in their independent professional medical judgment, legally available products for uses that are not described in the product's labeling and that differ from those tested by us and approved by the FDA. Physicians may believe that such off-label uses are the best treatment for many patients in varied circumstances. The FDA does not regulate the behavior of physicians in their choice of treatments. The FDA does, however, restrict manufacturer's communications regarding off-label use of their products. The federal government has levied large civil and criminal fines against companies for alleged improper promotion of off-label use and has enjoined companies from engaging in off-label promotion. The FDA and other regulatory authorities have also required that companies enter into consent decrees or permanent injunctions under which specified promotional conduct is changed or curtailed. However, companies may share truthful and non-misleading information that is otherwise consistent with a product's FDA-approved labelling.

In addition, quality control and manufacturing procedures must continue to conform to applicable manufacturing requirements after approval. We rely, and expect to continue to rely, on third parties for the production of clinical and, if approved, commercial quantities of our drug candidates in accordance with cGMP regulations. cGMP regulations require among other things, quality control and quality assurance as well as the corresponding maintenance of records and documentation and the obligation to investigate and correct any deviations from cGMP requirements. Drug manufacturers and other entities involved in the manufacture and distribution of approved drugs are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP and other laws. Changes to the manufacturing process are strictly

regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented. Drug manufacturers using contract manufacturers, laboratories or packagers are responsible for the selection and monitoring of qualified firms, and, in certain circumstances, qualified suppliers to these firms. These firms and, where applicable, their suppliers are subject to inspections by the FDA at any time, and the discovery of violative conditions, including failure to conform to cGMP, could result in enforcement actions that interrupt the operation of any such facilities or the ability to distribute products manufactured, processed or tested by them. Manufacturers and other parties involved in the drug supply chain for prescription drug products must also comply with product tracking and tracing requirements and notify the FDA of counterfeit, diverted, stolen and intentionally adulterated products or products that are otherwise unfit for distribution in the United States. Accordingly, manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain cGMP compliance.

The FDA may withdraw product approvals or request product recalls if a company fails to maintain compliance with regulatory requirements and standards if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; requirements for post-market studies or clinical trials to assess new safety risks; or imposition of distribution restrictions or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters, or untitled letters;
- clinical holds on clinical trials;
- refusal of the FDA to approve pending applications or supplements to approved applications, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products;
- consent decrees, corporate integrity agreements, debarment, or exclusion from federal healthcare programs;
- mandated modification of promotional materials and labeling and the issuance of corrective information;
- the issuance of safety alerts, Dear Healthcare Provider letters, press releases, and other communications containing warnings or other safety information about the product; or
- injunctions or the imposition of civil or criminal penalties.

The FDA closely regulates the marketing, labeling, advertising, and promotion of drug products. A company can make only those claims relating to safety and efficacy, purity, and potency that are approved by the FDA and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses. Failure to comply with these requirements can result in, among other things, adverse publicity, warning letters, corrective advertising, and potential civil and criminal penalties. Physicians may prescribe, in their independent professional medical judgment, legally available products for uses that are not described in the product’s labeling and that differ from those tested by us and approved by the FDA. Physicians may believe that such off-label uses are the best treatment for many patients in varied circumstances. The FDA does not regulate the behavior of physicians in their choice of treatments. The FDA does, however, restrict manufacturer’s communications on the subject of off-label use of their products. The federal government has levied large civil and criminal fines against companies for alleged improper promotion of off-label use and has enjoined companies from engaging in off-label promotion. The FDA and other regulatory authorities have also required that companies enter into consent decrees or permanent injunctions under which specified promotional conduct is changed or curtailed. However, companies may share truthful and not misleading information that is otherwise consistent with a product’s FDA-approved labelling.

U.S. marketing exclusivity

Market exclusivity provisions under the FDCA can delay the submission or the approval of certain marketing applications. The FDCA provides a five-year period of non-patent marketing exclusivity within the United States to the first applicant to obtain approval of an NDA for a new chemical entity. A drug is a new chemical entity if the FDA has not previously approved any other new drug containing the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not approve or accept for review an abbreviated new drug application (ANDA) or a Section 505(b)(2) NDA submitted by another company for another drug based on the same active moiety, regardless of whether the drug is intended for the same indication as the original innovative drug or for another indication. However, an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement to one of the patents listed with the FDA by the innovator NDA holder.

The FDCA also provides three years of marketing exclusivity for an NDA or supplement to an existing NDA if new clinical investigations, other than bioavailability studies, that were conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application. This three-year exclusivity covers only the modification for which the drug received approval on the basis of the new clinical investigations and does not prohibit the FDA from accepting ANDAs or Section 505(b)(2) NDAs for drugs referencing the approved application for review.

Orphan drug exclusivity, as described above, may offer a seven-year period of marketing exclusivity, except in certain circumstances. Pediatric exclusivity is another type of non-patent market exclusivity in the United States. Pediatric exclusivity, if granted, adds six months to existing exclusivity periods and patent terms. This six-month exclusivity, which runs from the end of other exclusivity protection or patent term, may be granted based on the voluntary completion of a pediatric trial in accordance with an FDA-issued "Written Request" for such a trial.

Regulation of companion diagnostics and complementary diagnostics

As a part of our later stage product development strategy, we may develop and commercialize one or more companion diagnostics or complementary diagnostics. Companion diagnostics and complementary diagnostics can identify patients who are most likely to benefit from a particular therapeutic product; identify patients likely to be at increased risk for serious side effects as a result of treatment with a particular therapeutic product; or monitor response to treatment with a particular therapeutic product for the purpose of adjusting treatment to achieve improved safety or effectiveness. Companion diagnostics and complementary diagnostics are regulated as medical devices by the FDA. Such diagnostic tests generally require marketing clearance or approval from the FDA prior to commercialization. The two primary types of FDA marketing authorization applicable to a medical device are clearance of a premarket notification, or 510(k), and approval of a premarket approval application, or PMA. For a novel therapeutic product for which a companion diagnostic device is essential for the safe and effective use of the product, the companion diagnostic device should be developed and approved or 510(k)-cleared contemporaneously with the therapeutic. The use of the companion diagnostic device will be stipulated in the labeling of the therapeutic product. A complementary diagnostic is not considered essential for the safe and effective use of the therapeutic product and does not need to be approved or cleared contemporaneously with the therapeutic.

After a companion diagnostic device is cleared or approved, it is subject to applicable post-marketing requirements including the FDA's Quality System Regulation, or QSR, adverse event reporting, recalls and corrections, and product marketing requirements. Device manufacturers must register and list their devices with the FDA. Applicable portions of the QSR may include the methods and documentation of the design, testing, production, processes, controls, quality assurance, labeling, packaging and shipping of medical devices. Companion and complementary diagnostic manufacturers are subject to unannounced FDA inspections at any time during which the FDA will conduct an audit of the product(s) and the facilities for compliance with regulatory requirements.

Disclosure of clinical trial information

Sponsors of applicable clinical trials of FDA regulated products are required to register their clinical trials and disclose certain clinical trial results information. Information related to the product, patient

population, phase of investigation, trial sites and investigators, and other aspects of the clinical trial is made public as part of the registration. Sponsors are also obligated to disclose the results of their clinical trials after completion. Disclosure of the results of these trials can be delayed until the new product or new indication being studied has been approved. Competitors and patients may use this publicly available information to gain knowledge regarding the progress of development programs.

Other U.S. healthcare laws and compliance requirements

Although we currently do not have any products on the market, we are and, upon approval and commercialization, will be subject to additional healthcare regulation and enforcement by the federal government and by authorities in the states and foreign jurisdictions in which we conduct our business. In the United States, such laws include, without limitation, state and federal anti-kickback, fraud and abuse, false claims, price reporting, and healthcare provider sunshine laws and regulations.

The federal Anti-Kickback Statute prohibits, among other things, any person or entity, from knowingly and willfully offering, paying, soliciting, or receiving any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, to induce or in return for purchasing, leasing, ordering, or arranging for the purchase, lease or order of any item or service reimbursable under Medicare, Medicaid or other federal healthcare programs. The term remuneration has been interpreted broadly to include anything of value. The Anti-Kickback Statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers, and formulary managers on the other. There are a number of statutory exceptions and regulatory safe harbors protecting some common activities from prosecution. The exceptions and safe harbors are drawn narrowly and practices that involve remuneration that may be alleged to be intended to induce prescribing, purchasing, or recommending may be subject to scrutiny if they do not qualify for an exception or safe harbor. Failure to meet all of the requirements of a particular applicable statutory exception or regulatory safe harbor does not make the conduct per se illegal under the Anti-Kickback Statute. Instead, the legality of the arrangement will be evaluated on a case-by-case basis based on a cumulative review of all of its facts and circumstances. Our practices may not in all cases meet all of the criteria for protection under a statutory exception or regulatory safe harbor. Additionally, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

The federal False Claims Act prohibits, among other things, any person or entity from knowingly presenting, or causing to be presented, a false claim for payment to, or approval by, the federal government or knowingly making, using, or causing to be made or used a false record or statement material to a false or fraudulent claim to the federal government. As a result of a modification made by the Fraud Enforcement and Recovery Act of 2009, a claim includes “any request or demand” for money or property presented to the U.S. government. Several pharmaceutical and other healthcare companies have been prosecuted under these laws for allegedly providing free product to customers with the expectation that the customers would bill federal programs for the product. Other companies have been prosecuted for causing false claims to be submitted because of the companies’ marketing of the product for unapproved, and thus non-covered, uses. In addition, a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal False Claims Act.

HIPAA also created new federal criminal statutes that prohibit knowingly and willfully executing, or attempting to execute, a scheme to defraud or to obtain, by means of false or fraudulent pretenses, representations or promises, any money or property owned by, or under the control or custody of, any healthcare benefit program, including private third-party payors and knowingly and willfully falsifying, concealing or covering up by trick, scheme or device, a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items, or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. Also, many states have similar fraud and abuse statutes or regulations that apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payor.

Additionally, the federal Physician Payments Sunshine Act and its implementing regulations require that certain manufacturers of drugs, devices, biological and medical supplies for which payment is available under Medicare, Medicaid, or the Children’s Health Insurance Program (with certain exceptions) annually

report information related to certain payments or other transfers of value made or distributed to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), other healthcare professionals (such as physician assistants and nurse practitioners) and teaching hospitals, certain ownership and investment interests held by such physicians and their immediate family members.

In order to distribute products commercially, we must also comply with state laws that require the registration of manufacturers and wholesale distributors of pharmaceutical products in a state, including, in certain states, manufacturers, and distributors who ship products into the state even if such manufacturers or distributors have no place of business within the state. Some states also impose requirements on manufacturers and distributors to establish the pedigree of product in the chain of distribution, including some states that require manufacturers and others to adopt new technology capable of tracking and tracing product as it moves through the distribution chain. Several states have enacted legislation requiring pharmaceutical companies to establish marketing compliance programs, file periodic reports with the state, make periodic public disclosures on sales, marketing, pricing, track, and report gifts, compensation and other remuneration made to physicians and other healthcare providers, clinical trials and other activities, and/or register their sales representatives, as well as to prohibit pharmacies and other healthcare entities from providing certain physician prescribing data to pharmaceutical companies for use in sales and marketing, and to prohibit certain other sales and marketing practices. All of our activities are potentially subject to federal and state consumer protection and unfair competition laws.

If our operations are found to be in violation of any of the federal and state healthcare laws described above or any other governmental regulations that apply to us, we may be subject to penalties, including without limitation, civil, criminal and/or administrative penalties, damages, fines, disgorgement, exclusion from participation in government programs, such as Medicare and Medicaid, injunctions, private “qui tam” actions brought by individual whistleblowers in the name of the government, or refusal to allow us to enter into government contracts, contractual damages, reputational harm, administrative burdens, diminished profits and future earnings, and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

Pharmaceutical coverage, pricing and reimbursement

Significant uncertainty exists as to the coverage and reimbursement status of any drug candidates for which we or our collaborators obtain regulatory approval. In the United States and markets in other countries, sales of any products for which we or our collaborators receive regulatory approval for commercial sale will depend, in part, on the extent to which third-party payors provide coverage, and establish adequate reimbursement levels for such drug products.

In the United States, third-party payors include federal and state healthcare programs, government authorities, private managed care providers, private health insurers, and other organizations. Third-party payors are increasingly challenging the price, examining the medical necessity and reviewing the cost-effectiveness of medical drug products and medical services, in addition to questioning their safety and efficacy. Such payors may limit coverage to specific drug products on an approved list, also known as a formulary, which might not include all of the FDA-approved drugs for a particular indication. We or our collaborators may need to conduct expensive pharmaco-economic studies in order to demonstrate the medical necessity and cost-effectiveness of our products, in addition to the costs required to obtain the FDA approvals. Nonetheless, our drug candidates may not be considered medically necessary or cost-effective. Moreover, the process for determining whether a third-party payor will provide coverage for a drug product may be separate from the process for setting the price of a drug product or for establishing the reimbursement rate that such a payor will pay for the drug product. A payor’s decision to provide coverage for a drug product does not imply that an adequate reimbursement rate will be approved. Further, one payor’s determination to provide coverage for a drug product does not assure that other payors will also provide coverage for the drug product. Adequate third-party reimbursement may not be available to enable us to maintain price levels sufficient to realize an appropriate return on our investment in product development.

If we elect to participate in certain governmental programs, we may be required to participate in discount and rebate programs, which may result in prices for our future products that will likely be lower than the prices we might otherwise obtain. For example, drug manufacturers participating under the Medicaid Drug Rebate Program must pay rebates on prescription drugs to state Medicaid programs. Under the

Veterans Health Care Act (VHCA) drug companies are required to offer certain drugs at a reduced price to a number of federal agencies, including the U.S. Department of Veterans Affairs and Department of Defense, the Public Health Service and certain private Public Health Service designated entities in order to participate in other federal funding programs, including Medicare and Medicaid. Recent legislative changes require that discounted prices be offered for certain U.S. Department of Defense purchases for its TRICARE program via a rebate system. Participation under the VHCA also requires submission of pricing data and calculation of discounts and rebates pursuant to complex statutory formulas, as well as the entry into government procurement contracts governed by the Federal Acquisition Regulations. If our products are made available to authorized users of the Federal Supply Schedule of the General Services Administration, additional laws and requirements apply.

Different pricing and reimbursement schemes exist in other countries. In the European Union, governments influence the price of pharmaceutical products through their pricing and reimbursement rules and control of national health care systems that fund a large part of the cost of those products to consumers. Some jurisdictions operate positive and negative list systems under which products may only be marketed once a reimbursement price has been agreed. To obtain reimbursement or pricing approval, some of these countries may require the completion of clinical trials that compare the cost-effectiveness of a particular drug candidate to currently available therapies. Other Member States allow companies to fix their own prices for medicines, but monitor and control company profits. The downward pressure on health care costs in general, particularly prescription drugs, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products. In addition, in some countries, cross-border imports from low-priced markets exert a commercial pressure on pricing within a country.

The marketability of any drug candidates for which we or our collaborators receive regulatory approval for commercial sale may suffer if the government and third-party payors fail to provide adequate coverage and reimbursement. In addition, emphasis on managed care in the United States has increased and we expect will continue to increase the pressure on pharmaceutical pricing. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which we or our collaborators receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

Healthcare reform

A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and other third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medical products and services, implementing reductions in Medicare and other healthcare funding and applying new payment methodologies. For example, in March 2010, the Patient Protection and Affordable Care Act (the Affordable Care Act) was enacted, which affected existing government healthcare programs and resulted in the development of new programs.

Among the Affordable Care Act's provisions of importance to the pharmaceutical industry, in addition to those otherwise described above, are the following:

- an annual, nondeductible fee on any entity that manufactures or imports certain specified branded prescription drugs and biologic agents apportioned among these entities according to their market share in some government healthcare programs;
- an increase in the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Program to 23.1% and 13% of the average manufacturer price for most branded and generic drugs, respectively, and a cap on the total rebate amount for innovator drugs at 100% of the Average Manufacturer Price (AMP);
- a Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 70% point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturers' outpatient drugs to be covered under Medicare Part D;
- extension of manufacturers' Medicaid rebate liability to covered drugs dispensed to individuals who are enrolled in Medicaid managed care organizations;

- expansion of eligibility criteria for Medicaid programs by, among other things, allowing states to offer Medicaid coverage to additional individuals, including individuals with income at or below 133% of the federal poverty level, thereby potentially increasing manufacturers' Medicaid rebate liability;
- expansion of the entities eligible for discounts under the Public Health Service pharmaceutical pricing program; and
- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research.

Since its enactment, there have been executive, judicial and Congressional challenges to certain aspects of the Affordable Care Act. For example, the Tax Cuts and Jobs Act of 2017 (the Tax Act) was enacted, which included a provision repealing, effective January 2019, the tax-based shared responsibility payment imposed by the Affordable Care Act on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." In addition, effective January 2020, the "Cadillac" tax on high-cost employer-sponsored health coverage and, effective January 2021, the health insurer tax were eliminated. In June 2021, in a case involving individual mandate, the U.S. Supreme Court ruled that challengers to the ACA lacked standing and upheld the ACA. In February 2021, the executive branch withdrew the federal government's support for overturning the Affordable Care Act and issued an executive order to initiate a special enrollment period from February 15, 2021 through August 15, 2021 for purposes of obtaining health insurance coverage through the Affordable Care Act marketplace. The executive order also instructs certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare, including among others, reexamining Medicaid demonstration projects and waiver programs that include work requirements, and policies that create unnecessary barriers to obtaining access to health insurance coverage through Medicaid or the Affordable Care Act. It is unclear how any future litigation, and the healthcare reform measures of the current executive administration, will impact the Affordable Care Act.

Other legislative changes have also been proposed and adopted in the United States since the Affordable Care Act was enacted. For example, the American Rescue Plan Act of 2021 eliminates the statutory Medicaid drug rebate cap, currently set at 100% of a drug's average manufacturer price, for single source and innovator multiple source drugs, beginning January 1, 2024. The Budget Control Act of 2011 and subsequent legislation, among other things, created measures for spending reductions by Congress that include aggregate reductions of Medicare payments to providers of on average 2% per fiscal year, which remain in effect through 2032. Due to the Statutory Pay-As-You-Go Act of 2010, estimated budget deficit increases resulting from the American Rescue Plan Act of 2021, and subsequent legislation, Medicare payments to providers will be further reduced starting in 2025 absent further legislation. The U.S. American Taxpayer Relief Act of 2012 further reduced Medicare payments to several types of providers and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These laws and regulations may result in additional reductions in Medicare and other healthcare funding and otherwise affect the prices we may obtain for any of our drug candidates for which we may obtain regulatory approval or the frequency with which any such drug candidate is prescribed or used.

In May 2018, the Right to Try Act, was signed into law. The law, among other things, provides a federal framework for certain patients to access certain investigational new drug products that have completed a Phase 1 clinical trial and that are undergoing investigation for FDA approval. Under certain circumstances, eligible patients can seek treatment without enrolling in clinical trials and without obtaining FDA permission under the FDA expanded access program. There is no obligation for a pharmaceutical manufacturer to make its drug products available to eligible patients as a result of the Right to Try Act.

Additionally, there has been increasing legislative and enforcement interest in the United States with respect to drug pricing practices. Specifically, there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several U.S. Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, and review the relationship between pricing and manufacturer patient programs. The Inflation Reduction Act of 2022 (IRA), for example, includes several provisions that may impact our business to varying degrees, including provisions that reduce the out-of-pocket spending cap for Medicare Part D beneficiaries from $7,050

to $2,000 starting in 2025, thereby eliminating the so-called coverage gap; impose new manufacturer financial liability on certain drugs under Medicare Part D; allow the U.S. government to negotiate Medicare Part B and Part D price caps for certain high-cost drugs and biologics without generic or biosimilar competition; require companies to pay rebates to Medicare for certain drug prices that increase faster than inflation; and delay until January 2032 the implementation of the HHS rebate rule that would have limited the fees that pharmacy benefit managers can charge. Further, under the IRA, orphan drugs are exempted from the Medicare drug price negotiation program, but only if they have one rare disease designation and for which the only approved indication is for that disease or condition. If a product receives multiple rare disease designations or has multiple approved indications, it may not qualify for the orphan drug exemption. The effects of the IRA on our business and the healthcare industry in general is not yet known.

Multiple executive orders have been issued that have sought to reduce prescription drug costs. In February 2023, HHS issued a proposal in response to an October 2022 executive order that includes a proposed prescription drug pricing model that will test whether targeted Medicare payment adjustments will sufficiently incentivize manufacturers to complete confirmatory trials for drugs approved through FDA's accelerated approval pathway. Although a number of these and other proposed measures may require authorization through additional legislation to become effective, and the current administration may reverse or otherwise change these measures, both the current administration and Congress have indicated that they will continue to seek new legislative measures to control drug costs.

We cannot predict the healthcare reform initiatives that may be adopted in the future. The continuing efforts of the government, insurance companies, managed care organizations and other payors of healthcare services to contain or reduce costs of healthcare and/or impose price controls may adversely affect:

- the demand for our candidates, if we obtain regulatory approval;
- our ability to set a price that we believe is fair for our approved products;
- our ability to generate revenue and achieve or maintain profitability;
- the level of taxes that we are required to pay; and
- the availability of capital.

Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors, which may adversely affect our future profitability.

We expect that additional U.S. federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that the U.S. Federal Government will pay for healthcare drugs and services, which could result in reduced demand for our drug candidates or additional pricing pressures.

Individual states in the United States have also become increasingly active in passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain drug access and marketing cost disclosure and transparency measures, and designed to encourage importation from other countries and bulk purchasing. Legally mandated price controls on payment amounts by third-party payors or other restrictions could harm our business, financial condition, results of operations and prospects. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programs. This could reduce the ultimate demand for our drugs or put pressure on our drug pricing, which could negatively affect our business, financial condition, results of operations and prospects.

Further, it is also possible that additional governmental action is taken in response to the COVID-19 pandemic.

Data privacy and security laws

We may also be subject to federal, state, local, and foreign data privacy and security obligations such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements, and other obligations relating to data privacy and security. In the United States, numerous federal, state, and local laws and regulations, including state data breach notification laws, state

health information privacy laws, and federal, consumer protection laws and regulations (e.g., Section 5 of the FTC Act), and similar laws (e.g., wiretapping laws) govern the collection, use, disclosure, protection, and other processing of health-related and other personal information and may apply to our operations or the operations of our partners upon which we rely. For example, HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, and its implementing regulations, impose requirements relating to the privacy, security and transmission of individually identifiable health information on certain health care providers, health plans and health care clearinghouses, known as covered entities and their business associates that perform certain services that involve creating, receiving, maintaining or transmitting individually identifiable health information for or on behalf of such covered entities as well as their covered subcontractors. Entities that are found to be in violation of HIPAA as the result of, for example, a breach of unsecured protected health information, a complaint about privacy practices or an audit by HHS, may be subject to significant civil, criminal and administrative fines and penalties and/or additional reporting and oversight obligations if required to enter into a resolution agreement and corrective action plan with HHS to settle allegations of HIPAA non-compliance. Further, entities that knowingly obtain, use, or disclose individually identifiable health information maintained by a HIPAA covered entity in a manner that is not authorized or permitted by HIPAA may be subject to criminal penalties.

In addition, state laws govern the privacy and security of personal information, many of which differ from each other in significant ways and may be subject to different interpretations, thus complicating our compliance efforts. By way of example, the California Consumer Privacy Act (CCPA) applies to personal information of consumers, business representatives, and employees who are California residents, and requires businesses to provide specific disclosures in privacy notices and honor requests of California residents to exercise certain privacy rights. The CCPA provides for civil penalties of up to $7,500 per violation, as well as a private right of action for individuals affected by certain data breaches that is expected to increase data breach litigation. In addition, the California Privacy Rights Act of 2020 (CPRA) expands the CCPA's requirements, including by adding a new right for individuals to correct their personal information and establishing a new regulatory authority to implement and enforce the law. These developments may increase our compliance costs and potential liability, and similar laws have been passed in other states, such as Virginia and Colorado. In the event that we are or become subject to HIPAA, the CCPA and/or other data privacy and security laws, any liability from our actual or perceived failure to comply with the requirements of these laws could adversely affect our business and financial condition.

Outside the United States, an increasing number of laws, regulations, and industry standards govern data privacy and security, including the European Union's General Data Protection Regulations (EU GDPR) and the United Kingdom's GDPR (UK GDPR).

The EU and UK GDPR create significant and complex compliance burdens for covered companies, including strict requirements for processing personal information. For example, companies violating the EU GDPR may face temporary or definitive bans on data processing and other corrective actions; fines of up to €20 million or 4% of annual global revenue, whichever is greater; or private litigation related to processing of personal information brought by classes of data subjects or consumer protection organizations authorized at law to represent their interests. The processing of "special category personal data" (including health-related data) may also impose heightened compliance burdens under the EU and UK GDPR and is a topic of active interest among relevant regulators.

The GDPR also imposes restrictions in relation to the cross-border transfer of personal information from the EEA and United Kingdom and other countries, including to the United States and other countries whose privacy laws are believed to be inadequate. Although there are currently various mechanisms that may be used to transfer personal information from the EEA and the United Kingdom to the United States in compliance with law, such as the EEA and United Kingdom's standard contractual clauses, these mechanisms are subject to legal challenges, and there is no assurance that we can satisfy or rely on these measures to lawfully transfer personal data to the United States. .If there is no lawful manner for us to transfer personal information from the EEA, the United Kingdom, or other jurisdictions to the United States, or if the requirements for a legally-compliant transfer are too onerous, we could face significant adverse consequences, including the interruption or degradation of our operations, the need to relocate part of or all of our business or data processing activities to other jurisdictions at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work with partners,

vendors and other third parties, and injunctions against our processing or transferring of personal information necessary to operate our business Additionally, companies that transfer personal information out of the EEA and United Kingdom to other jurisdictions, particularly to the United States, are subject to increased scrutiny from regulators, individual litigants, and activities groups. Some European regulators have ordered certain companies to suspend or permanently cease certain transfers of personal information out of Europe for allegedly violating the GDPR's cross-border data transfer limitations.

The EU GDPR also provides that EEA Member States may make their own further laws and regulations to introduce specific requirements related to the processing of "special categories of personal data", which may lead to greater divergence on the law that applies to the processing of such data types across Europe. Country-specific regulations could also limit our ability to collect, use and share European data, and/or could cause our compliance costs to increase, ultimately having an adverse impact on our business and harming our business and financial condition.

In addition to data privacy and security laws, we are or may become contractually subject to industry standards adopted by industry groups and may become subject to such obligations in the future. We are also bound by other contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful. We publish privacy policies, marketing materials, and other statements, such as compliance with certain certifications or self-regulatory principles, regarding data privacy and security. If these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair, or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators, or other adverse consequences.

Obligations related to data privacy and security are quickly changing, becoming increasingly stringent, and creating regulatory uncertainty. Preparing for and complying with these obligations requires us to devote significant resources and may necessitate changes to our services, information technologies, systems, and practices and to those of any third parties that process personal information on our behalf.

We may at times fail (or be perceived to have failed) in our efforts to comply with our data privacy and security obligations. Moreover, despite our efforts, our personnel or partners on whom we rely may fail to comply with such obligations, which could negatively impact our business operations. If we or our partners on which we rely fail, or are perceived to have failed, to address or comply with applicable data privacy and security obligations, we could face significant consequences, including but not limited to: government enforcement actions (e.g., investigations, fines, penalties, audits, inspections, and similar); litigation (including class-action claims); additional reporting requirements and/or oversight; bans on processing personal information; and orders to destroy or not use personal information. Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to: loss of customers; inability to process personal data or to operate in certain jurisdictions (including in relation to clinical trials); limited ability to develop or commercialize our products; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or substantial changes to our business model or operations.

The U.S. Foreign Corrupt Practices Act

The FCPA prohibits any U.S. individual or business from paying, offering, or authorizing payment or offering of anything of value, directly or indirectly, to any foreign official, political party or candidate for the purpose of influencing any act or decision of the foreign entity in order to assist the individual or business in obtaining or retaining business. The FCPA also obligates companies whose securities are listed in the United States to comply with accounting provisions requiring the company to maintain books and records that accurately and fairly reflect all transactions of the corporation, including international subsidiaries, and to devise and maintain an adequate system of internal accounting controls for international operations.

Europe / rest of world government regulation

In addition to regulations in the United States, we will also be subject to a variety of comparable regulatory requirements in other jurisdictions governing, among other things, the research, development, testing, manufacturing, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing, and export and import of drug products such as those we are developing. Whether or not we or our potential collaborators obtain FDA

approval for a product, we must obtain the requisite approvals from regulatory authorities in foreign countries prior to the commencement of clinical trials or marketing of the product in those countries.

Clinical trials in the EU

Similar to the United States, the various phases of pre-clinical and clinical research in the European Union are subject to significant regulatory controls.

In the EU, clinical trials are governed by the Clinical Trials Regulation (EU) No 536/2014 (CTR), which entered into application on January 31, 2022 repealing and replacing the former Clinical Trials Directive 2001/20 (CTD).

The CTR is intended to harmonize and streamline clinical trial authorizations, simplify adverse-event reporting procedures, improve the supervision of clinical trials and increasing their transparency. Specifically, the CTR, which is directly applicable in all EU Member States, introduces a streamlined application procedure through a single-entry point, the Clinical Trials Information System (CTIS); a single set of documents to be prepared and submitted for the application; as well as simplified reporting procedures for clinical trial sponsors. A harmonized procedure for the assessment of applications for clinical trials has been introduced and is divided into two parts. Part I assessment is led by the competent authorities of a reference Member State selected by the trial sponsor and relates to clinical trial aspects that are considered to be scientifically harmonized across EU Member States. This assessment is then submitted to the competent authorities of all concerned Member States in which the trial is to be conducted for their review. Part II is assessed separately by the competent authorities and ethics committees in each concerned EU Member State. Individual EU Member States retain the power to authorize the conduct of clinical trials on their territory.

The extent to which on-going clinical trials will be governed by the CTR will depend on the duration of the individual clinical trial. Sponsors could choose to submit a clinical trial application under either the CTD or the CTR until January 31, 2023. By January 31, 2025, all ongoing trials will become subject to the provisions of the CTR. The CTR will apply to clinical trials from an earlier date if the clinical trial has already transitioned to the CTR framework.

In all cases, the clinical trials are conducted in accordance with GCP and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki.

EU review and approval process

In the EU, medicinal products can only be commercialized after a marketing authorization (MA), has been granted. To obtain an MA for a product in the EEA (which is comprised of the 27 Member States of the European Union plus Norway, Iceland and Liechtenstein), an applicant must submit a marketing authorization application (MAA) either under a centralized procedure administered by the EMA or one of the procedures administered by the competent authorities of EU Member States (decentralized procedure, national procedure or mutual recognition procedure). An MA may be granted only to an applicant established in the EU.

The centralized procedure provides for the grant of a single MA by the European Commission that is valid throughout the EEA. Pursuant to Regulation (EC) No 726/2004, the centralized procedure is compulsory for specific products, including for (i) medicinal products derived from biotechnological processes, (ii) products designated as orphan medicinal products, (iii) advanced therapy medicinal products (ATMPs) (gene therapy, somatic-cell therapy and tissue engineered medicines), and (iv) products with a new active substance indicated for the treatment of HIV/AIDS, cancer, neurodegenerative diseases, diabetes, auto-immune and other immune dysfunctions and viral diseases. For products with a new active substance indicated for the treatment of other diseases and products that are highly innovative or for which a centralized process is in the interest of patients, authorization through the centralized procedure is optional.

Under the centralized procedure, the EMA's Committee for Medicinal Products for Human Use (CHMP), conducts the initial assessment of a product. The CHMP is also responsible for several post-authorization and maintenance activities, such as the assessment of modifications or extensions to an existing MA.

Under the centralized procedure, the maximum timeframe for the evaluation of an MAA is 210 days, excluding clock stops when additional information or written or oral explanation is to be provided by the applicant in response to questions of the CHMP. Accelerated assessment may be granted by the CHMP in exceptional cases, when a medicinal product targeting an unmet medical need is expected to be of major interest from a public health perspective and, in particular, from the viewpoint of therapeutic innovation. If the CHMP accepts a request for accelerated assessment, the time limit of 210 days will be reduced to 150 days (excluding clock stops). The CHMP can, however, revert to the standard time limit for the centralized procedure if it considers that it is no longer appropriate to conduct an accelerated assessment.

Unlike the centralized authorization procedure, the decentralized MA procedure requires a separate application to, and leads to separate approval by, the competent authorities of each EU Member State in which the product is to be marketed. This application is identical to the application that would be submitted to the EMA for authorization through the centralized procedure. The reference EU Member State prepares a draft assessment and drafts of the related materials within 120 days after receipt of a valid application. The resulting assessment report is submitted to the concerned EU Member States who, within 90 days of receipt, must decide whether to approve the assessment report and related materials. If a concerned EU Member State cannot approve the assessment report and related materials due to concerns relating to a potential serious risk to public health, disputed elements may be referred to the Heads of Medicines Agencies' Coordination Group for Mutual Recognition and Decentralised Procedures—Human (CMDh), for review. The subsequent decision of the European Commission is binding on all EU Member States.

The mutual recognition procedure allows companies that have a medicinal product already authorized in one EU Member State to apply for this authorization to be recognized by the competent authorities in other EU Member States. Like the decentralized procedure, the mutual recognition procedure is based on the acceptance by the competent authorities of the EU Member States of the MA of a medicinal product by the competent authorities of other EU Member States. The holder of a national MA may submit an application to the competent authority of an EU Member State requesting that this authority recognize the MA delivered by the competent authority of another EU Member State.

An MA has, in principle, an initial validity of five years. The MA may be renewed after five years on the basis of a re-evaluation of the risk-benefit balance by the EMA or by the competent authority of the EU Member State in which the original MA was granted. To support the application, the MA holder must provide the EMA or the competent authority with a consolidated version of the eCTD (Common Technical Document) providing up-to-date data concerning the quality, safety and efficacy of the product, including all variations introduced since the MA was granted, at least nine months before the MA ceases to be valid. The European Commission or the competent authorities of the EU Member States may decide on justified grounds relating to pharmacovigilance to proceed with one further five-year renewal period for the MA. Once subsequently definitively renewed, the MA shall be valid for an unlimited period. Any authorization which is not followed by the actual placing of the medicinal product on the EU market (for a centralized MA) or on the market of the authorizing EU Member State within three years after authorization ceases to be valid (the so-called sunset clause).

Innovative products that target an unmet medical need and are expected to be of major public health interest may be eligible for a number of expedited development and review programs, such as the PRIority MEdicines (PRIME), scheme, which provides incentives similar to the breakthrough therapy designation in the U.S. PRIME is a voluntary scheme aimed at enhancing the EMA's support for the development of medicinal products that target unmet medical needs. Eligible products must target conditions for which there is an unmet medical need (there is no satisfactory method of diagnosis, prevention or treatment in the EU or, if there is, the new medicinal product will bring a major therapeutic advantage) and they must demonstrate the potential to address the unmet medical need by introducing new methods of therapy or improving existing ones. Benefits accrue to sponsors of drug candidates with PRIME designation, including but not limited to, early and proactive regulatory dialogue with the EMA, frequent discussions on clinical trial designs and other development program elements, and potentially accelerated MAA assessment once a dossier has been submitted.

In the EU, a "conditional" MA may be granted in cases where all the required safety and efficacy data are not yet available. The European Commission may grant a conditional MA for a medicinal product if it is demonstrated that all of the following criteria are met: (i) the benefit-risk balance of the medicinal product

is positive; (ii) it is likely that the applicant will be able to provide comprehensive data post-authorization; (iii) the medicinal product fulfils an unmet medical need; and (iv) the benefit of the immediate availability to patients of the medicinal product is greater than the risk inherent in the fact that additional data are still required. The conditional MA is subject to conditions to be fulfilled for generating the missing data or ensuring increased safety measures. It is valid for one year and must be renewed annually until all related conditions have been fulfilled. Once any pending studies are provided, the conditional MA can be converted into a traditional MA. However, if the conditions are not fulfilled within the timeframe set by the EMA and approved by the European Commission, the MA will cease to be renewed.

An MA may also be granted "under exceptional circumstances" where the applicant can show that it is unable to provide comprehensive data on efficacy and safety under normal conditions of use even after the product has been authorized and subject to specific procedures being introduced. These circumstances may arise in particular when the intended indications are very rare and, in the state of scientific knowledge at that time, it is not possible to provide comprehensive information, or when generating data may be contrary to generally accepted ethical principles. Like a conditional MA, an MA granted in exceptional circumstances is reserved to medicinal products intended to be authorized for treatment of rare diseases or unmet medical needs for which the applicant does not hold a complete data set that is required for the grant of a standard MA. However, unlike the conditional MA, an applicant for authorization in exceptional circumstances is not subsequently required to provide the missing data. Although the MA "under exceptional circumstances" is granted definitively, the risk-benefit balance of the medicinal product is reviewed annually, and the MA will be withdrawn if the risk-benefit ratio is no longer favorable.

Manufacturing regulation in the EU

Various requirements apply to the manufacturing and placing on the EU market of medicinal products. The manufacturing of medicinal products in the EU requires a manufacturing authorization and import of medicinal products into the EU requires a manufacturing authorization allowing for import. The manufacturing authorization holder must comply with various requirements set out in the applicable EU laws, regulations and guidance, including EU cGMP standards. Similarly, the distribution of medicinal products within the EU is subject to compliance with the applicable EU laws, regulations and guidelines, including the requirement to hold appropriate authorizations for distribution granted by the competent authorities of EU Member States. Marketing authorization holders and/or manufacturing and import authorization (MIA) holders and/or distribution authorization holders may be subject to civil, criminal or administrative sanctions, including suspension of manufacturing authorization, in case of non-compliance with the EU or EU Member States' requirements applicable to the manufacturing of medicinal products.

Post-approval requirements

Where an MA is granted in relation to a medicinal product in the EU, the holder of the MA is required to comply with a range of regulatory requirements applicable to the manufacturing, marketing, promotion and sale of medicinal products. Similar to the United States, both MA holders and manufacturers of medicinal products are subject to comprehensive regulatory oversight by the EMA, the European Commission and/or the competent regulatory authorities of the individual EU Member States. The holder of an MA must establish and maintain a pharmacovigilance system and appoint an individual qualified person for pharmacovigilance who is responsible for oversight of that system. Key obligations include expedited reporting of suspected serious adverse reactions and submission of periodic safety update reports (PSURs).

All new MAAs must include a risk management plan (RMP), describing the risk management system that the company will put in place and documenting measures to prevent or minimize the risks associated with the product. The regulatory authorities may also impose specific obligations as a condition of the MA. Such risk-minimization measures or post-authorization obligations may include additional safety monitoring, more frequent submission of PSURs, or the conduct of additional clinical trials or post-authorization safety studies.

In the EU, the advertising and promotion of medicinal products are subject to both EU and EU Member States' laws governing promotion of medicinal products, interactions with physicians and other healthcare professionals, misleading and comparative advertising and unfair commercial practices. Although general requirements for advertising and promotion of medicinal products are established under EU

legislation, the details are governed by regulations in individual EU Member States and can differ from one country to another. For example, applicable laws require that promotional materials and advertising in relation to medicinal products comply with the product's Summary of Product Characteristics (SmPC), as approved by the competent authorities in connection with an MA. The SmPC is the document that provides information to physicians concerning the safe and effective use of the product. Promotional activity that does not comply with the SmPC is considered off-label and is prohibited in the EU. Direct-to-consumer advertising of prescription medicinal products is also prohibited in the EU.

Data and marketing exclusivity

The EU also provides opportunities for market exclusivity. Upon receiving an MA in the EU, innovative medicinal products generally receive eight years of data exclusivity and an additional two years of market exclusivity. If granted, data exclusivity prevents generic or biosimilar applicants from referencing the innovator's pre-clinical and clinical trial data contained in the dossier of the reference product when applying for a generic or biosimilar marketing authorization during a period of eight years from the date on which the reference product was first authorized in the EU. During the additional two-year period of market exclusivity, a generic or biosimilar marketing authorization can be submitted, and the innovator's data may be referenced, but no generic or biosimilar product can be marketed until the expiration of the market exclusivity period. The overall ten-year period will be extended to a maximum of eleven years if, during the first eight years of those ten years, the marketing authorization holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to authorization, is held to bring a significant clinical benefit in comparison with existing therapies.

In the EU, there is a special regime for biosimilars, or biological medicinal products that are similar to a reference medicinal product but that do not meet the definition of a generic medicinal product. For such products, the results of appropriate preclinical or clinical trials must be provided in support of an application for marketing authorization. Guidelines from the EMA detail the type of quantity of supplementary data to be provided for different types of biological product.

Pediatric development

In the EU, Regulation (EC) No 1901/2006 provides that all marketing authorization applications for new medicinal products must include the results of trials conducted in the pediatric population, in compliance with a pediatric investigation plan (PIP), agreed with the EMA's Pediatric Committee (PDCO). The PIP sets out the timing and measures proposed to generate data to support a pediatric indication of the medicinal product for which marketing authorization is being sought. The PDCO may grant a deferral of the obligation to implement some or all of the measures provided in the PIP until there are sufficient data to demonstrate the efficacy and safety of the product in adults. Furthermore, the obligation to provide pediatric clinical trial data can be waived by the PDCO when these data are not needed or appropriate because the product is likely to be ineffective or unsafe in children, the disease or condition for which the product is intended occurs only in adult populations, or when the product does not represent a significant therapeutic benefit over existing treatments for pediatric patients. Once the marketing authorization is obtained in all EU Member States and study results are included in the product information, even when negative, the product is eligible for a six-month extension to the Supplementary Protection Certificate (SPC), if any is in effect at the time of authorization or, in the case of orphan medicinal products, a two-year extension of orphan market exclusivity. For other countries outside of the EU, such as certain countries in Eastern Europe, Latin America or Asia, the requirements governing the conduct of clinical trials, product approval, pricing and reimbursement vary from country to country. In all cases, the clinical trials are to be conducted in accordance with GCP and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki.

Orphan designation

In the EU, Regulation (EC) No. 141/2000, as implemented by Regulation (EC) No. 847/2000 provides that a medicinal product can be designated as an orphan medicinal product by the European Commission if its sponsor can establish that: (i) the product is intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating conditions; (ii) either (a) such condition affects not more than 5 in

10,000 persons in the EU when the application is made, or (b) the product without the benefits derived from orphan status, would not generate sufficient return in the EU to justify the necessary investment in developing the medicinal product; and (iii) there exists no satisfactory authorized method of diagnosis, prevention, or treatment of the condition that has been authorized in the EU, or even if such method exists, the product will be of significant benefit to those affected by that condition.

Regulation (EC) No 847/2000 sets out further provisions for implementation of the criteria for designation of a medicinal product as an orphan medicinal product. An application for the designation of a medicinal product as an orphan medicinal product must be submitted at any stage of development of the medicinal product but before filing of an MAA. An MA for an orphan medicinal product may only include indications designated as orphan. For non-orphan indications treated with the same active pharmaceutical ingredient, a separate marketing authorization has to be sought.

Orphan medicinal product designation entitles an applicant to incentives such fee reductions or fee waivers, protocol assistance, and access to the centralized marketing authorization procedure. Upon grant of a marketing authorization, orphan medicinal products are entitled to a ten-year period of market exclusivity for the approved therapeutic indication, which means that the EMA cannot accept another MAA or accept an application to extend an MA for a similar medicinal product and the European Commission cannot grant an MA for the same indication for a period of ten years. The period of market exclusivity is extended by two years for orphan medicinal products that have also complied with an agreed PIP. No extension to any supplementary protection certificate can be granted on the basis of pediatric studies for orphan indications. Orphan medicinal product designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process.

The period of market exclusivity may, however, be reduced to six years if, at the end of the fifth year, it is established that the product no longer meets the criteria on the basis of which it received orphan medicinal product destination, including where it can be demonstrated on the basis of available evidence that the original orphan medicinal product is sufficiently profitable not to justify maintenance of market exclusivity or where the prevalence of the condition has increased above the threshold. Additionally, an MA may be granted to a similar medicinal product with the same orphan indication during the 10 year exclusivity period if: (i) the MA holder for the authorized orphan product consents to a second orphan medicinal product application, (ii) the manufacturer of the authorized orphan medicinal product is unable to supply sufficient quantities of the product; or (iii) the second applicant can establish that its product, although similar to an authorized orphan product, is safer, more effective or otherwise clinically superior to the authorized orphan medicinal product. A company may voluntarily remove a product from the register of orphan products.

Clinical trial data disclosure

Many jurisdictions have mandatory clinical trial information obligations incumbent on sponsors. In the EU, transparency requirements relating to clinical trial information are established in the CTR. The CTR establishes a general principle according to which information contained in CTIS shall be made publicly accessible unless confidentiality is justified on grounds of protecting personal data, or commercially confidential information, necessary to protect confidential communications between EU Member States in relation to the preparation of an assessment report, or necessary to ensure effective supervision of the conduct of a clinical trial by EU Member States. This confidentiality exception may be overruled if there is an overriding public interest in disclosure. The publication of data and documents in relation to the conduct of a clinical trial will take place in accordance with specific timelines. The timelines are established by the EMA and are determined based on the documents and the categorization of the clinical trial. In addition, sponsors of clinical trials may apply for deferral of publication of certain documents at the time of submission of the initial clinical trial application. The application for deferral of publication should be based on justified grounds and include a reasoned proposed deferral period. Applications for deferral of publication are subject to the approval of concerned EU Member States.

In addition, Regulation No. 1049/2001 on access to documents, or the ATD Regulation, and the related EMA policy 0043 on access to documents, provide for a wide right for EU-based interested parties to submit an access to documents request to the EMA to access certain information held by the EMA. Only very limited information is exempted from disclosure (i.e., commercially confidential information, which is

construed increasingly narrowly and protected personal data). It is possible for competitors to access and use this data in their own research and development programs anywhere in the world, once these data are in the public domain.

Pricing, coverage and reimbursement

In the EU, pricing and reimbursement schemes vary widely from country to country. Some countries provide that products may be marketed only after a reimbursement price has been agreed. Other countries may require the completion of additional studies that compare the cost-effectiveness of a particular drug candidate to currently available therapies (so called health technology assessments) in order to obtain reimbursement or pricing approval. For example, some EU Member States may approve a specific price for a product, or they may instead adopt a system of direct or indirect controls on the profitability of the company placing the product on the market. Other EU Member States allow companies to fix their own prices for products but monitor and control prescription volumes and issue guidance to physicians to limit prescriptions. Recently, many EU Member States have increased the amount of discounts that pharmaceutical companies are requirement to offer. These efforts could continue as countries attempt to manage healthcare expenditures. The downward pressure on healthcare costs in general, particularly prescription products, has become intense. As a result, increasingly high barriers are being erected to the entry of new products onto national markets. Political, economic, and regulatory developments may further complicate pricing negotiations, and pricing negotiations may continue after reimbursement has been obtained. Reference pricing used by various EU Member States, and parallel trade (arbitrage between low-priced and high-priced member states), can further reduce prices.

In addition, some EEA countries may require the completion of additional studies that compare the cost-effectiveness of a particular medicinal drug candidate to currently available therapies. This Health Technology Assessment (HTA), process is the procedure according to which the assessment of the public health impact, therapeutic impact and the economic and societal impact of use of a given medicinal product in the national healthcare systems of the individual country is conducted. The outcome of HTA regarding specific medicinal products will often influence the pricing and reimbursement status granted to these medicinal products by the competent authorities of individual EU Member States. In December 2021 the EU HTA Regulation was adopted. The purpose of the Regulation is to introduce joint clinical assessments at EU level. When it enters into application in 2025 the Regulation will be intended to harmonize the clinical benefit assessment of HTA across the European Union.

Regulation of Companion Diagnostics in the EU

In the EU, companion diagnostics are considered to be *in vitro* diagnostic medical devices and are governed by Regulation 2017/746 (IVDR), which entered into application in May 2022, repealing and replacing Directive 98/79/EC. The IVDR defines companion diagnostics as a device that is essential for the safe and effective use of a corresponding medicinal product to: (a) identify, before and/or during treatment, patients who are most likely to benefit from the corresponding medicinal product; or (b) identify, before and/or during treatment, patients likely to be at increased risk of serious adverse reactions as a result of treatment with the corresponding medicinal product.

The IVDR regulates the placing on the market, the general safety and performance requirements, the conformity assessment procedures, CE-marking, registration obligations for manufacturers and devices as well as the vigilance and post-market surveillance requirements related to such products. IVDs, including companion diagnostics, must conform with the general safety and performance requirements, or GSPR, of the IVDR. To demonstrate compliance with the GSPR laid down in Annex I to the IVDR, the manufacturer must conduct a conformity assessment procedure.

Companion diagnostics are specifically identified as falling within the scope of the IVDR. Prior to CE marking and marketing in the EU they must be the subject of a conformity assessment process that includes the intervention of a notified body. If the related medicinal product has been, or is in the process of being authorised through the centralized procedure for the authorization of medicinal products, the notified body will, before it can issue a CE Certificate of Conformity, be required to seek a scientific opinion from the EMA on the suitability of the companion diagnostic for use in relation to the medicinal product concerned.

For medicinal products that have been or are in the process of authorisation through any other route provided in EU legislation, the notified body must seek the opinion of the national competent authority of an EU Member State.

Brexit

Following the result of a referendum in 2016, the United Kingdom left the European Union in January 2020, commonly referred to as Brexit. Pursuant to the formal withdrawal arrangements agreed between the United Kingdom and the European Union, the United Kingdom was subject to a transition period until December 2020 (the Transition Period) during which European Union rules continued to apply. The United Kingdom and the European Union have signed a EU-UK Trade and Cooperation Agreement (TCA), which became provisionally applicable in January 2021 and has been fully applicable since May 2021. The TCA primarily focuses on ensuring free trade between the European Union and the United Kingdom in relation to goods, including medicinal products. Although the body of the TCA includes general terms which apply to medicinal products, greater detail on sector-specific issues is provided in an Annex to the TCA. The Annex provides a framework for the recognition of Good Manufacturing Practice (GMP), inspections and for the exchange and acceptance of official GMP documents. The regime does not, however, extended to procedures such as batch release certification. The TCA does not provide for wholesale mutual recognition of UK and European Union pharmaceutical regulations.

As regards marketing authorizations, Great Britain has a separate regulatory submission process, approval process and a national marketing authorization. Under the Northern Ireland protocol, Northern Ireland is, for the time being, covered by the marketing authorizations granted by the European Commission. Since January 1, 2021, an applicant for a centralized procedure marketing authorization in the EU can no longer be established in the United Kingdom. Since this date, companies established in the United Kingdom cannot use the centralized procedure and instead must follow one of the UK national authorization procedures to obtain an MA to market products in the United Kingdom. Until December 2023, the MHRA may rely on a decision taken by the European Commission on the approval of a new centralized procedure marketing authorization when determining an application for a Great Britain marketing authorization; or use the MHRA's decentralized or mutual recognition procedures which enable marketing authorizations approved in EU Member States through decentralized and mutual recognition procedures to be granted in the United Kingdom or Great Britain. The MHRA has been updating various aspects of the regulatory regime for medicinal products in the United Kingdom. These include: introducing the Innovative Licensing and Access Procedure to accelerate the time to market and facilitate patient access for innovative medicinal products; updates to the UK national approval procedure, introducing a 150-day objective for assessing applications for marketing authorizations in the United Kingdom, Great Britain and Northern Ireland and a rolling review process for marketing authorization applications (rather than a consolidated full dossier submission). The MHRA has also announced a new framework for marketing authorizations that will be put in place from January 1, 2024, where the MHRA will take into account decisions on the approval of MAs from the EMA (and certain other regulators) when considering an application for a Great Britain MA.

Orphan designation in Great Britain following Brexit is, unlike in the EU, not available pre-marketing authorization. Applications for orphan designation are made at the same time as an application for a marketing authorization. The criteria to be granted an orphan medicinal product designation or essentially identical to those in the EU but based on the prevalence of the condition in Great Britain. It is therefore possible that conditions that were or would have been designated as orphan conditions in Great Britain prior to the end of the Transition Period are or would no longer be and that conditions that were not or would not have been designated as orphan conditions in the EU will be designated as such in Great Britain.

The UK regulatory framework in relation to clinical trials is derived from the EU Clinical Trials Directive (as implemented into UK law, through secondary legislation). In January 2022, the MHRA launched an eight-week consultation on reframing the UK legislation for clinical trials. The consultation closed in March 2022 and aims to streamline clinical trials approvals, enable innovation, enhance clinical trials transparency, enable greater risk proportionality, and promote patient and public involvement in clinical trials. The outcome of the consultation will be closely watched and will determine whether the United Kingdom chooses to align with the CTR or diverge from it to maintain regulatory flexibility.

For other countries outside of the EU, such as countries in Eastern Europe, Latin America or Asia, the requirements governing the conduct of clinical trials, product licensing, pricing and reimbursement vary from country to country. In all cases, again, the clinical trials are conducted in accordance with GCP and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki.

If we or our potential collaborators fail to comply with applicable foreign regulatory requirements, we may be subject to, among other things, fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

Employees and human capital resources

As of December 31, 2022, we had a total of 10 employees, one of which works on a part-time basis. We have in the past, and may in the future, retain additional expert consultants if required in connection with our plans. We are not a party to any collective bargaining agreements.

We recognize that our continued ability to attract, retain and motivate exceptional employees is vital to ensuring our long-term competitive advantage. Our employees are critical to our long-term success and are essential to helping us meet our goals. Among other things, we support and incentivize our employees in the following ways:

- Talent development, compensation and retention—We strive to provide our employees with a rewarding work environment, including the opportunity for success and a platform for personal and professional development. We provide a competitive benefits package designed to attract and retain a skilled and diverse workforce. We also offer employees a 401(k) plan.
- Health and safety—Employee health and safety in the workplace is one of our core values. One of the ways in which we support the health and safety of our employees includes a generous health insurance program.
- Inclusion and diversity—We are committed to efforts to increase diversity and foster an inclusive work environment that supports our workforce.

Facilities

Our headquarters is currently located in San Mateo, California and consists of approximately 3,000 square feet of office space under a lease that expires June 2024. We believe that our facilities are adequate to meet our current needs. We plan to reassess our facilities needs on a quarterly basis.

Legal proceedings

From time to time, we may become involved in material legal proceedings or be subject to claims arising in the ordinary course of our business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business.

We are currently not party to any legal proceedings material to our operations or of which any of our property is the subject, nor are we aware of any such proceedings that are contemplated by a government authority. Regardless of outcome, such proceedings or claims can have an adverse impact on us because of defense and settlement costs, diversion of resources and other factors, and there can be no assurances that favorable outcomes will be obtained.

MANAGEMENT

Executive officers, key employees and directors

The following table sets forth information regarding our executive officers, key employees and directors as of March 15, 2023.

Name	Age	Position
Executive Officers:		
David Happel	60	President, Chief Executive Officer and Director
Dennis Hom	47	Chief Financial Officer
Eduardo Bruno Martins, M.D., D.Phil.	60	Chief Medical Officer
Key Employee and Director:		
George Kemble, Ph.D.	62	Executive Chairman of the Board
Non-Employee Directors:		
Elizabeth Grammer, Esq.[3]	59	Director
Merdad Parsey, M.D., Ph.D.[1]	60	Director
Gordon Ringold, Ph.D.[2]	72	Director
Richard Rodgers[1][3]	56	Director
Beth Seidenberg, M.D.[1]	66	Director
Jinzi J. Wu, Ph.D.[2]	60	Director
James F. Young, Ph.D.[3]	70	Director

(1) Member of the compensation committee.

(2) Member of the nominating and corporate governance committee.

(3) Member of the audit committee.

Executive officers

David Happel has been our chief executive officer and a director since October 2022. From March 2020 through October 2022, he was president and chief executive officer of Cognoa Inc., a pediatric behavioral health company developing AI-based technologies for developmental and behavioral health conditions, including the first FDA-authorized diagnostic aid, Canvas Dx, for autism. From February 2018 to March 2020, Mr. Happel was previously president and chief executive officer and a board member of Chrono Therapeutics Inc. In addition, he has held several executive and commercial positions at Horizon Therapeutics PLC (Nasdaq: HZNP), Raptor Pharmaceuticals Corp., Dynavax Technologies Corporation (Nasdaq: DVAX) and Chiron Corporation. Mr. Happel has a B.A. in chemistry from Indiana University and an M.B.A. from Indiana State University. We believe that Mr. Happel is qualified to serve on our board of directors due to his significant leadership experience in the life science industry.

Dennis Hom has been our chief financial officer and head of corporate development since October 2017. From April 2014 until October 2017, Mr. Hom was self-employed as a consultant, providing financial advisory services to a number of biotechnology companies, including our company beginning in April 2015. From January 2013 to March 2014, Mr. Hom was vice president, finance and corporate development at Achaogen, Inc.. From 2011 to 2012, Mr. Hom was executive director, corporate development at Amgen Inc., a biotechnology company. From 2005 to 2011, Mr. Hom held various positions in mergers and acquisitions, business development and licensing and sales at Novartis AG, a pharmaceutical and healthcare products company. Prior to Novartis AG, Mr. Hom worked in investment banking at a number of firms, including at J.P. Morgan Chase & Co. and predecessor firm Hambrecht & Quist. Mr. Hom holds a B.S. in biology from the Massachusetts Institute of Technology.

Eduardo Bruno Martins, M.D., D.Phil. has been our chief medical officer since February 2021. In September 2017, Dr. Martins co-founded Bruno Martins Consulting LLC, a boutique consulting firm that

provides scientific advice and services to biotechnology and pharmaceutical companies. From May 2020 to December 2020, prior to joining us, he served as vice president of clinical development at Abbvie Inc. Prior to that, from August 2018 to May 2020, he served as vice president of clinical development—liver disease for Allergan, Inc. From November 2015 to August 2017, Dr. Martins served as senior vice president of liver and infectious disease drug development at Eiger Biopharmaceuticals, Inc., a biopharmaceutical company. From December 2010 to October 2015, he also served as senior director of medical affairs for hepatitis at Gilead Sciences, Inc., a biopharmaceutical company. Dr. Martins received his M.D. from the Universidade Federal do Rio de Janeiro in Rio de Janeiro, Brazil and his D.Phil. from the University of Oxford in Oxford, England.

Key employee and director

George Kemble, Ph.D. has been a director since October 2015 and has served as our executive chairman of the board and overseeing research and development since October 2022. He previously served as our chief executive officer from October 2015 through October 2022, in addition to serving as our chief scientific officer from August 2011 through October 2022. From 2001 through 2011, he held various leadership positions at MedImmune LLC, a biologics company and subsidiary of AstraZeneca PLC beginning in 2007, including vice president of research & development for vaccines, senior vice president of research for biologics and general manager of the California operations. Early in his career, from 1993 until 2001, he was a research scientist at Aviron Ltd. focusing on viral vaccine technologies. He received his B.S. in biology from Santa Clara University, a Ph.D. from Stanford University from the department of microbiology and immunology and held a postdoctoral research fellowship at University of California, San Francisco. We believe that Dr. Kemble's experience with scientific programs spanning stages from early research through licensure combined with his leadership of organizations integrating both scientific and business disciplines is important for leadership of this company.

Non-employee directors

Elizabeth Grammer, Esq., has served as a member of our board of directors since April 2021. Since January 2020, Ms. Grammer has served as the chief legal and administrative officer of Ardelyx, Inc. (Nasdaq: ARDX). From May 2014 to January 2020, she served as the general counsel of Ardelyx, Inc. and from December 2012 until May 2014, she served as the vice president of legal affairs of Ardelyx, Inc. From 2006 to December 2012, Ms. Grammer served as an independent outside corporate counsel for public and private biotechnology companies. From 2001 to 2006, Ms. Grammer served as vice president and general counsel of Trine Pharmaceuticals, Inc. In addition, Ms. Grammer previously served as independent outside corporate counsel to GelTex Pharmaceuticals Inc. Ms. Grammer received a B.A. in political science from Boston University and a J.D. from Stanford Law School. We believe that Ms. Grammer is qualified to serve on our board of directors due to her extensive experience in pharmaceuticals and law.

Merdad Parsey, M.D. Ph.D. has served as a member of our board of directors since September 2010. From September 2010 to October 2015, Dr. Parsey served as chief executive officer of our company. Since November 2019, Dr. Parsey has served as executive vice president and chief medical officer at Gilead Sciences, Inc. Previously, Dr. Parsey joined Genentech, Inc. in 2006 initially leading the respiratory group and subsequently overseeing early clinical development for the immunology, tissue growth and repair portfolio in 2008. From October 2015 to November 2019, Dr. Parsey served as senior vice president of early clinical development at Genentech, Inc. Dr. Parsey received his B.S. in microbiology and immunology at the University of Maryland, his M.D. and Ph.D. in immunology at the University of Maryland at Baltimore. He completed his internal medicine residency at Stanford University and his pulmonary and critical care fellowship at the University of Colorado. He was assistant professor of medicine and director of critical care medicine at the NYU School of Medicine and has been in clinical development roles at Merck & Co., Inc., Regeneron Pharmaceuticals, Inc. and Sunovion Pharmaceuticals, Inc. (fka Sepracor, Inc.). Dr. Parsey has served on the board of directors of Arcus Biosciences, Inc. (NYSE: RCUS) since July 2020. We believe Dr. Parsey is well-suited to serve on our board due to his years of experience in clinical drug development, medical practice and extensive scientific experience.

Gordon Ringold, Ph.D. has served as a member of our board of directors since March 2009. Since January 2015, Dr. Ringold has served as the president and chief executive officer of Quadriga BioSciences,

Inc. From March 2000 to December 2013, Dr. Ringold served as chairman and chief executive officer of Alavita, Inc., a biotechnology company. From June 2001 until September 2016, Dr. Ringold served as a director of Alexza Pharmaceuticals, Inc. (Nasdaq: ALXA). From 1997 to 2013, Dr. Ringold served as a member of the board of directors of Maxygen, Inc., formerly a publicly-traded biopharmaceutical company. From 2014 to March 2021, Dr. Ringold served on the board of directors of Ardelyx, Inc. (Nasdaq: ARDX). Since July 2022, he has served on the board of directors of Apexigen, Inc. (Nasdaq: APGN). Dr. Ringold received a Ph.D. in microbiology from University of California, San Francisco, in the laboratory of Dr. Harold Varmus before joining the Stanford University School of Medicine, department of pharmacology. Dr. Ringold also received a B.S. in biology from the University of California, Santa Cruz. We believe that Dr. Ringold is qualified to serve on our board of directors due to his significant life science industry experience, including as a chief executive officer, and service on other boards of directors of publicly-traded life sciences companies.

Richard Rodgers has served as a member of our board of directors since March 2015. From 2010 to 2013, Mr. Rodgers was co-founder, executive vice president, chief financial officer, secretary, and treasurer of TESARO, Inc., a biopharmaceutical company that was acquired in January 2019 by GSK. From 2009 to 2010, Mr. Rodgers served as the chief financial officer and senior vice president of Abraxis BioScience, Inc., a biotechnology company that was acquired by Celgene. From 2004 to 2008, he served as senior vice president, controller and chief accounting officer of MGI PHARMA, Inc., which was acquired in January 2008 by Eisai Co. Ltd. Mr. Rodgers has held finance and accounting positions at several private and public companies, including Arthur Anderson & Co. Mr. Rodgers currently serves on the board of directors of Ardelyx, Inc. (Nasdaq: ARDX), Novavax, Inc. (Nasdaq: NVAX) and Ocuphire Pharma, Inc. (Nasdaq: OCUP). Mr. Rodgers received a B.S. in financial accounting from St. Cloud State University and his M.B.A. in finance from the University of Minnesota, Carlson School of Business. We believe that Mr. Rodgers is qualified to serve on our board of directors due to his financial background, significant industry experience, and service on other boards of directors of publicly-traded life sciences companies.

Beth Seidenberg, M.D. has served as a member of our board of directors since April 2007. Dr. Seidenberg has been a managing director of Westlake Village BioPartners, a venture capital firm she founded in September 2018. Since May 2005, Dr. Seidenberg has been a general partner at Kleiner Perkins Caufield & Byers, LLC, a venture capital firm, where she has primarily focused on life science investing. Dr. Seidenberg was previously the senior vice president, head of global development and chief medical officer at Amgen Inc. In addition, Dr. Seidenberg was a senior executive in research and development at Bristol Myers Squibb Company and Merck & Co., Inc. From February 2008 to September 2019, Dr. Seidenberg served as a director of Epizyme, Inc. (Nasdaq: EPZM). Dr. Seidenberg served on the boards of directors of TESARO, Inc. and ARMO BioSciences, Inc. from June 2011 to February 2019, and December 2012 to June 2018, respectively. Dr. Seidenberg received a B.S. in biology and anthropology from Barnard College and an M.D. from the University of Miami School of Medicine and completed her post-graduate training at Johns Hopkins University, George Washington University and the National Institutes of Health. Dr. Seidenberg serves on the boards of directors of Atara Biotherapeutics, Inc. (Nasdaq: ATRA), Vera Therapeutics, Inc. (Nasdaq: VERA), and Progyny, Inc. (Nasdaq: PGNY), and several privately held life sciences companies. We believe that Dr. Seidenberg is qualified to serve on our board of directors due to her training as a physician and her experience in the life sciences industry as a senior executive and venture capitalist who has incubated and invested in twenty-five biotechnology ventures.

Jinzi J. Wu, Ph.D. has served as a member of our board of directors since February 2019. In 2013, Dr. Wu founded Ascletis BioScience Co., Ltd., where he has served as chief executive officer since founding. In 2011, he co-founded Ascletis Pharmaceuticals (Hangzhou) Co., Ltd., where he has served as chief executive officer since its founding. From June 2008 to February 2011, Dr. Wu served as a vice president of the HIV drug discovery performance unit in the United States of GlaxoSmithKline plc (NYSE: GSK). From June 2004 to June 2008, Dr. Wu served as a vice president of pre-clinical and basic research at Ambrilia Biopharma, Inc. (formerly known as Procyon), where he was mainly responsible for overseeing research and development in areas of anti-viral and anti-cancer drugs. From 2002 to 2004, Dr. Wu served at PhageTech Inc., as a vice president of research and development. Dr. Wu also worked at Immunex Corporation as a group leader of small molecule drug discovery in 2002 prior to joining PhageTech Inc. From 1997 to 2000, Dr. Wu served as a senior scientist at Novartis Pharmaceuticals Corporation (NYSE: NVS). Dr. Wu received his B.S. in physiology from Nanjing University in the People’s Republic of China, his M.S. in

physiology from Nanjing University and his Ph.D. in cancer biology from University of Arizona. We believe that Dr. Wu is qualified to serve as a director due to his more than 17 years of experience in pharmaceutical research and development.

James F. Young, Ph.D. has served as a member of our board of directors since June 2010. Since April 2011, Dr. Young has been chairman of the board of Novavax, Inc. (Nasdaq: NVAX). From April 2010 to April 2011, he served as a director of Novavax, Inc. From September 2013 until December 2018, Dr. Young has served as the chairman of the board and chief executive officer of Targeted Microwave Solutions, Inc. (TSXV: TMS). From July 2016 until December 2018 he served as chief executive officer of Targeted Microwave Solutions, Inc. From 2000 until 2008, Dr. Young held the position of president, research and development, at MedImmune, LLC and previously served as executive vice president, research and development from 1999 to 2000, senior vice president from 1995 to 1999, and as vice president, research and development from 1989 to 1995. Dr. Young received B.S. degrees in general science and biology from Villanova University, as well as a Ph.D. in microbiology and immunology from Baylor College of Medicine. We believe that Dr. Young is qualified to serve on our board of directors due to his years of experience in the fields of molecular genetics, microbiology, immunology, and pharmaceutical development.

Family relationships

There are no family relationships among any of our executive officers or directors.

Composition of our board of directors

Our business and affairs are managed under the direction of our board of directors, which currently consists of eight members. The primary responsibilities of our board of directors are to provide oversight, strategic guidance, counseling and direction to our management. Our board of directors meets on a regular basis and additionally as required.

Certain members of our board of directors were elected under the provisions of our Amended and Restated Voting Agreement we entered into in December 2020 (the Voting Agreement) which will terminate upon the closing of this offering. Under the terms of our Voting Agreement, the stockholders who are party to the Voting Agreement have agreed to vote their respective shares to elect: (i) one director designated KPCB Holdings, Inc., currently Dr. Seidenberg; (ii) two directors designated New Enterprise Associates 13, Limited Partnership, currently vacant; (iii) one director designated by AP11 Limited, currently Dr. Jinzi Wu; (iv) one director designated by Baker Brothers Life Sciences, L.P. and 667, L.P., currently vacant; (v) one director designated by the holders of our common stock, who shall be our then-current Chief Executive Officer, currently Dr. Kemble; and (vi) three directors designated by a majority of the holders of preferred stock and common stock, voting together as a single class (on an as-converted to common stock basis), currently Dr. Ringold, Mr. Rodgers and Dr. Young. The Voting Agreement will terminate upon the closing of this offering, and upon the closing of the offering no stockholder will have any special rights regarding the election or designation of the members of our board of directors. Our current directors elected to our board of directors pursuant to the Voting Agreement will continue to serve as directors until their successors are duly elected and qualified by holders of our common stock.

On April 15, 2021, we entered into an amended and restated nominating agreement (the BBA Funds Nominating Agreement), with Baker Brothers Life Sciences L.P. and 667, L.P. (together, the BBA Funds). Pursuant to the BBA Funds Nominating Agreement, during the period beginning on the 91st day following the date of effectiveness of the registration statement of which this prospectus is a part, at any time at which the BBA Funds, together with their affiliates, collectively beneficially own (i) at least 115,207,373 shares of our Class A common stock and Class B common stock, and (ii) at least 4.9% of our then-outstanding voting common stock (such period, the Nominating Agreement Period), we will have the obligation to support the nomination of, and to cause our board of directors to include in the slate of nominees recommended to our stockholders for election, one individual designated by the BBA Funds (the Baker Designee) unless a majority of our disinterested directors reasonably and in good faith determines that a Baker Designee would not be qualified to serve as our director under law, rules of the stock exchange on which our shares are listed, or our amended and restated bylaws. If a Baker Designee resigns his or her seat on our board of directors or is removed or does not become a director for any reason, the vacancy will be filled by the election or appointment of another designee of the BBA Funds as soon as reasonably

practicable, subject to compliance with applicable laws, rules and regulations. Furthermore, during the Nominating Agreement Period, if there is no Baker Designee on our board of directors, we will have the obligation to invite one board of directors observer designee of the BBA Funds (the Baker Observer) to attend all meetings of our board of directors and all meetings of the committees of our board of directors as a nonvoting observer, subject to the Baker Observer's agreement to hold in confidence the information they receive as observers of our board of directors and committee meetings, as well as subject to their exclusion from our board of directors meetings to preserve our attorney-client privilege, to avoid conflicts of interest, if the BBA Funds is determined by our board of directors to be a competitor, or other customary conditions. The BBA Funds Nominating Agreement automatically terminates upon the earliest of (i) such time when the BBA Funds together with their affiliates no longer beneficially own at least 115,207,373 shares of our Class A common stock and Class B common stock, (ii) the third anniversary of this offering, or (iii) the consummation of a liquidation as such terms are defined in our amended and restated certificate of incorporation.

Our amended and restated certificate of incorporation and amended and restated bylaws to become effective upon the closing of this offering will permit our board of directors to establish the authorized number of directors from time to time by resolution. Each director serves until the expiration of the term for which such director was elected or appointed, or until such director's earlier death, resignation or removal. In accordance with our amended and restated certificate of incorporation that will be in effect upon the closing of this offering, our board of directors will be divided into three classes with staggered three-year terms. At each annual meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our directors will be divided among the three classes as follows:

- the Class I directors will be and their terms will expire at our first annual meeting of stockholders following this offering, to be held in 2024;
- the Class II directors will be and their terms will expire at our second annual meeting of stockholders following this offering, to be held in 2025; and
- the Class III directors will be and their terms will expire at our third annual meeting of stockholders following this offering, to be held in 2026.

We expect that any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one third of the directors. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control.

Director independence

Under the listing standards, requirements and rules of The Nasdaq Stock Market LLC (the Nasdaq Listing Rules) independent directors must comprise a majority of our board of directors as a listed company within one year of the listing date.

Our board of directors has undertaken a review of the independence of each director. Based on information provided by each director concerning her or his background, employment and affiliations, including family relationships, our board of directors has determined that Beth Seidenberg, M.D., Gordon Ringold, Ph.D., James Young, Ph.D., Jinzi Wu, Ph.D., Merdad Parsey, M.D., Ph.D., Elizabeth Grammer, Esq., and Richard Rodgers do not have relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the Nasdaq Listing Rules. Our board of directors has determined that each of Mr. Happel., by virtue of his position as our current Chief Executive Officer and Dr. Kemble, by virtue of his prior position as our former chief executive officer, are not independent under applicable rules and regulations of the SEC and the Nasdaq Listing Rules. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our shares by each non-employee director and the transactions described in "Certain relationships and related person transactions."

Board leadership structure and board's role in risk oversight

Dr. Kemble is the current executive chairman of our board of directors and Mr. Happel is our current chief executive officer, hence the roles of executive chairman of our board of directors and chief executive officer are separated. We believe that separating these positions allows our chief executive officer to focus on our day-to-day business, while allowing the executive chairman of our board to lead the board of directors in its fundamental role of providing advice to and independent oversight of management. Our board of directors recognizes the time, effort and energy that the chief executive officer is required to devote to his position in the current business environment, as well as the commitment required to serve as our chair of our board of directors, particularly as the board of directors' oversight responsibilities continue to grow. While our amended and restated bylaws and corporate governance guidelines do not require that our board chair and chief executive officer positions be separate, our board of directors believes that having separate positions is the appropriate leadership structure for us at this time and demonstrates our commitment to good corporate governance.

Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. We face a number of risks, including risks relating to our financial condition, development and commercialization activities, operations, strategic direction and intellectual property as more fully discussed in "Risk Factors" appearing elsewhere in this prospectus. Management is responsible for the day-to-day management of risks we face, while our board of directors, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, our board of directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

The role of the board of directors in overseeing the management of our risks is conducted primarily through committees of the board of directors, as disclosed in the descriptions of each of the committees below and in the charters of each of the committees. The full board of directors (or the appropriate board committee in the case of risks that are under the purview of a particular committee) discusses with management our major risk exposures, their potential impact on us, and the steps we take to manage them. When a board committee is responsible for evaluating and overseeing the management of a particular risk or risks, the chairperson of the relevant committee reports on the discussion to the full board of directors during the committee reports portion of the next board meeting. This enables the board of directors and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships.

Committees of our board of directors

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee. The composition and responsibilities of each of the committees of our board of directors are described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors. Each committee intends to adopt a written charter that satisfies the application rules and regulation of the SEC and the Nasdaq Listing Rules, which we will post to our website at sagimet.com upon the closing of this offering. Our board of directors may establish other committees as it deems necessary or appropriate from time to time.

Audit committee

Our audit committee currently consists of Richard Rodgers, Elizabeth Grammer, and James Young, each of whom our board of directors has determined satisfies the independence requirements under Nasdaq Listing Rules and Rule 10A-3(b)(1) of the Exchange Act. We intend to comply with the listing requirement of Nasdaq regarding the composition of our audit committee within the transition period for newly public companies. The chair of our audit committee is Richard Rodgers, who our board of directors has determined is an "audit committee financial expert" within the meaning of SEC regulations. Each member of our audit committee can read and understand fundamental financial statements in accordance with applicable requirements. In arriving at these determinations, our board of directors has examined each audit committee member's scope of experience and the nature of their employment in the corporate finance sector.

The primary purpose of the audit committee is to discharge the responsibilities of our board of directors with respect to our corporate accounting and financial reporting processes, systems of internal control and financial-statement audits, and to oversee our independent registered public accounting firm. Specific responsibilities of our audit committee include:

- helping our board of directors oversee our corporate accounting and financial reporting processes;
- managing the selection, engagement, qualifications, independence and performance of a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and the independent accountants, our interim and year-end operating results;
- developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- reviewing related person transactions;
- establishing insurance coverage for the company's officers and directors;
- overseeing the preparation of the company's annual proxy statement, reviewing with management the company's financial statements to be included the company's quarterly reports to be filed with the SEC, and reviewing with management the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosures in the company's periodic reports filed with the SEC;
- obtaining and reviewing a report by the independent registered public accounting firm at least annually, that describes our internal quality control procedures, any material issues with such procedures, and any steps taken to deal with such issues when required by applicable law; and
- approving, or, as permitted, pre-approving, audit and permissible non-audit services to be performed by the independent registered public accounting firm.

Our audit committee will operate under a written charter, which will be effective upon the completion of this offering, that satisfies the applicable Nasdaq Listing Rules.

Compensation committee

Our compensation committee currently consists of Beth Seidenberg, Richard Rodgers and Merdad Parsey. The chair of our compensation committee is Beth Seidenberg. Our board of directors has determined that each member of the compensation committee is independent under the Nasdaq Listing Rules and as a "non-employee director" as defined in Rule 16b-3 promulgated under the Exchange Act.

The primary purpose of our compensation committee is to discharge the responsibilities of our board of directors in overseeing our compensation policies, plans and programs and to review and determine the compensation to be paid to our executive officers, directors and other senior management, as appropriate. Specific responsibilities of our compensation committee include:

- reviewing and approving the compensation of our chief executive officer, other executive officers and senior management;
- reviewing and recommending to our board of directors the compensation paid to our directors;
- reviewing and approving the compensation arrangements with our executive officers and other senior management;
- administering our equity incentive plans and other benefit programs;
- reviewing, adopting, amending and terminating, incentive compensation and equity plans, severance agreements, profit sharing plans, bonus plans, change-of-control protections and any other compensatory arrangements for our executive officers and other senior management;
- reviewing, evaluating and recommending to our board of directors succession plans for our executive officers; and

- reviewing and establishing general policies relating to compensation and benefits of our employees, including our overall compensation philosophy.

Our compensation committee will operate under a written charter, which will be effective upon the completion of this offering, that satisfies the applicable Nasdaq Listing Rules.

Nominating and corporate governance committee

Our nominating and corporate governance committee currently consists of Gordon Ringold and Jinzi Wu. The chair of our nominating and corporate governance committee is Gordon Ringold. Our board of directors has determined that each member of the nominating and corporate governance committee is independent under the Nasdaq Listing Rules, a non-employee director, and free from any relationship that would interfere with the exercise of his or her independent judgment.

Specific responsibilities of our nominating and corporate governance committee include:

- identifying and evaluating candidates, including the nomination of incumbent directors for reelection and nominees recommended by stockholders, to serve on our board of directors;
- considering and making recommendations to our board of directors regarding the composition and chairmanship of the committees of our board of directors;
- instituting plans or programs for the continuing education of our board of directors and orientation of new directors;
- developing and making recommendations to our board of directors regarding corporate governance guidelines and matters; and
- overseeing periodic evaluations of the board of directors' performance, including committees of the board of directors and management.

Our nominating and corporate governance committee will operate under a written charter, which will be effective upon the completion of this offering, that satisfies the applicable Nasdaq Listing Rules.

Code of business conduct and ethics

In connection with this offering, we intend to adopt a written Code of Business Conduct and Ethics that applies to all our employees, officers and directors. This includes our principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions. The full text of our Code of Business Conduct and Ethics will be posted on our website at sagimet.com. We intend to disclose on our website any future amendments of our Code of Business Conduct and Ethics or waivers that exempt any principal executive officer, principal financial officer, principal accounting officer or controller, persons performing similar functions or our directors from provisions in the Code of Business Conduct and Ethics. Information contained on, or accessible through, our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is only an inactive textual reference.

Compensation committee interlocks and insider participation

None of the members of the compensation committee is currently, or has been at any time, one of our officers or employees. None of our officers currently serves, or has served during the last calendar year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Non-employee director compensation

We do not currently have a formal compensation policy for our directors, although in 2022, we elected to award our non-employee independent directors, as well as our employee executive chairman (as provided in his offer letter), $40,000 of cash compensation for their services on the board of directors. The following table sets forth information regarding the compensation earned by or paid to our non-employee directors during the year ended December 31, 2022. David Happel, our president and chief executive officer, and

George Kemble, our former president, chief executive officer and chief scientific officer and current executive chairman, are employee members of our board of directors. Mr. Happel did not receive any additional compensation for service as a director in 2022. Dr. Kemble became our executive chairman in October 2022 and the director fees he earned in connection with that position are included below in "Executive Compensation—2022 summary compensation table" under "All Other Compensation." The compensation of Mr. Happel and Dr. Kemble as named executive officers is set forth below in "Executive Compensation—2022 summary compensation table."

2022 non-employee director compensation

Name	Fees Earned or Paid in Cash ($)	Total ($)
Elizabeth Grammer[1]	$40,000	$40,000
Merdad Parsey, M.D., Ph.D[2]	40,000	40,000
Gordon Ringold, Ph.D[3]	40,000	40,000
Richard Rodgers[4]	40,000	40,000
Beth Seidenberg, M.D.[5]	—	—
James F. Young, Ph.D.[6]	40,000	40,000
Jinzi J. Wu, Ph.D.[7]	—	—

(1) As of December 31, 2022, Ms. Grammer held 3,936,808 unexercised stock options.

(2) As of December 31, 2022, Dr. Parsey held 4,183,501 unexercised stock options.

(3) As of December 31, 2022, Dr. Ringold held 3,867,808 unexercised stock options.

(4) As of December 31, 2022, Mr. Rodgers held 3,897,024 unexercised stock options.

(5) As of December 31, 2022, Dr. Seidenberg held 1,845,204 unexercised stock options.

(6) As of December 31, 2022, Dr. Young held 3,867,808 unexercised stock options.

(7) As of December 31, 2022, Dr. Wu held 1,845,204 unexercised stock options.

In addition, we have reimbursed and will continue to reimburse all of our non-employee directors for their reasonable out-of-pocket expenses incurred in attending board of directors and committee meetings.

We intend to approve and implement a compensation policy for our non-employee directors, to be effective in connection with the consummation of this offering.

EXECUTIVE COMPENSATION

The following discussion contains forward-looking statements that are based on our current plans and expectations regarding our future compensation programs. The actual amount and form of compensation that we pay and the compensation policies and practices that we adopt in the future may differ materially from the currently-planned programs that are summarized in this discussion.

The compensation provided to our named executive officers for the year ended December 31, 2022 is detailed in the 2022 summary compensation table and accompanying footnotes and narrative that follow. Our named executive officers for the year ended December 31, 2022 are:

- David Happel, President, chief executive officer and director;
- George Kemble, Ph.D., executive chairman and former president, chief executive officer and chief scientific officer;
- Dennis Hom, chief financial officer; and
- Eduardo Bruno Martins, M.D., D.Phil., chief medical officer.

2022 summary compensation table

The following table presents all the compensation awarded to, earned by or paid to our named executive officers during the fiscal year ended December 31, 2022.

Name and Principal Position	Year	Salary ($)[1]	Option Awards ($)[2]	Non-Equity Incentive Plan Compensation ($)[3]	All Other Compensation ($)	Total ($)
David Happel *President and chief executive officer*[4]	2022	97,917	6,198,479	211,500	—	6,507,896
George Kemble, Ph.D. *Executive chairman and former president, chief executive officer and chief scientific officer*[5]	2022	404,856[6]	129,713	—	40,000[7]	574,569
Dennis Hom *chief financial officer*	2022	357,473	—	109,351	—	466,824
Eduardo Bruno Martins, M.D., D.Phil., *chief medical officer*	2022	411,083	—	125,750	—	536,833

(1) The amounts reported reflect annual salary adjustments that were made in March 2022.

(2) The amounts reported represent the aggregate grant date fair value of the stock options granted to our named executive officers during 2022, calculated in accordance with FASB ASC Topic 718. Such grant date fair values do not take into account any estimated forfeitures. The assumptions used in calculating the grant date fair value of the stock options reported in this column are set forth in in note 10 of our financial statements included elsewhere in this prospectus. The amounts reported in this column reflect the accounting cost for these stock options and do not correspond to the actual economic value that may be received by our named executive officers upon the exercise of the stock options or any sale of the underlying shares of common stock.

(3) The amounts reported reflect performance-based cash bonus payments awarded based on the achievement of certain corporate performance goals. Bonus amounts were based upon target bonus percentages, calculated based on actual salary amounts paid over the course of the calendar year, including any increases in salary in effect at the time of payment. Mr. Happel was awarded a full bonus that was not prorated.

(4) Mr. Happel became our present and chief executive officer in October 2022.

(5) Dr. Kemble resigned from his roles as president, chief executive officer and chief scientific officer in October 2022 to become executive chairman.

(6) Dr. Kemble's salary reflects a downward adjustment in connection with his resignation from his position as president and chief executive officer and transition to executive chairman in October 2022.

(7) Amount reflects director fees that Dr. Kemble received in connection with serving as our executive chairman beginning in October 2022.

Narrative to the summary compensation table

Our board of directors reviews compensation annually for all employees, including our named executive officers. In making compensation determinations, we consider compensation for comparable positions in the market, the historical compensation levels of our executives, individual performance as compared to our expectations and objectives, our desire to motivate our employees to achieve short- and long-term results that are in the best interests of our stockholders and a long-term commitment to our company.

Our board of directors has historically determined our executive officers' compensation and has typically reviewed and discussed management's proposed compensation with our chief executive officer for all executives other than our chief executive officer. Based on those discussions and its discretion, our board of directors then approved the compensation of each executive officer. Upon the closing of this offering, the compensation committee will determine our executive officers' compensation and follow this process, but generally the compensation committee itself, rather than our board of directors, will approve the compensation of each executive officer.

Annual base salary

Base salaries for our executive officers are initially established through arm's-length negotiations at the time of the executive officer's hiring, taking into account such executive officer's qualifications, experience, the scope of his or her responsibilities and competitive market compensation paid by other companies for similar positions within the industry and geography. Base salaries are reviewed periodically, typically in connection with our annual performance review process, and adjusted from time to time to realign salaries with market levels after taking into account individual responsibilities, performance and experience. In making decisions regarding salary increases, we may also draw upon the experience of members of our board of directors with executives at other companies. The 2022 annual base salaries as in effect on December 31, 2022 for Mr. Happel, Dr. Kemble, Mr. Hom, and Dr. Martins were $470,000, $393,588, $360,360 and $414,000, respectively. Effective January 1, 2023, Mr. Hom's and Dr. Martins' salaries were increased to $374,774 and $430,560, respectively.

Performance bonuses

During the year ended December 31, 2022, our named executive officers were each eligible to earn an annual bonus based on the achievement of certain individual objectives and company performance objectives which were fixed at 86% achievement. For the fiscal year ended December 31, 2022, the target annual bonuses for Mr. Happel, Dr. Kemble, Mr. Hom, and Dr. Martins were 45%, 45%, 35% and 35%, respectively. Dr. Kemble was entitled to a target bonus of 45% under his prior employment arrangement. However, Dr. Kemble's October 2022 amended and restated offer letter does not provide for a target bonus percentage. As such, Dr. Kemble did not receive a cash performance bonus for year ended December 31, 2022.

Equity compensation

During the year ended December 31, 2022, we granted options to Mr. Happel and Dr. Kemble, as described in more detail in the "Outstanding equity awards as of December 31, 2022" table.

Outstanding equity awards as of December 31, 2022

The following table presents the outstanding equity awards held by each named executive officer as of December 31, 2022.

	Option Awards[1]				
Name	Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price Per Share ($)[2]	Option Expiration Date
David Happel	10/17/2022[3]	—	80,418,351	0.09	10/16/2032
George Kemble Ph.D.	9/27/2013[3]	447,477	—	0.01	9/26/2023
	3/13/2014[3]	252,714	—	0.14	3/12/2024
	12/17/2014[3]	568,063	—	0.29	12/16/2024
	10/13/2015[3]	2,094,507	—	0.25	10/12/2025
	4/28/2019[4]	29,234,102	—	0.08	4/27/2029
	4/28/2019[5]	3,690,407	—	0.08	4/27/2029
	1/27/2021[6]	20,044,542	21,787,546	0.08	1/26/2031
	10/17/2022[3]	—	1,682,882	0.09	10/16/2032
Eduardo Bruno Martins, M.D., D.Phil.	2/19/2021[3]	7,217,481	8,529,751	0.08	2/18/2031
Dennis Hom	4/28/2019[4]	8,856,977	—	0.08	4/27/2029
	4/28/2019[5]	738,081	—	0.08	4/27/2029
	1/27/2021[6]	5,211,581	5,664,763	0.08	1/26/2031

(1) All of the options were granted under either the 2007 Plan or the 2017 Plan, the terms of which are described below under “Executive Compensation—Equity benefit plans—2007 equity incentive plan” and “Executive Compensation—Equity benefit plans—2017 equity incentive plan.”

(2) All of the option awards were granted with a per share exercise price equal to the fair market value of one share of our Class A common stock on the date of grant, as determined in good faith by our board of directors or compensation committee.

(3) 25% of the shares subject to the option vest one year after the vesting commencement date and 1/48th of the shares subject to the option vest monthly thereafter subject to the named executive officer’s continued service to the company through each vesting date. If within the twelve-month period that immediately follows a change of control (as defined in the named executive officer’s offer letter or employment agreement) the named executive officer’s employment is terminated without cause or the named executive officer is constructively terminated or the named executive officer experiences a qualifying termination (as defined in the named executive officer’s offer letter or employment agreement), then 100% of this award shall accelerate and become fully vested as of the termination date.

(4) 50% of the shares subject to the option vest upon the vesting commencement date and 1/24th of the shares subject to the option vest monthly thereafter subject to the named executive officer’s continued service to the company through each vesting date. If within the twelve-month period that immediately follows a change of control (as defined in the named executive officer’s offer letter or employment agreement) the named executive officer’s employment is terminated without cause or the named executive officer is constructively terminated (as defined in the named executive officer’s offer letter or employment agreement), then 100% of all of the named executive officer’s outstanding stock options and equity awards shall accelerate and become fully vested as of the termination date.

(5) 1/24th of the shares subject to the option vest monthly following the vesting commencement date, subject to the named executive officer's continued service to the company through each vesting date. If within the twelve-month period that immediately follows a change of control (as defined in the named executive officer's offer letter or employment agreement) the named executive officer's employment is terminated without cause or the named executive officer is constructively terminated (as defined in the named executive officer's offer letter or employment agreement), then 100% of all of the named executive officer's outstanding stock options and equity awards shall accelerate and become fully vested as of the termination date.

(6) 1/48th of the shares subject to the option vest monthly following the vesting commencement date, subject to the named executive officer's continued service through each vesting date. If within the twelve-month period that immediately follows a change of control (as defined in the named executive officer's offer letter or employment agreement) the named executive officer's employment is terminated without cause or the named executive officer is constructively terminated (as defined in the named executive officer's offer letter or employment agreement), then 100% of all of the named executive officer's outstanding stock options and equity awards shall accelerate and become fully vested as of the termination date.

Pension benefits

Our named executive officers did not participate in, or otherwise receive any benefits under, any pension or retirement plan sponsored by us during the year ended December 31, 2022.

Nonqualified deferred compensation

We do not maintain nonqualified defined contribution plans or other nonqualified deferred compensation plans. Our board of directors may elect to provide our officers and other employees with nonqualified defined contribution or other nonqualified deferred compensation benefits in the future if it determines that doing so is in our best interests.

Employment arrangements

Below are descriptions of our offer letters with our named executive officers.

Mr. Happel. In October 2022, we entered into an offer letter with Mr. Happel (the Happel Letter). The Happel Letter provides for at-will employment, an initial base salary of $470,000, a discretionary annual target bonus opportunity equal to 45% of base salary, eligibility for an initial stock option award to purchase 80,418,351 shares of our common stock, and eligibility to receive an additional stock option grant upon the closing of a qualified financing to purchase that number of shares sufficient to bring Mr. Happel's aggregate holdings up to 5% of our fully diluted shares at such time. Each option grant is subject to board approval and has or will have an exercise price equal to the fair market value of our common stock on the grant date. If Mr. Happel experiences a qualifying termination (as defined in the Happel Letter), he will be entitled to (i) 12 months of salary continuation payments, and (ii) COBRA continuation coverage for up to 12 months. In addition, if Mr. Happel experiences a qualifying termination upon or within the 12-month period that immediately follows a change of control (as defined in the Happel Letter), then 100% of his initial stock option will accelerate and become fully vested as of the termination date. These severance and equity acceleration benefits are conditioned upon Mr. Happel continuing to comply with his obligations under the Happel Letter and his delivery of a general release of claims.

Dr. Kemble. In October 2022, we entered into an amended and restated offer letter with Dr. Kemble (the Kemble Letter). The Kemble Letter provides for at-will employment, provided, however, that Dr. Kemble will serve in his role as executive chairman until the earliest of (i) the completion of the end of the Phase 2 meeting with the FDA for FASCINATE-2; (ii) the consummation of a change of control (as defined in the Kemble Letter), or (iii) the board's approval and execution of an employment agreement as chief scientific officer (collectively, the Expected Events). The Kemble Letter provides an initial annual base salary of $393,588 and eligibility for an initial stock option to purchase 1,682,882 shares of our common stock at an exercise price based on the fair market value of our common stock on the grant date, subject to board approval. The Kemble Letter also provides for a $40,000 annual payment to Dr. Kemble in respect of his services on our

board. If Dr. Kemble's employment is terminated without cause (as defined in the Kemble Letter), excluding termination upon the occurrence of an Expected Event and other than as a result of his death or disability, then in addition to any amounts accrued and payable under the terms of our benefit plans through the date of termination, Dr. Kemble will be entitled to (i) six months of salary continuation payments, and (ii) COBRA continuation coverage for up to six months. These severance benefits are conditioned upon Dr. Kemble's delivery of a general release of claims, resignation, as applicable, from all positions, and delivery of all property and confidential information in Dr. Kemble's possession (the Severance Conditions). Further, if Dr. Kemble's employment is terminated without cause or he is constructively terminated (as defined in the Kemble Letter) upon or within the 12-month period that immediately follows a change of control, in addition to the severance benefits provided above, 100% of all of his outstanding stock options and equity awards will accelerate and become fully vested as of the termination date, and any options will remain exercisable for a period of 12 months following such termination, subject to Dr. Kemble's compliance with the Severance Conditions and his obligations under his proprietary information assignment agreement.

Mr. Hom. In January 2019, we entered into an amended and restated employment agreement with Mr. Hom that governs the current terms of Mr. Hom's employment with us (the Hom Agreement). The Hom Agreement provides for at-will employment, an initial annual base salary of $315,000, an annual target bonus opportunity equal to 30% of base salary, and eligibility for an initial stock option grant to purchase that number of shares that would represent 1.2% of our fully diluted shares following our Series E financing at an exercise price based on the fair market value of our common stock on the grant date, subject to board approval. If Mr. Hom's employment is terminated without cause (as defined in the Hom Agreement), and other than as a result of his death or disability, then in addition to any amounts accrued and payable under the terms of our benefit plans through the date of termination, Mr. Hom will be entitled to (i) six months of salary continuation payments, and (ii) COBRA continuation coverage for up to six months. Further, if within the 12-month period that immediately follows a change of control (as defined in the Hom Agreement) Mr. Hom's employment is terminated without cause or he is constructively terminated (as defined in the Hom Agreement), then 100% of all of his outstanding stock options and equity awards will accelerate and become fully vested as of the termination date, and any options will remain exercisable for a period of 12 months following such termination. These severance and equity accelerations benefits are conditioned upon Mr. Hom's delivery of a general release of claims, resignation from all positions, and delivery to us of all property and confidential information in Mr. Hom's possession.

Dr. Martins. In February 2021, we entered into an offer letter with Dr. Martins (the Martins Letter). The Martins Letter provides for at-will employment, an annual base salary of $400,000, a discretionary annual target bonus opportunity equal to 35% of base salary, and eligibility for an initial stock option grant to purchase 15,747,232 shares of our common stock at an exercise price based on the fair market value of our common stock on the grant date, subject to board approval. If Dr. Martins experiences a qualifying termination (as defined in the Martins Letter), then in addition to any amounts accrued and payable under the terms of our benefit plans through the date of termination, Dr. Martins will be entitled to (i) six months of salary continuation payments, and (ii) COBRA continuation coverage for up to six months. Further, if Dr. Martins experiences a qualifying termination (as defined in the Martins Letter) upon or within the 12-month period that immediately follows a change of control (as defined in the Martins Letter), then 100% of his initial stock option shall accelerate and become fully vested as of the termination date. These severance and equity acceleration benefits are conditioned upon Dr. Martins continuing to comply with his obligations under the Martins Letter and his delivery of a general release of claims in favor of us.

Other compensation and benefits

All of our current named executive officers are eligible to participate in our employee benefit plans, including our medical, dental and vision plans, in each case on the same basis as all of our other employees. We pay the premiums for the medical, disability and accidental death and dismemberment insurance for all of our employees, including our named executive officers. We generally do not provide perquisites or personal benefits to our named executive officers.

Equity benefit plans

2023 stock option and incentive plan

The 2023 Plan was adopted by our board of directors on , 2023, approved by our stockholders on , 2023 and will become effective upon the date immediately preceding the date on which the registration statement of which this prospectus is part is declared effective by the SEC. The 2023 Plan will replace the 2017 Plan. The 2023 Plan provides flexibility to our compensation committee to use various equity-based incentive awards as compensation tools to motivate our workforce.

We have initially reserved shares of our common stock for the issuance of awards under the 2023 Plan, or the Initial Limit. The 2023 Plan provides that the number of shares reserved and available for issuance under the 2023 Plan will automatically increase on January 1, 2024 and each January 1 thereafter, by % of the outstanding number of shares of our common stock on the immediately preceding December 31, or such lesser number of shares as determined by our compensation committee, or the Annual Increase. The number of shares reserved under the 2023 Plan is subject to adjustment in the event of a stock split, stock dividend or other change in our capitalization.

The shares we issue under the 2023 Plan will be authorized but unissued shares or shares that we reacquire. The shares of common stock underlying any awards under the 2023 Plan that are forfeited, cancelled, held back upon exercise or settlement of an award to satisfy the exercise price or tax withholding, reacquired by us prior to vesting, satisfied without the issuance of stock or are otherwise terminated (other than by exercise) will be added back to the shares of common stock available for issuance under the 2023 Plan.

The maximum aggregate number of shares that may be issued in the form of incentive stock options shall not exceed the Initial Limit, cumulatively increased on January 1, 2024 and on each January 1 thereafter by the lesser of the Annual Increase for such year or shares of common stock.

The grant date fair value of all awards made under the 2023 Plan and all other cash compensation paid by us to any non-employee director in any calendar year for services as a non-employee director shall not exceed $.

The 2023 Plan will be administered by our compensation committee. Our compensation committee has the full power to select, from among the individuals eligible for awards, the individuals to whom awards will be granted and the number of shares subject to such awards, to make any combination of awards to participants, to accelerate at any time the exercisability or vesting of any award, to impose any limitations and/or vesting conditions on each award and to determine the specific terms and conditions of each award, subject to the provisions of the 2023 Plan. Persons eligible to participate in the 2023 Plan will be those full or part-time officers, employees, non-employee directors and consultants as selected from time to time by our compensation committee in its discretion.

The 2023 Plan permits the granting of both options to purchase common stock intended to qualify as incentive stock options under Section 422 of the Code and options that do not so qualify. The option exercise price of each option will be determined by our compensation committee but may not be less than 100% of the fair market value of our common stock on the date of grant unless the option is granted (i) pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code or (ii) to individuals who are not subject to U.S. income tax. The term of each option will be fixed by our compensation committee and may not exceed ten years from the date of grant. Our compensation committee will determine at what time or times each option may be exercised.

Our compensation committee may award stock appreciation rights subject to such conditions and restrictions as it may determine. Stock appreciation rights entitle the recipient to shares of common stock, or cash, equal to the value of the appreciation in our stock price over the exercise price. The exercise price of each stock appreciation right may not be less than 100% of the fair market value of our common stock on the date of grant unless the stock appreciation right is granted (i) pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code or (ii) to individuals who are not subject to U.S. income tax. The term of each stock appreciation right will be fixed by our compensation committee and may

not exceed ten years from the date of grant. Our compensation committee will determine at what time or times each stock appreciation right may be exercised.

Our compensation committee may award restricted shares of common stock and restricted stock units to participants subject to such conditions and restrictions as it may determine. These conditions and restrictions may include the achievement of certain performance goals and/or continued employment with us through a specified vesting period. Our compensation committee may also grant shares of common stock that are free from any restrictions under the 2023 Plan. Unrestricted stock may be granted to participants in recognition of past services or for other valid consideration and may be issued in lieu of cash compensation due to such participant.

Our compensation committee may grant dividend equivalent rights to participants that entitle the recipient to receive credits for dividends that would be paid if the recipient had held a specified number of shares of our common stock. Our compensation committee may grant cash bonuses under the 2023 Plan to participants, subject to the achievement of certain performance goals.

The 2023 Plan provides that upon the effectiveness of a "sale event," as defined in the 2023 Plan, an acquirer or successor entity may assume, continue or substitute outstanding awards under the 2023 Plan. To the extent that awards granted under the 2023 Plan are not assumed or continued or substituted by the successor entity, upon the effective time of the sale event, such awards shall terminate. In such case, except as may be otherwise provided in the relevant award certificate, all awards with time-based vesting, conditions or restrictions shall become fully vested and exercisable or nonforfeitable as of the effective time of the sale event, and all awards with conditions and restrictions relating to the attainment of performance goals may become vested and exercisable or nonforfeitable in connection with a sale event in the administrator's discretion or to the extent specified in the relevant award certificate. In the event of such termination, individuals holding options and stock appreciation rights (i) may be permitted to exercise such options and stock appreciation rights (to the extent exercisable) within a specified period of time prior to the sale event or (ii) we may make or provide for a payment, in cash or in kind, to participants holding vested and exercisable options and stock appreciation rights equal to the difference between the per share consideration payable to stockholders in the sale event and the exercise price of the options or stock appreciation rights. In addition, we may make or provide for a payment, in cash or in kind, to participants holding other vested awards.

Our board of directors may amend or discontinue the 2023 Plan and our compensation committee may amend or cancel outstanding awards for purposes of satisfying changes in law or any other lawful purpose but no such action may adversely affect rights under an award without the holder's consent. Certain amendments to the 2023 Plan require the approval of our stockholders. The administrator of the 2023 Plan is specifically authorized to exercise its discretion to reduce the exercise price of outstanding stock options and stock appreciation rights or effect the repricing of such awards through cancellation and re-grants without stockholder consent. No awards may be granted under the 2023 Plan after the date that is ten years from the effective date of the 2023 Plan. No awards under the 2023 Plan have been made prior to the date of this prospectus.

2023 employee stock purchase plan

The ESPP was adopted by our board of directors on , 2023, approved by our stockholders on , 2023 and will become effective on the date immediately preceding the date on which the registration statement of which this prospectus is part is declared effective by the SEC. The ESPP is intended to qualify as an "employee stock purchase plan" within the meaning of Section 423 of the Code. The ESPP initially reserves and authorizes the issuance of up to a total of shares of common stock to participating employees. The ESPP provides that the number of shares reserved and available for issuance will automatically increase on January 1, 2024 and each January 1 thereafter through January 1, 2033, by the least of (i) shares of common stock, (ii) % of the outstanding number of shares of our common stock on the immediately preceding December 31 or (iii) such lesser number of shares of common stock as determined by the administrator of the ESPP. The number of shares reserved under the ESPP will be subject to adjustment in the event of a stock split, stock dividend or other change in our capitalization.

All employees will be eligible to participate in the ESPP. However, any employee who owns 5% or more of the total combined voting power or value of all classes of stock will not be eligible to purchase shares under the ESPP.

We may make one or more offerings each year to our employees to purchase shares under the ESPP. Offerings will usually begin on each May 1 and November 1 and will continue for six-month periods, referred to as offering periods. Each eligible employee will be able to elect to participate in any offering by submitting an enrollment form at least 15 business days before the relevant offering date.

Each employee who is a participant in the ESPP will be able to purchase shares by authorizing payroll deductions of up to 15% of his or her eligible compensation during an offering period. Unless the participating employee has previously withdrawn from the offering, his or her accumulated payroll deductions will be used to purchase shares of common stock on the last business day of the offering period at a price equal to 85% of the fair market value of the shares on the first business day or the last business day of the offering period, whichever is lower, provided that no more than a number of shares of common stock determined by dividing $25,000 by the fair market value of the common stock on the first day of the offering may be purchased by any one employee during any offering period. Under applicable tax rules, an employee may purchase no more than $25,000 worth of shares of common stock, valued at the start of the purchase period, under the ESPP in any calendar year.

The accumulated payroll deductions of any employee who is not a participant on the last day of an offering period will be refunded. An employee's rights under the ESPP will terminate upon voluntary withdrawal from the plan or when the employee ceases employment with us for any reason.

The ESPP may be terminated or amended by our board of directors at any time. An amendment that increases the number of shares of common stock authorized under the ESPP and certain other amendments will require the approval of our stockholders.

2017 equity incentive plan

Our board of directors adopted the 2017 Plan in September 2017 and our stockholders approved the 2017 Plan in October 2017. The 2017 Plan is the successor to and continuation of the 2007 Plan. The 2017 Plan provides for the grant of ISOs, NSOs, stock appreciation rights, restricted stock awards, restricted stock unit awards and other awards to our employees, directors and consultants or our affiliates. ISOs may be granted only to our employees or employees of our affiliates.

The 2017 Plan will be terminated on the date the 2023 Plan becomes effective. However, any outstanding awards granted under the 2017 Plan will remain outstanding, subject to the terms of the 2017 Plan and award agreements, until such outstanding options are exercised or until any awards terminate or expire by their terms.

Authorized Shares. Upon the effective date of the 2023 Plan, we will no longer grant awards under the 2017 Plan. As of December 31, 2022, options to purchase 247,776,633 shares Class A common stock were outstanding, and 14,400,788 shares of common stock remained available for future issuance under the 2017 Plan. The options outstanding as of December 31, 2022 had a weighted-average exercise price of $0.08 per share.

Plan Administration. Our board or a duly authorized committee of our board administers the 2017 Plan and the awards granted under it. The administrator has the power to modify outstanding awards under the 2017 Plan. The administrator has the authority to reprice any outstanding option with the consent of any adversely affected participant.

Corporate Transactions. The 2017 Plan provides that in the event of certain specified significant corporate transactions, as defined under the 2017 Plan, our board may (1) arrange for the assumption, continuation or substitution of an award by a successor corporation, or the acquiring corporation's parent company; (2) arrange for the assignment of any reacquisition or repurchase rights held by us to a successor corporation, or the acquiring corporation's parent company; (3) accelerate the vesting, in whole or in part, of the award and provide for its termination prior to the transaction if not exercised prior to the effective time of the corporate transaction; (4) arrange for the lapse, in whole or in part, of any reacquisition or repurchase

rights held by us; (5) cancel or arrange for the cancellation of the award prior to the transaction in exchange for a cash payment, if any, determined by the board; or (6) make a payment in such form as determined by the board of directors equal to the excess, if any, of the value of the property the participant would have received upon exercise of the awards prior to the transaction over any exercise price payable by the participant in connection with the exercise. The administrator is not obligated to treat all awards or portions of awards, even those that are of the same type, in the same manner.

In the event of a change in control, as defined under the 2017 Plan, awards granted under the 2017 Plan will not receive automatic acceleration of vesting and exercisability, although this treatment may be provided for in an award agreement.

Transferability. Our board may impose limitations on the transferability of ISOs, NSOs and stock appreciation rights as the board will determine. Absent such limitations, a participant may not transfer awards under the 2017 Plan other than by will, the laws of descent and distribution or as otherwise provided under the 2017 Plan.

Plan Amendment or Termination. Our board has the authority to suspend or terminate the 2017 Plan at any time, provided that such action will not impair a participant's rights under such participant's outstanding award without his or her written consent. As described above, the 2017 Plan will be terminated upon the effective date of the 2023 Plan and no future awards will be granted under the 2017 Plan following such termination.

2007 equity incentive plan

Our board of directors adopted the 2007 Equity Incentive Plan (the 2007 Plan) in December 2006, and our stockholders adopted the 2007 Plan in April 2007. The 2007 Plan provided for the grant of ISOs, NSOs and stock purchase rights, or restricted stock awards. ISOs were only granted to our employees or employees of our affiliates.

The 2007 Plan was terminated in September 2017. However, any outstanding awards granted under the 2007 Plan remain outstanding, subject to the terms of the 2007 Plan and award agreements, until such outstanding options are exercised or until any awards terminate or expire by their terms.

Authorized Shares. As of December 31, 2022, options to purchase 5,795,185 shares of Class A common stock were outstanding under the 2007 Plan with a weighted-average exercise price of $0.22 per share.

Plan Administration. Our board or a duly authorized committee of our board administers the 2007 Plan and the awards granted under it. The administrator has the power to modify outstanding awards under the 2007 Plan. The administrator has the authority to determine whether to offer to buyout previously granted options and to determine the terms and conditions of such offer and buyout.

Acquisitions. The 2007 Plan provides that in the event of certain specified acquisitions, as defined under the 2007 Plan, our board may arrange for the assumption or substitution of an award by a surviving corporation or entity, or the acquiring corporation or entity. In the event that an award is not assumed or substituted then awards for participants that did not terminate status as a service provider, the vesting for the award will be accelerated and the award will be made fully exercisable at least ten (10) days prior to the closing of the acquisition. Awards for all other participants shall be terminated if not exercised prior to the closing of the acquisition.

Transferability. A participant may not transfer awards under the 2007 Plan other than by will, the laws of descent and distribution or as otherwise provided under the 2007 Plan.

401(k) plan

We maintain a defined contribution employee retirement plan (401(k) Plan) for our employees. The 401(k) Plan is intended to qualify as a tax-qualified plan under Section 401(a) of the Code. The 401(k) Plan covers all employees, including our named executive officers, who meet defined minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pretax basis. The

401(k) Plan provides that each eligible participant may contribute up to the lesser of 100% of his or her compensation or the statutory limit. Participant contributions are held and invested, pursuant to the participant's instructions, by the plan's trustee. As a tax-qualified retirement plan, contributions to the 401(k) Plan are deductible by us when made, and contributions and earnings on those amounts are not generally taxable to the employees until withdrawn or distributed from the 401(k) Plan. We have not made any employer contributions to the 401(k) Plan as of December 31, 2022.

Limitations on liability and indemnification

Our amended and restated certificate of incorporation, which will become effective upon the closing of this offering, will contain provisions that limit the liability of our current and former directors for monetary damages to the fullest extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to the corporation or its stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

Such limitation of liability does not apply to liabilities arising under federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our amended and restated certificate of incorporation will authorize us to indemnify our directors, officers, employees and other agents to the fullest extent permitted by Delaware law. Our amended and restated bylaws will provide that we are required to indemnify our directors and officers to the fullest extent permitted by Delaware law and may indemnify our other employees and agents. Our amended and restated bylaws will also provide that, on satisfaction of certain conditions, we will advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee, or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by the board of directors. With certain exceptions, these agreements provide for indemnification for related expenses including attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding.

We believe that these amended and restated certificate of incorporation and amended and restated bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain customary directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for directors, executive officers, or persons controlling us, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Rule 10b5-1 plans

Our directors, executive officers and employees may adopt written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell shares of our Class A common stock on a periodic

basis. Under a Rule 10b5-1 plan, a broker executes trades under parameters established by the director or officer when entering into the plan, without further direction from them. The director or officer may amend a Rule 10b5-1 plan in some circumstances and may terminate a plan at any time. Our directors and executive officers may also buy or sell additional shares outside of a Rule 10b5-1 plan when they do not possess of material nonpublic information, subject to compliance with the terms of our insider trading policy. During the first 180 days from this offering, the sale of any shares under such plan would be subject to the lock-up agreement that the director or officer has entered into with the underwriters.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Other than compensation arrangements for our directors and executive officers, which are described elsewhere in this prospectus, below we describe transactions since January 1, 2020 and each currently proposed transaction in which:

- the amounts involved exceeded or will exceeds the lesser of $120,000 or 1% of our total assets at the year- end for the last two completed fiscal years; and
- any of our directors, executive officers or holders of more than 5% of our outstanding capital stock, or any immediate family member of, or person sharing the household with, any of these individuals or entities, had or will have a direct or indirect material interest.

Series F preferred stock financing

In December 2020, we issued and sold an aggregate of 530,107,520 shares of Series F redeemable convertible preferred stock to 13 accredited investors and, in February 2021, we issued an additional 84,485,407 shares of Series F redeemable convertible preferred stock to an additional accredited investor, at a purchase price of $0.13020 per share for aggregate cash proceeds of $80.4 million.

The following table summarizes the shares of our Series F redeemable convertible preferred stock issued to our related parties.

Purchasers[1]	Shares of Series F Redeemable Convertible Preferred Stock	Total Cash Purchase Price
AP11 Limited[2]	23,041,474	$ 3,000,000
Entities affiliated with Baker Bros. Advisors LP[3]	153,609,831	$20,000,000
KPCB Holdings, Inc., as nominee[4]	26,881,720	$ 3,500,000
New Enterprise Associates 13, Limited Partnership[5]	23,041,474	$ 3,000,000
SGMT Holdings Limited	115,207,373	$15,000,000
Suzhou Huimei Kangrui Management Consulting Partnership L.P	84,485,407	$11,000,000

(1) Additional details regarding these stockholders and their equity holdings are included in this prospectus under the caption “Principal Stockholders.”

(2) AP11 Limited, a subsidiary of Ascletis Pharma Inc., beneficially owns more than 5% of our outstanding capital stock. Dr. Wu is founder, chairman and chief executive officer of Ascletis Pharma Inc., and a member of our board of directors.

(3) Includes shares of preferred stock purchased by Baker Brothers Life Sciences, L.P. and 667 L.P.

(4) KPCB Holdings, Inc. beneficially owns more than 5% of our outstanding capital stock. Dr. Seidenberg is a general partner at KPCB Holdings, Inc. and a member of our board of directors.

(5) NEA beneficially owns more than 5% of our outstanding capital stock. David Mott and Jason Fuller, former principals at NEA, are former members of our board of directors. Matthew McAviney is a principal at NEA and a former member of our board of directors.

BBA Funds nominating agreement

On April 15, 2021, we entered into an amended and restated nominating agreement with the BBA Funds. Please see “Management—Composition of our board of directors” for a description of this agreement.

Employment arrangements

We have entered into employment agreements with certain of our named executive officers, and granted stock options to our named executive officers and certain of our directors, as more fully described in “Executive Compensation” and “Management—Non-employee director compensation.”

Investors' rights agreement

In December 2020, we entered into an amended and restated investors' rights agreement with certain holders of more than 5% of our outstanding capital stock, including Baker Brothers Life Sciences, L.P., SGMT Holdings Limited, New Enterprise Associates 13, Limited Partnership, KPCB Holdings, Inc., as nominee, and AP11 Limited and including certain affiliates of our directors.

This investors' rights agreement grants to the holders of our outstanding redeemable convertible preferred stock certain rights, including certain registration rights with respect to the registrable securities held by them. See "Description of Capital Stock—Registration rights" for additional information. In addition, the investors' rights agreement imposes certain affirmative obligations on us, including our obligation to, among other things, (i) grant each holder who holds at least 20,000,000 shares of our redeemable convertible preferred stock (the major investors) a right of first offer with respect to future sales of our equity, excluding the shares to be offered and sold in this offering, and (ii) grant certain information and inspection rights to such major investors. Each of these obligations will terminate in connection with the closing of this offering.

Voting agreement

In December 2020, we entered into an amended and restated voting agreement with certain holders of more than 5% of our outstanding capital stock, including Baker Brothers Life Sciences, L.P., SGMT Holdings Limited, New Enterprise Associates 13, Limited Partnership, KPCB Holdings, Inc., as nominee, and AP11 Limited and including certain affiliates of our directors.

Pursuant to the voting agreement, each of Baker Brothers Life Sciences, L.P., SGMT Holdings Limited, New Enterprise Associates 13, Limited Partnership, KPCB Holdings, Inc., as nominee, and AP11 Limited has the right to designate one or more members to be elected to our board of directors. See "Management—Composition of our board of directors." The voting agreement will terminate by its terms in connection with the closing of this offering and none of our stockholders will have any continuing rights regarding the election or designation of members of our board of directors following this offering.

Right of first refusal and co-sale agreement

In December 2020, we entered into an amended and restated right of first refusal and co-sale agreement with certain holders of more than 5% of our outstanding capital stock, including Baker Brothers Life Sciences, L.P., SGMT Holdings Limited, New Enterprise Associates 13, Limited Partnership, KPCB Holdings, Inc., as nominee, and AP11 Limited and including certain affiliates of our directors.

Pursuant to the right of first refusal and co-sale agreement, we have a right of first refusal in respect of certain sales of securities by certain holders of our common stock and redeemable convertible preferred stock. To the extent we do not exercise such right in full, the investors that are party to the right of first refusal and co-sale agreement are granted certain rights of first refusal and co-sale in respect of such sale. The right of first refusal and co-sale agreement will terminate in connection with the closing of this offering.

Indemnification agreements

Our amended and restated certificate of incorporation will contain provisions limiting the liability of directors and officers, and our amended and restated bylaws will provide that we will indemnify each of our directors and officers to the fullest extent permitted under Delaware law. Our amended and restated certificate of incorporation and amended and restated bylaws will also provide our board of directors with discretion to indemnify our employees and other agents when determined appropriate by the board. In addition, we have entered into or intend to enter into an indemnification agreement with each of our directors and executive officers, which will require us to indemnify them. For more information regarding these agreements, see "Executive Compensation—Limitations on liability and indemnification."

Policies and procedures for transactions with related persons

Prior to closing of this offering, we intend to adopt a written policy that our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of any class of our

common stock and any members of the immediate family of any of the foregoing persons are not permitted to enter into a related person transaction with us without the approval or ratification of our board of directors or our audit committee. Any request for us to enter into a transaction with an executive officer, director, nominee for election as a director, beneficial owner of more than 5% of any class of our common stock, or any member of the immediate family of any of the foregoing persons, in which the amount involved exceeds $120,000 (or, if less, 1% of the average of our total assets in a fiscal year) and such person would have a direct or indirect interest, must be presented to our board of directors or our audit committee for review, consideration and approval. In approving or rejecting any such proposal, our board of directors or our audit committee is to consider the material facts of the transaction, including whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person’s interest in the transaction.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding beneficial ownership of our capital stock as of , 2023 by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our common stock;
- each of our directors;
- each our of named executive officers; and
- all of our current executive officers and directors as a group.

We have determined beneficial ownership in accordance with the rules and regulations of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Except as indicated by the footnotes below, we believe, based on information furnished to us, that the persons and entities named in the table below have sole voting and sole investment power with respect to all shares that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership before the offering is based on (i) shares of Class A common stock and shares of Class B common stock outstanding immediately upon the closing of this offering and (ii) the net exercise of certain outstanding warrants to purchase 3,200,913 shares of common stock, resulting in the issuance of shares of Class A common stock.

Applicable percentage ownership after the offering is based on shares of Class A common stock and shares of Class B common stock outstanding upon the closing of this offering, after giving effect to the automatic conversion of all outstanding shares of our redeemable convertible preferred stock into shares of Class A common stock and shares of Class B common stock in connection with the closing of this offering. In computing the number of shares beneficially owned by a person and the percentage ownership of such person, we deemed to be outstanding all shares subject to options held by the person that are currently exercisable, or exercisable within 60 days of , 2023. However, except as described above, we did not deem such shares outstanding for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the address for each beneficial owner listed in the table below is c/o Sagimet Biosciences Inc., 155 Bovet Road, Suite 303, San Mateo, California 94402.

Name of Beneficial Owner	Number of Shares Beneficially Owned		Percentage of Shares Beneficially Owned Before the Offering		Percentage of Shares Beneficially Owned After the Offering		Percentage of Total Voting Power After the Offering
	Class A Common Stock	Class B Common Stock	Class A Common Stock	Class B Common Stock	Class A Common Stock	Class B Common Stock	
Greater than 5% Holders:							
AP11 Limited[1]							
Entities affiliated with Baker Bros. Advisors LP[2]							
KPCB Holdings, Inc., as nominee[3]							
Entities affiliated with New Enterprise Associates 13, Limited Partnership[4]							
SGMT Holdings Limited[5]							
Suzhou Huimei Kangrui Management Consulting Partnership L.P.[6]							
Directors and Named Executive Officers:							
David Happel[7]							
Dennis Hom[8]							
Eduardo Bruno Martins, M.D., D.Phil.[9]							
George Kemble, Ph.D.[10]							
Elizabeth Grammer, Esq.							
Merdad Parsey, M.D., Ph.D.[11]							
Gordon Ringold, Ph.D.[12]							
Richard Rodgers[13]							
Beth Seidenberg, M.D.[14]							
James F. Young, Ph.D.[15]							
Jinzi J. Wu, Ph.D.[16]							
All directors and executive officers as a group (11 persons)[17]							

* Represents beneficial ownership of less than 1%.

(1) Consists of shares of Class A common stock issuable upon the deemed conversion of shares of the Company's redeemable convertible preferred stock held by AP11 Limited. AP11 Limited is an affiliate of Ascletis. The address for AP11 Limited is 12/F, Building D, No. 198 Qidi Road, HIPARK, Xiaoshan District, Hangzhou China, 311200. Dr. Jinzi Jason Wu, Judy Hejingdao Wu, Dr. Yizhen Wei, Jiong Gu and Lin Hua are the individual directors of Ascletis and share voting and dispositive power with regard to the Company's securities directly held by AP11 Limited.

(2) Consists of (i) shares of Class B common stock issuable upon the deemed conversion of the Company's redeemable convertible preferred stock held by Baker Brothers Life Sciences, L.P. and (ii) shares of Class B common stock issuable upon the deemed conversion of the Company's redeemable convertible preferred stock held by 667, L.P. (together with Baker Brothers Life Sciences, L.P., the BBA Funds). Baker Bros. Advisors LP (BBA) is the management company and investment adviser to the BBA Funds and has the sole voting and investment power with respect to the shares held by the BBA Funds. Baker Bros. Advisors (GP) LLC (BBA-GP) is the sole general partner of BBA.

The managing members of BBA-GP are Julian C. Baker and Felix J. Baker. The address for the BBA Funds is 860 Washington St. 3rd Fl., New York, NY 10014.

(3) Consists of shares of Class A common stock issuable upon the deemed conversion of shares of the Company's redeemable convertible preferred stock held by KPCB Pandemic and Bio Defense Fund, LLC (KPCB PBD), shares of Class A common stock issuable upon the deemed conversion of shares of the Company's redeemable convertible preferred stock held by KPCB PBD Founders Fund, LLC (KPCB PBD FF), shares of Class A common stock issuable upon the deemed conversion of shares of the Company's redeemable convertible preferred stock held by KPCB PBD Investors, LLC (PBD Investors), shares of Class A common stock issuable upon the deemed conversion of shares of the Company's redeemable convertible preferred stock held by KPCB PBD Investors II, LLC (PBD Investors II), shares of Class A common stock issuable upon the deemed conversion of shares of the Company's redeemable convertible preferred stock beneficially owned by individuals and entities associated with Kleiner Perkins Caufield & Byers (KPCB), including shares held directly by Beth Seidenberg, M.D., a director of the Company, warrants to purchase Class A common stock held by KPCB PBD, warrants to purchase Class A common stock held by KPCB PBD FF and warrants to purchase Class A common stock held by individuals and entities associated with KPCB and held for convenience in the name of "KPCB Holdings, Inc., as nominee" for the accounts of such individuals and entities each of whom exercise their own voting and dispositive control over such shares. All shares are held for convenience in the name of "KPCB Holdings, Inc., as nominee" for the accounts of such individuals and entities, KPCB PBD, KPCB PBD FF, PBD Investors and PBD InvestorsII. The managing member of KPCB PBD, KPCB PBD FF, PBD Investors and PBD Investors II is KPCB PBD Associates, LLC (KPCB PBD Associates). Brook H. Byers, L. John Doerr, RaymondJ. Lane and Theodore E. Schlein, the managing members of KPCB PBD Associates, exercise shared voting and dispositive control over the shares held by KPCB PBD and KPCB PBD FF and none of whom has veto power. The principal business address for all entities and individuals affiliated with Kleiner Perkins Caufield & Byers is c/o Kleiner Perkins Caufield & Byers, LLC, 2750 Sand Hill Road, Menlo Park, CA 94025.

(4) Consists of (i) shares of Class A common stock issuable upon the deemed conversion of shares of the Company's redeemable convertible preferred stock held by NEA Ventures 2009, L.P. (NEA Ventures) and shares of Class A common stock issuable upon the deemed conversion of shares of the Company's redeemable convertible preferred stock held by New Enterprise Associates 13, L.P. (NEA 13) and (ii) shares of Class A common stock subject to warrants exercisable within 60 days of December 31, 2020 held by NEA 13. The securities directly held by NEA 13 are indirectly held by NEA Partners 13, L.P. (NEA Partners 13), the sole general partner of NEA 13, NEA 13 GP, LTD (NEA 13 LTD), the sole general partner of NEA Partners 13 and each of the individual directors of NEA 13 LTD. Forest Baskett, Patrick Kerins, and Scott D. Sandell are the individual directors of NEA 13 LTD and share voting and dispositive power with regard to the Company's securities directly held by NEA 13. Karen P. Welsh is the general partner of NEA Ventures and has voting and dispositive power with regard to the Company's securities directly held by NEA Ventures. All indirect owners of the above referenced shares disclaim beneficial ownership of all applicable shares except to the extent of their actual pecuniary interest in such shares. The address for the entities and individuals listed above is 1954 Greenspring Drive 600 Timonium, MD 21093.

(5) Consists of shares of Class A common stock issuable upon the deemed conversion of shares of the Issuer's preferred stock held by SGMT Holdings Limited. SGMT Holdings Limited is incorporated in the Cayman Islands and is wholly owned by Hillhouse Venture Fund V, L.P. Hillhouse Investment Management, Ltd. (HIM) acts as the sole management company of Hillhouse Venture Fund V, L.P. HIM is deemed to be the beneficial owner of, and to control the voting power of, the shares held by SGMT Holdings Limited. The registered address of SGMT Holdings Limited is 89 Nexus Way, Camana Bay, P.O. Box 31106, George Town Grand Cayman KY1-1205, Cayman Islands.

(6) Consists of shares of Class A common stock issuable upon the deemed conversion of shares of the Issuer's preferred stock held by Suzhou Huimei Kangrui Management Consulting Partnership L.P. Rushu Luo, the Managing Partner of Suzhou Huimei Kangrui Management Consulting Partnership L.P., has voting and dispositive power over the shares held by Suzhou Huimei Kangrui

Management Consulting Partnership L.P. The address for Suzhou Huimei Kangrui Management Consulting Partnership L.P. is Room 112-11, Wuliu Building, No.88 Xiandai Avenue, Suzhou Industrial Park, Suzhou, China 215021.

(7) Consists of shares of Class A common stock subject to options exercisable within 60 days of , 2023.

(8) Consists of shares of Class A common stock subject to options exercisable within 60 days of , 2023.

(9) Consists of shares of Class A common stock subject to options exercisable within 60 days of , 2023.

(10) Consists of shares of Class A common stock subject to options exercisable within 60 days of , 2023.

(11) Consists of (i) shares of Class A common stock, (ii) shares of Class A common stock issuable upon the deemed conversion of shares of the Company's redeemable convertible preferred stock, (iii) shares of Class A common stock subject to options exercisable within 60 days of , 2023.

(12) Consists of shares of Class A common stock subject to options exercisable within 60 days of , 2023.

(13) Consists of shares of Class A common stock subject to options exercisable within 60 days of , 2023.

(14) Consists of (i) shares of Class A common stock issuable upon the deemed conversion of shares of the Company's redeemable convertible preferred stock held by KPCB Holdings, Inc., as nominee and (ii) shares of Class A common stock subject to options exercisable within 60 days of , 2023.

(15) Consists of shares of Class A common stock subject to options exercisable within 60 days of , 2023.

(16) Consists of (i) shares of Class A common stock issuable upon the deemed conversion of shares of the Company's redeemable convertible preferred stock held by AP 11 Limited and (ii) shares of Class A common stock subject to options exercisable within 60 days of , 2023.

(17) Consists of (i) shares of Class A common stock beneficially owned by our current executive officers and directors, and (ii) shares subject to options exercisable within 60 days of , 2023, all of which are vested as of such date.

DESCRIPTION OF CAPITAL STOCK

General

The following description of our capital stock and certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws are summaries and are qualified by reference to the amended and restated certificate of incorporation, which will become effective upon the closing of this offering, and the amended and restated bylaws, which will become effective upon the closing of this offering. Copies of these documents have been filed with the SEC as exhibits to our registration statement, of which this prospectus forms a part. The descriptions of the common stock and preferred stock reflect changes to our capital structure that will be in effect on the closing of this offering.

Upon filing of our amended and restated certificate of incorporation and the closing of this offering, our authorized capital stock will consist of shares of Class A common stock, par value $0.0001 per share, shares of Class B common stock, par value $0.0001 per share, and shares of preferred stock, par value $0.0001 per share. All of our authorized shares of redeemable convertible preferred stock will be undesignated.

As of , 2023, after giving effect to the automatic conversion of all outstanding shares of our redeemable convertible preferred stock into shares of Class A common stock and shares of Class B common stock in connection with the closing of this offering, and the net exercise of certain outstanding warrants to purchase 3,200,913 shares of Class A common stock, resulting in the issuance of shares of Class A common stock, there were shares of Class A common stock outstanding and shares of Class B common stock outstanding held of record by stockholders.

Class A common stock and Class B common stock

Holders of our Class A common stock and our Class B common stock have identical rights, provided that, (i) except as otherwise expressly provided in our amended and restated certificate of incorporation or as required by applicable law, on any matter that is submitted to a vote by our stockholders, holders of our Class A common stock are entitled to one vote per share of Class A common stock, and holders of our Class B common stock are not entitled to any votes per share of Class B common stock, including for the election of directors, and (ii) holders of our Class A common stock have no conversion rights, while holders of our Class B common stock have the right to convert each share of our Class B common stock into one share of Class A common stock at such holder's election, provided that as a result of such conversion, such holder would not beneficially own in excess of 4.99% of any class of our securities registered under the Exchange Act, except as expressly provided for in our amended and restated certificate of incorporation. However, this ownership limitation may be increased or decreased to any other percentage designated by such holder of Class B common stock upon 61 days' notice to us. Our Class A common stock and Class B common stock do not have cumulative voting rights. Accordingly, the holders of a majority of the outstanding shares of Class A common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they so choose, other than any directors that holders of any preferred stock we may issue may be entitled to elect. Subject to preferences that may be applicable to any then outstanding preferred stock, holders of our Class A common stock and Class B common stock are entitled to receive ratably those dividends, if any, as may be declared by the board of directors out of legally available funds. In the event of our liquidation, dissolution or winding up, the holders of our Class A common stock and Class B common stock will be entitled to share ratably in the assets legally available for distribution to stockholders after the payment of or provision for all of our debts and other liabilities, subject to the prior rights of any preferred stock then outstanding. Holders of our Class A common stock and Class B common stock have no preemptive rights or other subscription rights and there are no redemption or sinking funds provisions applicable to our Class A common stock and Class B common stock. All outstanding shares of our Class A common stock and Class B common stock are, and the Class A common stock and Class B common stock to be outstanding upon the closing of this offering will be, duly authorized, validly issued, fully paid and nonassessable. The rights, preferences and privileges of holders of our Class A common stock and Class B common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Preferred stock

Upon the closing of this offering, all of our currently outstanding shares of redeemable convertible preferred stock will convert into Class A common stock or Class B common stock and we will not have any redeemable convertible preferred stock outstanding. Upon the closing of this offering, our certificate of incorporation will be amended and restated to delete all references to such shares of redeemable convertible preferred stock. Under the amended and restated certificate of incorporation, our board of directors will have the authority, without further action by the stockholders, to issue up to shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each such series, to fix the rights, preferences and privileges of the shares of each wholly unissued series and any qualifications, limitations or restrictions thereon and to increase or decrease the number of shares of any such series, but not below the number of shares of such series then outstanding.

The issuance of preferred stock with voting or conversion rights could adversely affect the voting power or other rights of the holders of the Class A common stock or the Class B common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in our control that may otherwise benefit holders of our Class A common stock and Class B common stock and may adversely affect the market price of the Class A common stock and the voting and other rights of the holders of Class A common stock and Class B common stock. We have no current plans to issue any shares of preferred stock.

Stock options

As of March 15, 2023, 5,795,185 shares of Class A common stock were issuable upon the exercise of outstanding stock options under the 2007 Plan, at a weighted-average exercise price of $ 0.22 per share, 247,776,633 shares of Class A common stock were issuable upon exercise of outstanding options under the 2017 Plan, with a weighted average exercise price of $0.08 per share and shares of our Class A common stock reserved for future issuance under the 2023 Plan, which will become effective once the registration statement of which this prospectus forms a part is declared effective, as well as any future automatic annual increases in the number of shares of Class A common stock reserved for issuance under the 2023 Plan and any shares underlying outstanding stock awards granted under (i) the 2007 Plan or (ii) the 2017 Plan, that expire or are repurchased, forfeited, cancelled or withheld. For additional information regarding terms of our equity incentive plans, see “Executive Compensation—Equity benefit plans.”

Warrants

As of March 15, 2023, we had an outstanding warrant to purchase 79,545 shares of Series D redeemable convertible preferred stock (the Series D Warrant) and outstanding warrants to purchase 3,200,913 shares of common stock (the Common Warrants).

The Series D Warrant is exercisable at any time after its issuance date and expires in April 2025, subject to an extension until the third anniversary of the effective date of our initial public offering. The initial exercise price is $0.88 per share and the Series D Warrant is exercisable in whole or in part in exchange for cash payment of the exercise price. The Series D Warrant will be automatically converted into a warrant to purchase shares of our Class A common stock in connection with this offering. If the Series D Warrant has not been exercised prior to its expiration date, it will be deemed to have been automatically exercised on the expiration date by cashless conversion.

The Common Warrants are exercisable at any time after their issuance date, up to the date that is 10 years after their issuance date, ranging from June 2023 through October 2031. The initial exercise price is $0.01 per share, and the Common Warrants are exercisable in whole or in part by cash or by net exercise. The Common Warrants will be net exercised in connection with this offering.

Registration rights

Upon the closing of this offering and subject to the lock-up agreements entered into in connection with this offering and federal securities laws, certain holders of shares of our Class A common stock and

Class B common stock, including those shares of our common stock that will be issued upon the conversion of our convertible preferred stock in connection with this offering, will initially be entitled to certain rights with respect to registration of such shares under the Securities Act. These shares are referred to as registrable securities. The holders of these registrable securities possess registration rights pursuant to the terms of our amended and restated investors' rights agreement and are described in additional detail below. The registration of shares of our common stock pursuant to the exercise of the registration rights described below would enable the holders to trade these shares without restriction under the Securities Act when the applicable registration statement is declared effective. We will pay all registration expenses, other than underwriting discounts, selling commissions and stock transfer taxes, of the shares registered pursuant to the demand, piggyback and Form S-3 registrations described below.

Generally, in an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions and limitations, to limit the number of shares the holders may include. The demand, piggyback and Form S-3 registration rights described below will expire no later than four years after the closing of this offering.

Demand registration rights

Upon the closing of this offering, holders of an aggregate of shares of our Class A common stock, including shares issuable upon conversion of our Class B common stock, will be entitled to certain demand registration rights. At any time beginning 180 days after the closing of this offering, the holders of at least 35% of these shares may request that we register all or a portion of their shares. We are not required to effect more than two registration statements which are declared or ordered effective. Such request for registration must cover shares with an anticipated aggregate offering price of at least $5 million. With certain exceptions, we are not required to effect the filing of a registration statement during the period starting with the date of the filing of, and ending on a date 180 days following the effective date of the registration statement for this offering.

Piggyback registration rights

In connection with this offering, the holders of an aggregate of shares of our Class A common stock, including shares issuable upon conversion of our Class B common stock, were entitled to, and the necessary percentage of holders waived, their rights to notice of this offering and to include their shares of registrable securities in this offering. After this offering, in the event that we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security holders, the holders of these shares will be entitled to certain piggyback registration rights allowing the holder to include their shares in such registration, subject to certain marketing and other limitations.

Form S-3 registration rights

Upon the closing of this offering, holders of an aggregate of shares of Class A common stock, including shares issuable upon conversion of our Class B common stock, will be entitled to certain Form S-3 registration rights. Holders of a majority of these shares can make a request that we register their shares on Form S-3 if we are qualified to file a registration statement on Form S-3 and if the reasonably anticipated aggregate net proceeds of the shares offered would equal or exceed $1 million. We will not be required to effect more than two registrations on Form S-3 within any twelve-month period.

Anti-takeover provisions

The provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws, which are summarized below, may have the effect of delaying, deferring or discouraging another person from acquiring control of our company. They are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

Certificate of incorporation and bylaws to be in effect in connection with this offering

Because our stockholders do not have cumulative voting rights, stockholders holding a majority of the voting power of our shares of Class A common stock will be able to elect all of our directors. Our amended and restated certificate of incorporation, to be effective upon the closing of this offering, and our amended and restated bylaws, to be effective upon the closing of this offering, will provide for stockholder actions at a duly called meeting of stockholders or, before the date on which all shares of Class A common stock convert into a single class, by written consent. A special meeting of stockholders may be called by a majority of our board of directors, the chair of our board of directors, or our chief executive officer or president. Our amended and restated bylaws will establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board of directors.

As described above in "Management—Composition of our board of directors," in accordance with our amended and restated certificate of incorporation to be filed in connection with this offering, immediately after this offering, our board of directors will be divided into three classes with staggered three- year terms.

The foregoing provisions will make it more difficult for another party to obtain control of us by replacing our board of directors. Because our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management. In addition, the authorization of undesignated redeemable convertible preferred stock makes it possible for our board of directors to issue redeemable convertible preferred stock with voting or other rights or preferences that could impede the success of any attempt to change our control.

These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal and to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and may have the effect of deterring hostile takeovers or delaying changes in our control or management. As a consequence, these provisions may also inhibit fluctuations in the market price of our stock that could result from actual or rumored takeover attempts.

Section 203 of the Delaware General Corporation Law

When we have a class of voting stock that is either listed on a national securities exchange or held of record by more than 2,000 stockholders, we will be subject to Section 203 of the Delaware General Corporation Law (the DGCL) which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, subject to certain exceptions.

Choice of forum

Our amended and restated certificate of incorporation to be effective upon the closing of this offering will provide that the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) and any appellate court therefrom is the sole and exclusive forum for the following claims or causes of action under the Delaware statutory or common law: (i) any derivative claim or cause of action brought on our behalf; (ii) any claim or cause of action for a breach of fiduciary duty owed by any of our current or former directors, officers, or other employees to us or our stockholders; (iii) any claim or cause of action against us or any of our current or former directors, officers or other employees arising out of or pursuant to any provision of the DGCL, our amended and restated certificate of incorporation, or our bylaws (as each may be amended from time to time); (iv) any claim or cause of action seeking to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or our amended and restated bylaws (as each may be amended from time to time, including any right, obligation, or remedy thereunder); (v) any claim or cause of action as to which the DGCL confers jurisdiction to the Court of Chancery of the State of Delaware; and (vi) any claim or cause of action against us or any of our current or former directors, officers, or other employees governed by the internal-affairs doctrine, in all

cases to the fullest extent permitted by law and subject to the court's having personal jurisdiction over the indispensable parties named as defendants.

This choice of forum provision would not apply to claims or causes of action brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction or the Securities Act.

In addition, our amended and restated certificate of incorporation to be effective upon the closing of this offering will provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause or causes of action arising under the Securities Act, including all causes of action asserted against any defendant to such complaint. For the avoidance of doubt, this provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering.

While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions, and there can be no assurance that such provisions will be enforced by a court in those other jurisdictions. We note that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

Additionally, our amended and restated certificate of incorporation to be effective upon the closing of this offering will provide that any person or entity holding, owning or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to these provisions.

Limitations on liability and indemnification

See "Executive Compensation—Limitations on liability and indemnification."

Exchange listing

Our Class A common stock is currently not listed on any securities exchange. We intend to apply to have our Class A common stock approved for listing on The Nasdaq Global Market under the symbol "SGMT."

Transfer agent and registrar

On the closing of this offering, the transfer agent and registrar for our Class A common stock and Class B common stock will be . The transfer agent's address is .

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A common stock. Future sales of substantial amounts of our Class A common stock, including shares issued on the exercise of outstanding options, in the public market after this offering, or the possibility of these sales or issuances occurring, could adversely affect the prevailing market price for our Class A common stock or impair our ability to raise equity capital. Although we intend to apply to list our Class A common stock on The Nasdaq Global Market, we cannot assure you that there will be an active public market for our Class A common stock.

Following the closing of this offering, based on our shares outstanding as of December 31, 2022, a total of shares of Class A common stock and shares of Class B common stock will be outstanding, after giving effect to (i) the reclassification of all outstanding shares of common stock into shares of Class A common stock, (ii) the automatic conversion of outstanding shares of redeemable convertible preferred stock into shares of Class A common stock and shares of Class B common stock, and (iii) the net exercise of certain outstanding warrants to purchase 3,200,913 shares of Class A common stock, resulting in the issuance of shares of Class A common stock.

Of these shares, all of the Class A common stock sold in this offering by us, plus any shares sold by us upon exercise of the underwriters' option to purchase additional Class A common stock, will be freely tradable in the public market without restriction or further registration under the Securities Act, unless these shares are held or purchased by "affiliates," as that term is defined in Rule 144 under the Securities Act (Rule 144). Shares purchased by our affiliates would be subject to the Rule 144 resale restrictions described below, other than the holding period requirement.

The remaining shares of our Class A common stock will be, and shares of Class A common stock subject to stock options or issuable upon conversion of Class B shares will be on issuance, "restricted securities," as that term is defined in Rule 144. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rules 144 or 701 under the Securities Act, which are summarized below. Restricted securities may also be sold outside of the United States to non-U.S. persons in accordance with Rule 904 of Regulation S.

Subject to the lock-up agreements described below and the provisions of Rule 144 or Regulation S under the Securities Act, as well as our insider trading policy, these restricted securities will be available for sale in the public market after the date of this prospectus.

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, an eligible stockholder is entitled to sell such shares without complying with the manner of sale, volume limitation, or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. To be an eligible stockholder under Rule 144, such stockholder must not be deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and must have beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then such person is entitled to sell such shares without complying with any of the requirements of Rule 144, subject to the expiration of the lock-up agreements described below.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell shares on expiration of the lock-up agreements described below. Beginning 90 days after the date of this prospectus, within any three-month period, such stockholders may sell a number of shares that does not exceed the greater of:

- 1% of the number of shares of Class A common stock then outstanding, which will equal approximately shares immediately after this offering, assuming no exercise of the underwriters' option to purchase additional shares of Class A common stock from us; or
- the average weekly trading volume of our Class A common stock on The Nasdaq Global Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

Rule 701 under the Securities Act (Rule 701) generally allows a stockholder who was issued shares under a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days, to sell these shares in reliance on Rule 144, but without being required to comply with the public information, holding period, volume limitation, or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required by that rule to wait until 90 days after the date of this prospectus before selling those shares under Rule 701, subject to the expiration of the lock-up agreements described below.

Form S-8 registration statements

We intend to file one or more registration statements on Form S-8 under the Securities Act with the SEC to register the offer and sale of shares of our Class A common stock that are issuable under the 2007 Plan, the 2017 Plan, the 2023 Plan and the ESPP. These registration statements will become effective immediately upon filing. Shares covered by these registration statements will then be eligible for sale in the public markets, subject to vesting restrictions, any applicable lock-up agreements described below, and Rule 144 limitations applicable to affiliates.

Lock-up arrangements

We, and all of our directors, officers and the holders of substantially all of our Class A common stock and securities exercisable for or convertible into our Class A common stock outstanding immediately on the closing of this offering, have agreed with the underwriters that, until 180 days after the date of the underwriting agreement related to this offering, we and they will not, without the prior written consent of the representatives of the underwriters, subject to certain exceptions, directly or indirectly, (i) offer, sell, contract to sell, pledge, grant any option, right or warrant to purchase, purchase any option or contract to sell, lend or otherwise transfer or dispose of, or file with or confidentially submit to the SEC a registration statement under the Securities Act relating to, any shares of our Class A common stock or securities that are substantially similar to our Class A common stock, or any options or warrants to purchase any shares of our Class A common stock, or any securities convertible into, exchangeable for or that represents the right to receive shares of our Class A common stock (such shares of Class A common stock, options, rights, warrants or other securities, collectively, Lock-Up Securities), (ii) engage in any hedging or other transaction or arrangement (including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call option, or combination thereof, forward, swap or any other derivative transaction or instrument, however described or defined) which is designed to or which reasonably could be expected to lead to or result in a sale, loan, pledge or other disposition (whether by the lock-up signatory or someone other than the lock-up signatory), or transfer of any of the economic consequences of ownership, in whole or in part, directly or indirectly, of the securities, whether any such transaction or arrangement (or instrument provided for thereunder) would be settled by delivery of our Class A common stock or other securities, in cash or otherwise, (iii) make any demand for or exercise any right with respect to the registration of any Lock-Up Securities or (iv) otherwise publicly announce any intention to engage in or cause any action, activity, transaction or arrangement described in clause (i), (ii) or (iii) above. These agreements are described in “Underwriting.” The representatives of the underwriters may, in their sole discretion, release any of the securities subject to these lock-up agreements at any time.

In addition to the restrictions contained in the lock-up agreements described above, we have entered into agreements with certain security holders, including the amended and restated investors’ rights agreement, our standard form of option agreement and our standard form of restricted stock agreement, that contain market stand-off provisions or incorporate market stand-off provisions from our equity incentive plan imposing restrictions on the ability of such security holders to offer, sell or transfer our equity securities for a period of 180 days following the date of this prospectus.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES FOR NON-U.S. HOLDERS

The following is a summary of material U.S. federal income tax consequences to non-U.S. holders (as defined below) of the purchase, ownership and disposition of our Class A common stock issued pursuant to this offering. This discussion is not a complete analysis of all potential U.S. federal income tax consequences relating thereto, does not address the potential application of the Medicare contribution tax on net investment income, the alternative minimum tax, or the special tax accounting rules under Section 451(b) of the Code, and also does not address any U.S. federal non-income tax consequences, such as estate or gift tax consequences, or any tax consequences arising under any state, local or foreign tax laws. This discussion is based on the Code, Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the IRS all as in effect on the date hereof. These authorities are subject to differing interpretations and may change, possibly retroactively, resulting in U.S. federal income tax consequences different from those discussed below. We have not requested a ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS or a court will agree with such statements and conclusions.

This discussion is limited to non-U.S. holders who purchase our Class A common stock pursuant to this offering and who hold our Class A common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a non-U.S. holder in light of such non-U.S. holder's particular circumstances. This discussion also does not consider any specific facts or circumstances that may be relevant to non-U.S. holders subject to special rules under the U.S. federal income tax laws, including:

- certain former citizens or long-term residents of the United States;
- partnerships or other entities or arrangements treated as pass-through or disregarded entities for U.S. federal income tax purposes (and investors therein);
- "controlled foreign corporations";
- "passive foreign investment companies";
- corporations that accumulate earnings to avoid U.S. federal income tax;
- banks, financial institutions, investment funds, insurance companies, brokers, dealers or traders in securities;
- tax-exempt organizations and governmental organizations;
- tax-qualified retirement plans;
- persons who acquire our Class A common stock through the exercise of an option or otherwise as compensation;
- qualified foreign pension funds as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds;
- persons that elect to apply Section 1400Z-2 of the Code to gains recognized with respect to shares of our Class A common stock;
- persons that own or have owned, actually or constructively, more than 5% of our Class A common stock;
- persons who have elected to mark securities to market; and
- persons holding our Class A common stock as part of a hedging or conversion transaction or straddle, or synthetic security or a constructive sale, or other risk reduction strategy or integrated investment.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds our Class A common stock, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Partnerships holding our Class A common stock and the partners in such

partnerships are urged to consult their tax advisors about the particular U.S. federal income tax consequences to them of holding and disposing of our Class A common stock.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE PARTICULAR U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF OUR CLASS A COMMON STOCK, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL OR FOREIGN TAX LAWS AND ANY OTHER U.S. FEDERAL TAX LAWS OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Definition of non-U.S. holder

For purposes of this discussion, a non-U.S. holder is any beneficial owner of our Class A common stock that is not a "U.S. holder" or a partnership (including any entity or arrangement treated as a partnership) for U.S. federal income tax purposes. A U.S. holder is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust (1) whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (2) that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

Distributions on our Class A common stock

As described under "Dividend Policy," we do not anticipate declaring or paying, in the foreseeable future, any cash distributions on our capital stock. However, if we distribute cash or other property on our Class A common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and will first be applied against and reduce a holder's tax basis in our Class A common stock, but not below zero. Any excess will be treated as gain realized on the sale or other disposition of our Class A common stock and will be treated as described under "Material U.S. federal income tax consequences for non-U.S. holders—Gain on disposition of our Class A common stock" below.

Subject to the discussion below regarding effectively connected income, backup withholding and FATCA (as defined below), dividends paid to a non-U.S. holder of our Class A common stock generally will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends or such lower rate specified by an applicable income tax treaty. To receive the benefit of a reduced treaty rate, a non-U.S. holder must furnish us or our withholding agent with a valid IRS Form W-8BEN (in the case of individuals) or IRS Form W-8BEN-E (in the case of entities), or other appropriate form, certifying such holder's qualification for the reduced rate. This certification must be provided to us or our withholding agent before the payment of the dividends and must be updated periodically. In the case of a non-U.S. Holder that is an entity, Treasury Regulations and the relevant tax treaty provide rules to determine whether, for purposes of determining the applicability of the tax treaty, dividends will be treated as paid to the entity or to those holding an interest in the entity. If the non-U.S. holder holds our Class A common stock through a financial institution or other agent acting on the non-U.S. holder's behalf, the non-U.S. holder will be required to provide appropriate documentation to the agent, which then will be required to provide certification to us or our withholding agent, either directly or through other intermediaries.

If a non-U.S. holder holds our Class A common stock in connection with the conduct of a trade or business in the United States, and dividends paid on our Class A common stock are effectively connected with such holder's U.S. trade or business (and are attributable to such holder's permanent establishment or fixed base in the United States if required by an applicable tax treaty), the non-U.S. holder will be exempt

from U.S. federal withholding tax. To claim the exemption, the non-U.S. holder must generally furnish a valid IRS Form W-8ECI (or applicable successor form) to the applicable withholding agent.

However, any such effectively connected dividends paid on our Class A common stock generally will be subject to U.S. federal income tax on a net income basis at the regular U.S. federal income tax rates in the same manner as if such holder were a resident of the United States. A non-U.S. holder that is a foreign corporation also may be subject to an additional branch profits tax equal to 30% (or such lower rate specified by an applicable income tax treaty) of its effectively connected dividends, as adjusted for certain items.

Non-U.S. holders that do not provide the required certification on a timely basis, but that qualify for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

Gain on disposition of our Class A common stock

Subject to the discussion below regarding backup withholding and FATCA (as defined below), a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale or other disposition of our Class A common stock, unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base maintained by the non-U.S. holder in the United States;
- the non-U.S. holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition, and certain other requirements are met; or
- our Class A common stock constitutes a "United States real property interest" by reason of our status as a United States real property holding corporation (USRPHC) for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding the disposition or the non-U.S. holder's holding period for our Class A common stock, and our Class A common stock is not "regularly traded" on an established securities market during the calendar year in which the sale or other disposition occurs.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular U.S. federal income tax rates in the same manner as if such holder were a resident of the United States. A non-U.S. holder that is a foreign corporation also may be subject to an additional branch profits tax equal to 30% (or such lower rate specified by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain items.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a flat 30% rate (or such lower rate specified by an applicable income tax treaty), but may be offset by certain U.S.-source capital losses (even though the individual is not considered a resident of the United States), provided that the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses.

Determining whether we are a USRPHC depends on the fair market value of our U.S. real property interests relative to the fair market value of our other trade or business assets and our foreign real property interests. We believe that we are not currently and we do not anticipate becoming a USRPHC for U.S. federal income tax purposes, although there can be no assurance we will not in the future become a USRPHC. Even if we are treated as a USRPHC, gain realized by a non-U.S. Holder on a disposition of our Class A common stock will not be subject to U.S. federal income tax so long as (1) the non-U.S. Holder owned, directly, indirectly and constructively, no more than 5% of our Class A common stock at all times within the shorter of (a) the five-year period preceding the disposition or (b) the holder's holding period and (2) our Class A common stock is regularly traded on an established securities market within the meaning of applicable U.S. Treasury regulations. There can be no assurance that our Class A common stock qualifies as regularly traded on an established securities market. If any gain on a non-U.S. holder's disposition of our Class A common stock is taxable because we are a USRPHC and such holder's ownership of our Class A common stock exceeds 5%, such holder will be taxed on such disposition generally in the manner applicable to U.S. persons and in addition, a purchaser of such holder's Class A common stock may be required to withhold tax with respect to that obligation.

Non-U.S. holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

Information reporting and backup withholding

Annual reports are required to be filed with the IRS and provided to each non-U.S. holder indicating the amount of distributions on our Class A common stock paid to such holder and the amount of any tax withheld with respect to those distributions. These information reporting requirements apply even if no withholding was required because the distributions were effectively connected with the holder's conduct of a U.S. trade or business, or withholding was reduced or eliminated by an applicable income tax treaty. This information also may be made available under a specific treaty or agreement with the tax authorities in the country in which the non-U.S. holder resides or is established. Backup withholding, currently at a 24% rate, generally will not apply to payments to a non-U.S. holder of dividends on or the gross proceeds of a disposition of our Class A common stock provided the non-U.S. holder furnishes the required certification for its non-U.S. status, such as by providing a valid IRS Form W-8BEN, IRS Form W-8BEN-E or IRS Form W-8ECI, or otherwise establishes an exemption, and if the payor does not have actual knowledge, or reason to know, that the holder is a U.S. person who is not an exempt recipient.

Backup withholding is not an additional tax. If any amount is withheld under the backup withholding rules, the non-U.S. holder should consult with a U.S. tax advisor regarding the possibility of and procedure for obtaining a refund or a credit against the non-U.S. holder's U.S. federal income tax liability, if any.

Withholding on foreign entities

Sections 1471 through 1474 of the Code, which are commonly referred to as FATCA, impose a U.S. federal withholding tax of 30% on certain payments made to a "foreign financial institution" (as specially defined under these rules) unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding certain U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or an exemption applies. FATCA also generally imposes a U.S. federal withholding tax of 30% on certain payments made to a "non-financial foreign entity" (as specially defined under these rules) unless such entity provides the withholding agent a certification that it does not have any "substantial United States owners" or provides information identifying certain direct and indirect U.S. owners of the entity or an exemption applies. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. FATCA currently applies to dividends paid on our Class A common stock and would have applied also to payments of gross proceeds from the sale or other disposition of our Class A common stock. However, the U.S. Treasury Department has released proposed regulations under FATCA providing for the elimination of the federal withholding tax of 30% applicable to gross proceeds of a sale or other disposition of from property of a type that can produce U.S. source dividends or interest. Under these proposed Treasury Regulations (which may be relied upon by taxpayers prior to finalization), FATCA will not apply to gross proceeds from sales or other dispositions of our Class A common stock.

Prospective investors are encouraged to consult with their tax advisors regarding the possible implications of FATCA on their investment in our Class A common stock.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF OUR CLASS A COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY RECENT AND PROPOSED CHANGE IN APPLICABLE LAW, AS WELL AS TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL, NON-U.S. OR U.S. FEDERAL NON-INCOME TAX LAWS.

UNDERWRITING

We and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman Sachs & Co. LLC, Cowen and Company, LLC and Piper Sandler & Co. are the representatives of the underwriters.

Name	Number of Shares
Goldman Sachs & Co. LLC	
Cowen and Company, LLC	
Piper Sandler & Co.	
JMP Securities LLC	
Total	

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional shares of our Class A common stock from us to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional shares of Class A common stock from us.

	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. After the initial offering of the shares, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We and our officers, directors, and holders of substantially all of our capital stock and securities convertible into or exchangeable for our Class A common stock have agreed or will agree with the underwriters, subject to certain exceptions, not to dispose of or hedge any of our or their Class A common stock or securities convertible into or exchangeable for shares of Class A common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of Goldman Sachs & Co. LLC, Cowen and Company, LLC and Piper Sandler & Co. This agreement does not apply to any existing employee benefit plans. See "Shares eligible for future sale" for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for the shares of our Class A common stock. The initial public offering price will be negotiated among the company and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be the company's historical performance, estimates of the business potential and earnings prospects of the company, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We intend to apply to list our Class A common stock on Nasdaq Global Market under the symbol "SGMT."

In connection with the offering, the underwriters may purchase and sell shares of our Class A common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A "covered short position" is a short position that is not greater than the amount of additional shares for which the underwriters' option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. "Naked" short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of Class A common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our Class A common stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of our Class A common stock. As a result, the price of our Class A common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on the Nasdaq Global Market, in the over-the-counter market or otherwise.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately $ million. We have agreed to reimburse the underwriters for certain of their expenses in an amount up to $.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates may in the future provide, a variety of these services to us and to persons and entities with relationships with us, for which they will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of ours (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

European Economic Area

In relation to each Member State of the European Economic Area (each a Relevant Member), no shares have been offered or will be offered pursuant to the offering to the public in that Relevant Member prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member or, where appropriate, approved in another Relevant Member and notified to the competent authority in that Relevant Member, all in accordance with the Prospectus Regulation, except that the shares may be offered to the public in that Relevant Member at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the shares shall require us or any of the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the shares in any Relevant Member means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

United Kingdom

No shares have been offered or will be offered pursuant to the offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the shares which has been approved by the Financial Conduct Authority, except that the shares may be offered to the public in the United Kingdom at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Section 86 of the FSMA.

provided that no such offer of the shares shall require the Issuer or Manager to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares and the expression. UK Prospectus Regulation means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Canada

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption form, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) ("Companies (Winding Up and Miscellaneous Provisions) Ordinance") or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("Securities and Futures Ordinance"), or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("Regulation 32")

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor

under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than $200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

Solely for the purposes of its obligations pursuant to Section 309B of the SFA, we have determined, and hereby notify all relevant persons (as defined in the CMP Regulations 2018), that the shares are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission (ASIC), in relation to the offering. This offering document does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the Corporations Act), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the Exempt Investors) who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This offering document contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this offering document is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Dubai International Financial Centre

This offering document relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (DFSA). This offering document is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the

information set forth in this prospectus and has no responsibility for the offering document. The securities to which this offering document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this offering document you should consult an authorized financial advisor.

Switzerland

We have not and will not register with the Swiss Financial Market Supervisory Authority (FINMA) as a foreign collective investment scheme pursuant to Article 119 of the Federal Act on Collective Investment Scheme of 23 June 2006, as amended (CISA), and accordingly the securities being offered pursuant to this prospectus have not and will not be approved, and may not be licenseable, with FINMA. Therefore, the securities have not been authorized for distribution by FINMA as a foreign collective investment scheme pursuant to Article 119 CISA and the securities offered hereby may not be offered to the public (as this term is defined in Article 3 CISA) in or from Switzerland. The securities may solely be offered to "qualified investors," as this term is defined in Article 10 CISA, and in the circumstances set out in Article 3 of the Ordinance on Collective Investment Scheme of 22 November 2006, as amended (CISO), such that there is no public offer. Investors, however, do not benefit from protection under CISA or CISO or supervision by FINMA. This prospectus and any other materials relating to the securities are strictly personal and confidential to each offeree and do not constitute an offer to any other person. This prospectus may only be used by those qualified investors to whom it has been handed out in connection with the offer described in this prospectus and may neither directly or indirectly be distributed or made available to any person or entity other than its recipients. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in Switzerland or from Switzerland. This prospectus does not constitute an issue prospectus as that term is understood pursuant to Article 652a and/or 1156 of the Swiss Federal Code of Obligations. We have not applied for a listing of the securities on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this prospectus does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

LEGAL MATTERS

The validity of the shares of our Class A common stock being offered in this prospectus will be passed upon for us by Goodwin Procter LLP, San Francisco, California. Cooley LLP, Palo Alto, California, is representing the underwriters in this offering.

EXPERTS

The financial statements as of December 31, 2022 and 2021, and for each of the two years in the period ended December 31, 2022, included in this prospectus have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report. Such financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have submitted to the SEC a confidential registration statement on Form S-1 under the Securities Act with respect to the shares of Class A common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our Class A common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The SEC also maintains an internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

On the closing of this offering, we will be subject to the information reporting requirements of the Exchange Act, and we will file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information will be available for review at the website of the SEC referred to above.

We also maintain a website at sagimet.com. Information contained in, or accessible through, our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is only as an inactive textual reference.

SAGIMET BIOSCIENCES INC.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Sagimet Biosciences Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Sagimet Biosciences Inc. (the "Company") as of December 31, 2022 and 2021, the related statements of operations and comprehensive loss, redeemable convertible preferred stock and stockholders' deficit, and cash flows, for each of the two years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred net losses and negative cash flows from operations that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

San Francisco, California
March 24, 2023

We have served as the Company's auditor since 2015.

SAGIMET BIOSCIENCES INC.

BALANCE SHEETS
(in thousands, except for share and per share amounts)

	As of December 31, 2022	As of December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 158	$ 56,731
Short-term investments in marketable securities	32,187	—
Prepaid expenses and other current assets	447	1,932
Total current assets	32,792	58,663
Operating lease right-of-use assets	212	342
Deposits	27	27
Total assets	$ 33,031	$ 59,032
Liabilities, redeemable convertible preferred stock and stockholders' deficit		
Current liabilities:		
Accounts payable	$ 1,125	$ 761
Accrued expenses and other current liabilities	4,021	1,555
Operating lease liabilities	133	124
Total current liabilities	5,279	2,440
Long-term liabilities		
Operating lease liabilities, less current portion	78	224
Redeemable convertible preferred stock warrant liability	4	7
Total liabilities	5,361	2,671
Commitments and contingencies (Note 7)		
Redeemable convertible preferred stock: $0.0001 par value; 1,373,810,170 shares authorized at December 31, 2022 and 2021; 1,373,730,625 shares issued and outstanding at December 31, 2022 and 2021; liquidation value of $232,963 at December 31, 2022 and 2021	214,620	214,620
Stockholders' deficit:		
Common stock, $0.0001 par value; 1,608,370,000 and 1,590,550,754 shares authorized at December 31, 2022 and 2021, respectively; 14,714,471 and 14,585,058 shares issued and outstanding at December 31, 2022 and 2021, respectively	1	1
Additional paid-in capital	35,001	33,109
Accumulated other comprehensive loss	(84)	—
Accumulated deficit	(221,868)	(191,369)
Total stockholders' deficit	(186,950)	(158,259)
Total liabilities, redeemable convertible preferred stock and stockholders' deficit	$ 33,031	$ 59,032

The accompanying notes are an integral part of these financial statements.

SAGIMET BIOSCIENCES INC.

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except for share and per share amounts)

	Year ended December 31, 2022	Year ended December 31, 2021
Operating expenses:		
Research and development	$ 24,919	$ 19,340
General and administrative	6,136	4,379
Total operating expenses	31,055	23,719
Loss from operations	(31,055)	(23,719)
Other income (expense), net:		
Change in fair value of redeemable convertible preferred stock tranche liability	—	(751)
Change in fair value of redeemable convertible preferred stock warrants	3	2
Interest income and other	553	26
Total other income (expense), net	556	(723)
Net loss	$ (30,499)	$ (24,442)
Other comprehensive loss:		
Net unrealized loss on investments in marketable securities	(84)	—
Total other comprehensive loss	(84)	—
Comprehensive loss	$ (30,583)	$ (24,442)
Net loss per share attributable to common stockholders, basic and diluted	$ (2.08)	$ (2.51)
Weighted-average shares outstanding used in computing net loss per share attributable to common stockholders, basic and diluted	14,673,342	9,742,682

The accompanying notes are an integral part of these financial statements.

SAGIMET BIOSCIENCES INC.

STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT
(in thousands, except share amounts)

	Redeemable convertible preferred stock		Common stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total stockholders' deficit
	Shares	Amount	Shares	Amount				
Balance at January 1, 2021	1,289,245,218	$202,885	7,674,259	$ 1	$31,016	$(166,927)	$ —	$(135,910)
Net loss	—	—	—	—	—	(24,442)	—	(24,442)
Issuance of Series F redeemable convertible preferred stock, net of issuance costs of $16	84,485,407	11,735	—	—	—	—	—	—
Exercise of stock options	—	—	1,849,204	—	149	—	—	149
Exercise of common stock warrants	—	—	5,061,595	—	40	—	—	40
Stock-based compensation expense	—	—	—	—	1,904	—	—	1,904
Balance at December 31, 2021	1,373,730,625	214,620	14,585,058	1	33,109	(191,369)	—	(158,259)
Net loss	—	—	—	—	—	(30,499)	—	(30,499)
Exercise of stock options	—	—	129,413	—	12	—	—	12
Unrealized loss on investments in marketable securities	—	—	—	—	—	—	(84)	(84)
Stock-based compensation expense	—	—	—	—	1,880	—	—	1,880
Balance at December 31, 2022	1,373,730,625	$214,620	14,714,471	$ 1	$35,001	$(221,868)	$(84)	$(186,950)

The accompanying notes are an integral part of these financial statements.

SAGIMET BIOSCIENCES INC.

STATEMENTS OF CASH FLOWS
(in thousands)

	Year ended December 31, 2022	Year ended December 31, 2021
Cash flows from operating activities		
Net loss	$(30,499)	$(24,442)
Adjustments to reconcile net loss to net cash used in operating activities:		
Accretion of discount on marketable securities, net	(212)	—
Non-cash lease expense	130	134
Stock-based compensation expense	1,880	1,904
Change in fair value of redeemable convertible preferred stock warrants	(3)	(2)
Change in fair value of redeemable convertible preferred stock tranche liability	—	751
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	1,436	(471)
Accounts payable and accrued expenses	2,915	560
Operating lease liabilities	(137)	(144)
Net cash used in operating activities	(24,490)	(21,710)
Cash flows from investing activities		
Purchases of marketable securities	(41,446)	—
Sales of marketable securities	9,436	—
Net cash used in investing activities	(32,010)	—
Cash flows from financing activities		
Proceeds from issuance of redeemable convertible preferred stock, net	—	10,804
Proceeds from exercise of stock options and warrants	12	189
Payment of deferred financing costs	(85)	(1,254)
Net cash (used in) provided by financing activities	(73)	9,739
Net decrease in cash and cash equivalents	(56,573)	(11,971)
Cash and cash equivalents at the beginning of the period	56,731	68,702
Cash and cash equivalents at the end of the period	$ 158	$ 56,731
Supplemental cash flow information		
Unpaid deferred financing costs included in accounts payable and accrued expenses	$ —	$ 171
Right-of-use assets obtained in exchange for operating lease obligations	$ —	$ 282

The accompanying notes are an integral part of these financial statements.

SAGIMET BIOSCIENCES INC.

NOTES TO THE FINANCIAL STATEMENTS

1. Organization and description of business

Overview

Sagimet Biosciences Inc. (the Company) was incorporated in Delaware on December 19, 2006, as 3-V Biosciences, Inc. and is headquartered in San Mateo, California. The Company changed its name from 3-V Biosciences, Inc. to Sagimet Biosciences Inc. in August 2019. The Company is a clinical-stage biopharmaceutical company focused on developing a portfolio of in-house discovered, selective fatty acid synthase (FASN) inhibitors for the treatment of diseases that result from dysfunctional lipid metabolism pathways.

Risks, uncertainties and going concern

The Company is subject to certain risks and uncertainties, including, but not limited to changes in any of the following areas that the Company believes could have a material adverse effect on future financial position or results of operations: the availability of future financing; the ability to obtain regulatory approval and market acceptance of, and reimbursement for, the Company's drug candidates if approved; the performance of third-party clinical research organizations and manufacturers; protection of the intellectual property; litigation or claims against the Company based on intellectual property, patent, product, regulatory or other factors; and the Company's ability to attract and retain employees necessary to support commercial success. In addition, significant changes in the biotechnology industry or the approval of competitive products or therapies could adversely affect the Company's development and operating results.

To date, the Company has relied on private equity and debt financings to fund its operations. The Company has incurred net losses and negative cash flows from operations since inception, including net losses of $30.5 million and $24.4 million for the years ended December 31, 2022 and 2021, respectively. For the years ended December 31, 2022 and 2021, the Company had negative cash flows from operations of $24.5 million and $21.7 million, respectively. As of December 31, 2022, the Company had cash, cash equivalents and short-term investments in marketable securities of $32.3 million. The Company expects to incur additional losses and negative cash flows from operations for the next twelve months. Based on its recurring losses from operations incurred since inception, expectation of continuing operating losses for the foreseeable future, and need to raise additional capital to finance its future operations, the Company has concluded that there is substantial doubt regarding the Company's ability to continue as a going concern within one year after the date that these financial statements are issued.

The Company will require substantial additional capital to fund its research and development and ongoing operating expenses. The Company is seeking to complete an initial public offering (IPO) of its Class A common stock. In the event the Company does not complete an IPO, the Company expects to seek additional funding through private equity financings, debt financings or other sources. The Company may not be able to obtain funding on acceptable terms, or at all. The terms of any future financing may adversely affect the holdings or the rights of the Company's existing stockholders.

If the Company is unable to raise additional funds when needed, it may be required to delay, reduce or eliminate its research and development.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Impact of COVID-19 pandemic on financial statements

The outbreak of the 2019 novel coronavirus disease (COVID-19), which was declared a global pandemic by the World Health Organization on March 11, 2020, and the related responses by public health and governmental authorities to contain and combat its outbreak and spread has severely impacted the U.S. and

world economies during the end of the first quarter of 2020 and continuing through the end of 2022. COVID-19 and the U.S. response to the pandemic are significantly affecting the economy. There are no comparable events that provide guidance as to the effect the COVID-19 pandemic may have, and, as a result, the ultimate effect of the pandemic is highly uncertain and subject to change. The Company does not yet know the full extent of the effects on the economy, the markets it serves, its business, or its operations.

Moving forward, economic recessions, increased inflation and/or interest rates, including those brought on by the continued COVID-19 outbreak may have a negative effect on the Company's operating results. Any prolonged disruption to our operations or workforce availability is likely to have a significant adverse effect on the Company's results of operations and cash flows. All of the above may be exacerbated in the future as the COVID-19 outbreak and the governmental responses thereto continue.

2. Summary of significant accounting policies

Basis of presentation

The financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and reported amounts of expenses during the reporting period. Such estimates include accruals of research and development expenses, accrued costs for services rendered in connection with third-party contractor clinical trial activities, preferred stock, common stock and stock option valuations and stock-based compensation. On an ongoing basis, the Company evaluates its estimates and judgments, which are based on historical and anticipated results and trends and on various other assumptions that management believes to be reasonable under the circumstances. Actual results could differ from those estimates.

Cash and cash equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. As of December 31, 2022 and 2021, cash and cash equivalents which are denominated in U.S. dollars, consisted of bank deposits including deposits in a money market fund. All cash and cash equivalents were unrestricted as to withdrawal or use.

Marketable securities

The Company classifies its marketable securities as available-for-sale and records such assets at estimated fair value in the balance sheets, with unrealized gains and losses that are determined to be temporary, if any, reported as a component of other comprehensive income (loss) within the statements of operations and comprehensive loss and as a separate component of stockholders' deficit. The Company classifies marketable securities with remaining maturities greater than three months but less than one year as short-term investments, and those with remaining maturities greater than one year are classified as long-term investments. Investments are regularly reviewed for other-than-temporary declines in fair value. The review includes the consideration of the cause of the impairment, including the creditworthiness of the security issuers, the number of investments in an unrealized loss position, the severity and duration of the unrealized losses and whether it is more likely than not that the Company will be required to sell the investments before the recovery of their amortized cost basis. A decline in the fair value of any security below cost that is deemed other than temporary results in a charge to earnings and the establishment of a new cost basis for the security. The Company invests its excess cash balances primarily in corporate debt securities with strong credit ratings. Realized gains and losses are calculated on the specific identification method and recorded as interest income and were immaterial for all periods presented. As of December 31, 2022, the Company's short-term marketable securities were invested with Silicon Valley Bank (SVB) and custodied at U.S. bank.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash, cash equivalents and marketable securities.

Deferred financing costs

Deferred financing costs, consisting of legal, accounting and other fees and costs relating to the Company's planned IPO are capitalized and recorded on the balance sheets. The deferred financing costs will be offset against the proceeds received upon the closing of the planned IPO. In the event that the Company's plans for an IPO are terminated, all of the deferred financing costs will be written off within operating expenses in the Company's statements of operations and comprehensive loss. As of December 31, 2021, there were $1.4 million of deferred financing costs capitalized related to the Company's previous IPO plans in 2021. On March 21, 2022, the Company withdrew its Registration Statement on Form S-1 initially filed with the Securities and Exchange Commission on April 6, 2021. Concurrently, all of the deferred financing costs of $1.4 million capitalized as of December 31, 2021 were expensed within operating expenses in the statement of operations and comprehensive loss for the year ended December 31, 2022. As of December 31, 2022, there were no deferred financing costs capitalized.

Impairment of long-lived assets

The Company evaluates the carrying amount of its long-lived assets whenever events or changes in circumstances indicate that the assets may not be recoverable. An impairment loss is recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition are less than the carrying amount of the asset. To date, there have been no such impairment losses.

Leases

The Company determines if an arrangement is or contains a lease and the classification of that lease at inception of a contract. Specifically, the Company considers whether it controls the underlying asset and has the right to obtain substantially all the economic benefits or outputs from the asset. The Company enters into lease agreements for its office facility and accounts for its lease obligations under Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842) The Company's operating lease asset is included in "operating lease right-of-use assets" (ROU assets), and the current and non-current portions of the operating lease liability are included in "operating lease liabilities", and "operating lease liabilities, less current portion", respectively, on the balance sheets. As of December 31, 2022 and 2021, the Company had no finance leases.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the lease commencement date. Operating lease ROU assets are based on the corresponding lease liability adjusted for (i) payments made at or before the commencement date, (ii) initial direct costs incurred, and (iii) tenant incentives under the lease. The Company does not account for renewals or early terminations unless it is reasonably certain to exercise these options at commencement. Operating lease expense is recognized on a straight-line basis over the lease term. The Company accounts for lease and non-lease components as a single lease component for operating leases. The Company does not record leases with terms of twelve months or less on the balance sheets.

As the implicit rate for the operating lease was not determinable, the Company used an incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future payments. The Company's incremental borrowing rate was estimated to approximate the interest rate on a collateralized basis with similar terms and payments, in an economic environment where the leased asset is located. The Company determined the incremental borrowing rate by considering various factors, such as its credit rating, interest rates of similar debt instruments of entities with comparable credit rating, the lease term and the currency in which the lease was denominated.

Accrued research and development expense

Research and development costs are charged to expense as incurred. Research and development expenses include certain payroll and personnel expenses, consulting costs, external contract research and

development expenses, and allocated overhead, including rent, equipment depreciation and utilities. Advance payments for goods or services for future research and development activities are deferred and expensed as the goods are delivered or the related services are performed.

The Company estimates preclinical study and clinical trial expenses based on the services performed pursuant to contracts with research institutions and clinical research organizations that conduct and manage preclinical studies and clinical trials on the Company's behalf. In accruing service fees, the Company estimates the time period over which services will be performed and the level of effort to be expended in each period. These estimates are based on communications with the third-party service providers and the Company's estimates of accrued expenses and on information available at each balance sheet date. If the actual timing of the performance of services or the level of effort varies from the estimate, the Company will adjust the accrual accordingly.

Revenue recognition

The Company enters into collaboration and licensing arrangements that generally contain multiple elements or deliverables, which may include (1) licenses to the Company's technology, (2) research and development activities performed for the collaboration partner, (3) participation on joint steering committees (JSCs), and (4) the manufacturing of clinical or preclinical material. Payments pursuant to these arrangements include milestone payments upon achieving significant development events, research and development reimbursements, sales milestones, and royalties on future drug sales. Variable consideration is constrained until it is probable that the revenue is not at a significant risk of reversal in a future period.

In determining the appropriate amount of revenue to be recognized for the components of the arrangements that are within the scope of Accounting Standards Codification, Topic 606, *Revenue from Contracts with Customers* (ASC 606), the Company performs the following steps: (i) identification of the promised goods or services in the contract within the scope of ASC 606; (ii) determination of whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation. As part of the accounting for these arrangements, the Company must use significant judgment to determine: a) the number of performance obligations based on the determination under step (ii) above; b) the transaction price under step (iii) above; c) the stand-alone selling price for each performance obligation identified in the contract for the allocation of transaction price in step (iv) above; and d) the measure of progress in step (v) above. The Company uses judgment to determine whether milestones or other variable consideration, except for royalties, should be included in the transaction price as described further below.

At the inception of each arrangement that includes milestone payments, the Company evaluates whether the milestones are considered probable of being achieved and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within the control of the Company or the licensee, such as regulatory approvals, are not considered probable of being achieved until those approvals are received. At the end of each subsequent reporting period, the Company reevaluates the probability of achievement of all milestones subject to constraint and, if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect revenues and earnings in the period of adjustment.

For arrangements that include sales-based royalties or milestone payments, for which the license is deemed to be the predominant item, the Company recognizes revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied).

In January 2022, Ascletis initiated dosing of a Phase 3 trial for recurrent GBM, potentially triggering a $2.0 million development milestone payment under the license agreement. Due to the uncertainty around the achievement of the milestone and ongoing discussions with Ascletis around the consideration for the milestone, the Company concluded it was probable that a significant reversal of the revenue related to the milestone would occur, and therefore, no revenue was recognized.

Segment information

The Company operates and manages its business as a single operating segment for the purposes of assessing performance and making operating decisions. The Company's current focus is on developing and commercializing therapeutics for the treatment of non-alcoholic steatohepatitis (NASH) and other diseases where FASN plays a pathogenic role. The Company has one operating segment and therefore one reportable segment. The determination of reportable segments is based on the chief operating decision maker's (CODM) use of financial information provided for the purpose of assessing performance and making operating decisions. The Company's CODM is its chief executive officer. The CODM evaluates the Company's financial information and assesses the performance of the Company based on the single operating segment. The Company assesses its determination of operating segments at least annually and continues to evaluate the internal reporting structure and potential impacts of any changes to its segment reporting.

Common stock valuation

Due to the absence of an active market for the Company's common stock, the Company utilized methodologies in accordance with the framework of the American Institute of Certified Public Accountants Technical Practice Aid (Valuation of Privately Held Company Equity Securities Issued as Compensation) to estimate the fair value of its common stock. In determining the exercise prices for options granted, the Company has considered the estimated fair value of the common stock as of the measurement date. The estimated fair value of the common stock has been determined at each grant date based upon a variety of factors, including the illiquid nature of the common stock, arm's-length sales of the Company's capital stock (including redeemable convertible preferred stock), the effect of the rights and preferences of the redeemable convertible preferred stockholders, and the prospects of a liquidity event. Among other factors are the Company's financial position and historical financial performance, the status of technological developments within the Company's research, the composition and ability of the current research and management team, an evaluation or benchmark of the Company's competition, and the current business climate in the marketplace. Significant changes to the key assumptions underlying the factors used could result in different fair values of common stock at each valuation date.

Redeemable convertible preferred stock

The Company records redeemable convertible preferred stock at fair value on the dates of issuance, net of issuance costs. The redeemable convertible preferred stock is recorded outside of stockholders' deficit because the shares contain liquidation features that are not solely within the Company's control. The Company has not adjusted the carrying values of the redeemable convertible preferred stock to the liquidation preferences of such shares because it is uncertain whether or when an event would occur that would obligate the Company to pay the liquidation preferences to holders of shares of redeemable convertible preferred stock. Subsequent adjustments to the carrying values to the liquidation preferences will be made only when it becomes probable that such a liquidation event will occur.

Redeemable convertible preferred stock tranche liability

The Company determined the right of the investors to purchase shares of Series F redeemable convertible preferred stock at a future date met the definition of a freestanding instrument and was recognized as a liability at fair value upon the December 2020 issuance of Series F redeemable convertible preferred stock (Redeemable Convertible Preferred Stock Tranche Liability). The liability was subject to remeasurement at each balance sheet date, with changes in fair value recognized in other income (expense) in the statements of operations and comprehensive loss. Upon closing of the Series F redeemable convertible preferred stock financing in February 2021, the Redeemable Convertible Preferred Stock Tranche Liability was extinguished, and the marked-to-market fair value of the liability was included in the carrying value of redeemable convertible preferred stock issued.

Common stock warrants

From time to time, the Company has issued warrants to investors and creditors together with the Company's debt and equity financings. The Company accounts for warrants in accordance with the guidance contained in Financial Accounting Standards Board (FASB) ASC 815, *Derivatives and Hedging*.

Under ASC 815-40, warrants that meet the criteria for equity treatment are recorded in stockholders' deficit. The warrants are subject to re-evaluation of the proper classification and accounting treatment at each reporting period. If the warrants no longer meet the criteria for equity treatment, they will be recorded as a liability and remeasured each period with changes recorded in the statement of operations and comprehensive loss. When issued in connection with debt, the allocated value related to the warrants is generally recorded as additional interest cost on the related debt. When issued with redeemable convertible preferred stock, the allocated value related to the warrants is recorded as additional issuance costs of the redeemable convertible preferred stock. The Company values warrants using an option pricing model.

Stock-based compensation expense

The Company accounts for all stock-based payment awards granted to employees and non- employees as stock-based compensation expense at fair value. The Company's stock-based payments include stock options and grants of common stock, including common stock subject to vesting. The measurement date for employee awards is the date of grant, and stock-based compensation costs are recognized as expense over the employees' requisite service period, which is the vesting period, on a straight- line basis. Stock-based compensation costs for non-employees are recognized as expense over the vesting period on a straight-line basis. Stock-based compensation expense is classified in the accompanying statements of operations and comprehensive loss based on the function to which the related services are provided. The Company recognizes stock-based compensation expense for the portion of awards that have vested. Forfeitures are recorded as they occur.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The Company has historically been a private company and lacks company-specific historical and implied volatility information. Therefore, it estimates its expected stock volatility based on the historical volatility of a publicly traded set of peer companies and expects to continue to do so until such time as it has adequate historical data regarding the volatility of its own traded stock price. The expected term of the Company's stock options has been determined utilizing the "simplified" method for awards that qualify as "plain-vanilla" options. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that the Company has never paid cash dividends on common stock and does not expect to pay any cash dividends in the foreseeable future.

For awards with service-based vesting conditions only, the Company recognizes share-based compensation expense on a straight-line basis over the requisite service or vesting period. For awards with service- and performance-based vesting conditions, the Company recognizes stock-based compensation expense using the graded vesting method over the requisite service period beginning in the period in which the awards are deemed probable to vest, to the extent such awards are probable to vest. The Company recognizes the cumulative effect of changes in the probability outcomes in the period in which the changes occur.

Income taxes

The Company accounts for income taxes using the asset and liability method. The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates. In evaluating the ability to recover its deferred income tax assets, the Company considers all available positive and negative evidence, including its operating results, ongoing tax planning and forecasts of future taxable income on a jurisdiction-by-jurisdiction basis. In the event the Company determines that it would be able to realize its deferred income tax assets in the future in excess of their net recorded amount, it would make an adjustment to the valuation allowance that would reduce the provision for income taxes. Conversely, in the event that all or part of the net deferred tax assets are determined not to be realizable in the future, an adjustment to the valuation allowance would be charged to earnings in the period when such determination is made. As of December 31, 2022 and 2021, the Company has recorded a full valuation allowance on its deferred tax assets.

Tax benefits related to uncertain tax positions are recognized when it is more likely than not that a tax position will be sustained during an audit. Interest and penalties related to unrecognized tax benefits are included within the provision for income tax.

Comprehensive loss

Comprehensive loss includes all changes in stockholders' deficit during a period from non-owner sources. The cumulative amount of these changes is reported on the balance sheets.

Net loss per share attributable to common stockholders

Basic net loss per common share attributable to common stockholders is calculated by dividing the net loss by the weighted-average number of common shares outstanding during the period, without consideration of potentially dilutive securities. Diluted net loss per share attributable to common stockholders is computed by dividing the net loss by the weighted-average number of common shares and potentially dilutive securities outstanding for the period. For purposes of the diluted net loss per share attributable to common stockholders calculation, the redeemable convertible preferred stock, common stock options and common and redeemable convertible preferred stock warrants are considered to be potentially dilutive securities. Basic and diluted net loss per share attributable to common stockholders is presented inconformity with the two-class method required for participating securities as the redeemable convertible preferred stock is considered a participating security. The Company's participating securities do not have a contractual obligation to share in the Company's losses. As such, the net loss was attributed entirely to common stockholders. As the Company has reported a net loss for the period presented, diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders for this period.

Emerging growth company status

The Company is an emerging growth company (EGC) as defined in the Jumpstart Our Business Startups Acts of 2012, as amended (the JOBS Act), and may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not EGCs. The Company may take advantage of these exemptions until it is no longer an EGC under Section 107 of the JOBS Act and has elected to use the extended transition period for complying with new or revised accounting standards. As a result of this election, the Company's financial statements may not be comparable to companies that comply with public company FASB standards' effective dates.

New accounting pronouncements not yet adopted

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses of Financial Instruments*, which, together with subsequent amendments, amends the requirement on the measurement and recognition of expected credit losses for financial assets held. ASU 2016-13 is effective for the Company for the annual periods beginning after December 15, 2022, including interim periods within those fiscal years, with early adoption permitted. The Company has determined that there will be no material impact on the Company's financial statements upon the adoption of this ASU in 2023.

In August 2020, the FASB issued ASU No. 2020-06, *Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40); Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which address issues identified as a result of the complexity associated with applying GAAP for certain financial instruments with characteristics of liabilities and equity. This amendment is effective for fiscal years beginning after December 15, 2023. The Company is currently evaluating the potential impact on its financial statements.

3. Fair value measurements and fair value of financial instruments

The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

Level 1—Quoted prices in active markets for identical assets or liabilities. The Company's deposits in a money market fund are Level 1 financial instruments.

Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The Company's short-term investments including commercial paper, corporate debt and U.S. Treasury securities are Level 2 financial instruments.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The Company's redeemable convertible preferred stock warrant liability (Redeemable Convertible Preferred Stock Warrant Liability) and Redeemable Convertible Preferred Stock Tranche Liability are Level 3 financial instruments.

During the years ended December 31, 2022 and 2021, financial assets measured at fair value on a recurring basis consist of cash and cash equivalents which include deposits in a money market fund and short-term investments including commercial paper, corporate debt and U.S. Treasury securities. The carrying amount of cash and cash equivalents was $0.2 million and $56.7 million as of December 31, 2022 and 2021, respectively, which approximates the fair value and was determined based upon Level 1 inputs. The fair value of short-term investments is based upon market prices quoted on the last day of the fiscal period or other observable market inputs. The Company obtains pricing information from its investment manager and generally determines the fair value of investment securities using standard observable inputs, including reported trades, broker/dealer quotes, bids and/or offers.

The carrying values of the Company's accounts payable and accrued expenses and other current liabilities approximate their fair values due to the short-term nature of these liabilities.

Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the asset or liability.

The Company's Level 3 liabilities that are measured at fair value on a recurring basis consist of the redeemable convertible preferred stock warrant liability and Redeemable Convertible Preferred Stock Tranche Liability.

Marketable securities, all of which are classified as available-for-sale securities, consisted of the following at December 31, 2022 (in thousands):

	December 31, 2022			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Commercial paper	$15,950	$ —	$ —	$15,950
Corporate debt securities	12,286	—	(65)	12,221
U.S. Treasury securities	4,035	—	(19)	4,016
Total	$32,271	$ —	$(84)	$32,187

There were no marketable securities at December 31, 2021.

The following table sets forth the Company's financial instruments that were measured at fair value on a recurring basis by level within the fair value hierarchy (in thousands):

	December 31, 2022			
	Total fair value	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents – money market funds	$ 38	$38	$ —	$—
Commercial paper	15,950	—	15,950	—
Corporate debt securities	12,221	—	12,221	—
U.S. Treasury securities	4,016	—	4,016	—
Total	$32,225	$38	$32,187	$—
Liabilities:				
Redeemable convertible preferred stock warrant liability	$ 4	$—	$ —	$ 4

	December 31, 2021			
	Total fair value	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents – money market funds	$56,631	$56,631	$ —	$—
Liabilities:				
Redeemable convertible preferred stock warrant liability	$ 7	$ —	$ —	$ 7

The following table provides a summary of changes in the estimated fair value of the financial instruments using significant Level 3 inputs (in thousands):

	Redeemable convertible preferred stock warrant liability	Redeemable convertible preferred stock tranche liability
Balance – January 1, 2021	**$ 9**	**$ —**
Change in fair value of redeemable convertible preferred stock warrant liability and establishment of Redeemable Convertible Preferred Stock Tranche Liability	(2)	751
Extinguishment of Redeemable Convertible Stock Tranche Liability upon subsequent issuance of Series F redeemable convertible preferred stock	—	(751)
Balance – December 31, 2021	**$ 7**	**$ —**
Change in fair value of Redeemable Convertible Preferred Stock Warrant Liability	(3)	—
Balance – December 31, 2022	**$ 4**	**$ —**

During the periods presented, the Company has not changed the manner in which it values liabilities that are measured at estimated fair value using Level 3 inputs. There were no transfers within the hierarchy during the periods presented.

Redeemable Convertible Preferred Stock Warrant Liability

In April 2015, the Company entered into a debt agreement with a financial institution which was repaid in full on May 15, 2019. In connection with the debt agreement, the Company issued to the lender 79,545 warrants to purchase Series D redeemable convertible preferred stock with an exercise price of $0.88 per share exercisable immediately with a contractual term of 10 years.

The Company estimates the fair value of the Redeemable Convertible Preferred Stock Warrant Liability using an option pricing model and assumptions that are based on the individual characteristics of

the warrants on the valuation date, as well as assumptions for fair value of the underlying redeemable convertible preferred stock, expected volatility, expected life, dividends and risk-free interest rate. The Company will continue to adjust the liability for changes in fair value of these warrants until the earlier of: (i) exercise of warrants; (ii) expiration of warrants; (iii) a change of control of the Company; or (iv) the consummation of an IPO.

As of December 31, 2022, the fair value of the Redeemable Convertible Preferred Stock Warrant Liability was determined to be $4 thousand assuming a volatility rate of 97.3%, an expected term of 2.28 years, no dividends, and a risk-free interest rate of 4.36%.

As of December 31, 2021, the fair value of the Redeemable Convertible Preferred Stock Warrant Liability was determined to be $7 thousand assuming a volatility rate of 87.2%, an expected term of 3.27 years, no dividends, and a risk-free interest rate of 1.01%.

The Company recorded other income of $3 thousand and $2 thousand for the change in fair value of the Redeemable Convertible Preferred Stock Warrant Liability in its statement of operations and comprehensive loss for the years ended December 31, 2022 and 2021, respectively.

Redeemable Convertible Preferred Stock Tranche Liability

The Company determined the right of an investor to purchase shares of Series F redeemable convertible preferred stock in December 2020 met the definition of a freestanding instrument and was classified as a liability. The fair value in December 2020 was determined to be negligible.

Immediately prior to the issuance and sale of Series F redeemable convertible preferred stock in February 2021, the fair value of the Redeemable Convertible Preferred Stock Tranche Liability was calculated to be $0.8 million. The fair value of the Redeemable Convertible Preferred Stock Tranche Liability was estimated using the intrinsic value of the Series F redeemable convertible preferred stock of $0.1391 per share. In February 2021, upon the issuance and sale of shares of Series F redeemable convertible preferred stock, the Redeemable Convertible Preferred Stock Tranche Liability was extinguished.

The Company recorded other expense of $0.8 million for the change in fair value of the Series F Redeemable Convertible Preferred Stock Tranche Liability in its statement of operations and comprehensive loss for the year ended December 31, 2021.

4. Prepaid expenses and other current assets

Prepaid expenses and other current assets as of December 31, 2022 and 2021 consist of the following (in thousands):

	As of December 31, 2022	As of December 31, 2021
Prepaid clinical expenses	$352	$ 423
Deferred financing costs	—	1,425
Other	95	84
Total	$447	$1,932

5. Accrued expenses and other current liabilities

Accrued expenses and other current liabilities as of December 31, 2022 and 2021 consist of the following (in thousands):

	As of December 31, 2022	As of December 31, 2021
Accrued clinical costs	$3,162	$ 852
Employees' compensation	636	463
Accrued pre-clinical costs	166	—
Accrued deferred financing costs	—	55
Other	57	185
Total	$4,021	$1,555

6. Related parties

University of Zurich and ETH Zurich

In April 2007, the Company entered into a license agreement with the University of Zurich and ETH Zurich, both Company investors, for exclusive rights in the United States to certain know-how and patents related to antiviral drug testing. The license agreement remains in force until the last patent expires or the agreement is canceled by either party. Upon execution of the agreement, the Company issued 153,000 shares of common stock to ETH Zurich and issued 76,500 shares of common stock to the University of Zurich.

Ascletis BioScience Co. Ltd

In January 2019, the Company entered into a license agreement that became effective in February 2019 with Ascletis BioScience Co. Ltd. (Ascletis), a subsidiary of Ascletis Pharma Inc. (Ascletis Pharma), biotechnology company incorporated in the Cayman Islands and headquartered in Hangzhou, China and a Company investor. The parties entered into this agreement with the intention to develop, manufacture, and commercialize the Company's proprietary fatty acid synthase (FASN) inhibitor, denifanstat. Under the terms of the license agreement, the Company granted Ascletis and its affiliates an exclusive, royalty-bearing sublicensable right and license under the Company's intellectual property to develop, manufacture, commercialize and otherwise exploit denifanstat and other products containing denifanstat-related compounds in Greater China, consisting of the People's Republic of China, Hong Kong, Macau and Taiwan.

The Company will bear all expenses related to development activities in Greater China as part of a global Phase 2 trial, except for clinical operations and regulatory staff provided by Ascletis. The Company conducted all development activities in connection with the FASCINATE-1 Phase 2 clinical trial in the United States and Greater China at its sole expense, except for certain in-kind contributions by Ascletis in Greater China. Ascletis is solely responsible for all development activities in connection with obtaining and maintaining regulatory approvals for denifanstat in Greater China. The Company received $60 thousand and $0.1 million as reimbursement pursuant to the license agreement for Greater China patent prosecution costs during the years ended December 31, 2022 and 2021, respectively.

The Company is eligible to receive development and commercial milestone payments from Ascletis in aggregate of up to $122.0 million as well as tiered royalties ranging from percentages in the high single digits to mid-teens on future net sales of denifanstat, which is referred to as ASC40 in Greater China. Ascletis Pharma, through a subsidiary, also led the Series E preferred stock financing in February 2019.

Under a separate manufacturing agreement with Ascletis, during the years ended December 31, 2022 and 2021, the Company paid $4 thousand and $0.9 million, respectively for the manufacture of denifanstat drug supply. The Company recorded these payments as research and development expense in the statement of operations and comprehensive loss for the respective year.

This license and Phase 2 research and development services components of this agreement are representative of a relationship with a customer and therefore are subject to ASC 606. In January 2022, Ascletis initiated dosing of a Phase 3 trial for recurrent GBM, potentially triggering a $2.0 million development milestone payment under the license agreement. Due to the uncertainty around the achievement of the milestone and ongoing discussions with Ascletis around the consideration for the milestone, the Company concluded it was probable that a significant reversal of the revenue related to the milestone would occur, and therefore, no revenue was recognized.

7. Commitments and contingencies

Facility lease agreement

On March 12, 2019, the Company executed a 38-month non-cancelable operating lease agreement for 3,030 square feet of office space for its headquarters facility which commenced April 1, 2019. The lease provides for monthly lease payments of approximately $12 thousand with annual increases. On December 20, 2021, the lease agreement was amended to extend the term of the lease through June 2024. A security deposit of approximately $27 thousand is held by the lessor and is recorded as a long-term asset as of December 31, 2022. The Company has accounted for the lease as an operating lease.

Operating lease cost for the years ended December 31, 2022 and 2021 was $0.2 million and $0.1 million, respectively.

The following is a schedule by year of future maturities of the Company's operating lease liabilities as of December 31, 2022 (in thousands):

2023	$157
2024	80
Total lease payments	237
Less: interest	(26)
Total	$211

Supplemental cash flow information related to leases was as follows for the years ended December 31, 2022 and 2021 (in thousands):

	Year ended December 31, 2022	Year ended December 31, 2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$157	$157
Right-of-use assets obtained in exchange for lease obligations (non-cash):		
Operating leases	$ —	$282

The weighted-average remaining lease term and discount rate related to the Company's lease liabilities as of December 31, 2022 and 2021 were 1.2 years and 7% and 2.5 years and 7%, respectively. The Company's lease discount rate is based on estimates of its incremental borrowing rate, as the discount rate implicit in the Company's lease cannot be readily determined. As the Company does not have any outstanding debt, the Company estimates the incremental borrowing rate based on its estimated credit rating and available market information.

Guarantees and indemnifications

In the normal course of business, the Company enters into agreements that contain a variety of representations and provide for general indemnification. The Company's exposure under these agreements is unknown because it involves claims that may be made against the Company in the future. To date, the Company has not paid any claims or been required to defend any action related to its indemnification

obligations. As of December 31, 2022, and 2021, the Company does not have any material indemnification claims that were probable or reasonably possible and consequently has not recorded related liabilities.

Legal

The Company is not party to any material legal proceedings at this time. From time to time, the Company may become involved in various legal proceedings that arise in the ordinary course of its business.

8. Redeemable convertible preferred stock

The authorized, issued and outstanding shares of the redeemable convertible preferred stock, liquidation preferences and carrying values as of December 31, 2022 and 2021 were as follows (in thousands, except share numbers):

	As of December 31, 2022 and 2021			
Series	Authorized Shares	Issued and Outstanding Shares	Liquidation Preference	Carrying Value
Series A	23,301	23,301	$ 233	$ 232
Series B	3,217	3,217	37	37
Series B-1	8,827,439	8,827,439	7,768	7,258
Series C	22,732,250	22,732,250	20,004	17,909
Series D	24,509,954	24,430,409	21,499	19,833
Series A’	720,199	720,199	—	—
Series B’	1,953,304	1,953,304	—	—
Series B-1’	14,001,243	14,001,243	—	2,780
Series C’	1,037	1,037	—	—
Series D’	3,475,426	3,475,426	—	739
Series D-1	51,331,148	51,331,148	45,171	26,894
Series E	631,638,725	631,638,725	58,231	58,496
Series F	614,592,927	614,592,927	80,020	80,442
Total	1,373,810,170	1,373,730,625	$232,963	$214,620

Issuance of Series F redeemable convertible preferred stock

On February 10, 2021, the Company received $11.0 million net of issuance costs from a closing of its Series F financing from new and existing investors, resulting in the issuance of 84,485,407 shares of Series F redeemable convertible preferred stock at $0.13020 per share (the Series F Original Issue Price).

Rights, preferences and privileges of the redeemable convertible preferred stock

The rights, preferences and privileges of the redeemable convertible preferred stock were as follows:

Dividends. The holders of the Company’s redeemable convertible preferred stock (excluding Series D-1) are entitled to receive noncumulative dividends of 8% per share (as adjusted for stock splits, combinations and reorganizations) per annum on each outstanding share of series redeemable convertible preferred stock. Such dividends shall be payable only when and if declared by the Company’s board of directors. Dividends on redeemable convertible preferred stock shall be payable in preference to and prior to any payments of any dividends on common stock. No dividends have been declared to date.

Conversion. Redeemable preferred stock is convertible, at the option of the holder, at any time, in fully paid, non-assessable shares of common stock at an initial conversion ratio of one-to-one (except Series D-1). Series D-1 is not convertible into shares of common stock at the option of the holder.

All of the redeemable convertible preferred stock will automatically convert into common stock, at the then-applicable conversion rate, in the event of either (i) the affirmative vote of the holders of a majority of

the then-outstanding shares of series preferred, voting together as a single class on an as-converted to common stock basis, and the affirmative vote of the holders of a majority of the then-outstanding shares of Series F redeemable convertible preferred stock, or (ii) the closing of an underwritten IPO of the Company's common stock pursuant to a registration statement on Form S-1 under the Securities Act of 1933, as amended, at a price of at least 1.25 times the Series F Original Issue Price, with aggregate gross proceeds of not less than $50.0 million. The Series D-1 is convertible into that number of fully-paid and nonassessable shares of common stock that is equal to $0.88 (as adjusted for stock splits, business combinations and reorganizations), divided by $18.0 million, subject to adjustments.

Voting rights. The holders of redeemable convertible preferred stock are entitled to that number of votes on all matters presented to stockholders equal to the number of shares of common stock then issuable upon conversion of such preferred stock, with the exception of the holders of the Series D-1 redeemable convertible preferred stock who do not have voting rights.

Liquidation. In the event of any sale of substantially all of the assets, a merger, or liquidation, dissolution or winding up of the Company, as defined in the restated certificate, the holders of Series A, B, B-1, C, D, D-1, E and F redeemable convertible preferred stock will be entitled to receive, on a *pari passu* basis and in preference to the holders of common stock, $10.00, $11.50, $0.88, $0.88, $0.88, $0.88, $0.09219 and $0.13020, respectively, per share (as adjusted for stock splits, combinations and reorganizations) plus declared and unpaid dividends, if any. In the event that the assets to be distributed among the holders of Series A, B, B-1, C, D, D-1, E and F redeemable convertible preferred stock are insufficient to permit full payment, the entire remaining assets of the Company legally available for distribution shall be distributed with equal priority and pro rata among these holders based on the aggregate liquidation preference of such holders. After distributing to all preferred stockholders, the remaining assets of the Company will be distributed ratably to the holders of the common stock on a pro rata basis. Each preferred stockholder may convert their shares to common stock shares and participate in the liquidation as a common stockholder. Such stockholder will not be entitled to receive any distribution that would otherwise be made to holders of shares of series preferred that have not been converted (or have not been deemed to have converted) into shares of common stock. Series prime do not have any liquidation preferences.

Deemed liquidation. A merger, acquisition, sale or lease of all or substantially all of the assets of the Company which will result in the Company's stockholders immediately prior to such transaction not holding at least 50% of the voting power of the surviving, continuing or purchasing entity, shall be deemed to be a liquidation, dissolution or winding up. Upon this event, holders of redeemable convertible preferred stock shall receive their liquidation preference including any accrued and unpaid dividends as of the liquidating date.

The holders of Series A, B, B-1, C, D, D-1, E and F redeemable convertible preferred stock have certain liquidation rights in the event of a deemed liquidation that, in certain situations, are not solely within the control of the Company and would call for the redemption of the then outstanding Series A, B, B-1, C, D, D-1, E and F redeemable convertible preferred stock. Therefore, the Series A, B, B-1, C, D, D-1, E and F redeemable convertible preferred stock are classified outside of stockholders' deficit on the balance sheets. The carrying value of the redeemable convertible preferred stock is not subsequently remeasured to the redemption value until the contingent redemption events are considered to be probable of occurring.

9. Stockholders' deficit

Common stock

In connection with the Company's eleventh amended and restated certificate filed September 27, 2022, the number of shares of common stock that the Company is authorized to issue increased from 1,590,550,754 to 1,608,370,000. The Company's reserved shares of common stock for future issuance related to potential conversion of the redeemable convertible preferred stock, exercise of warrants and exercise of stock options as of December 31, 2022 and 2021 are as follows:

	As of December 31, 2022	As of December 31, 2021
Redeemable convertible preferred stock	1,322,399,477	1,322,399,477
Series D redeemable convertible preferred stock warrants	79,545	79,545
Options authorized and available for issuance	14,400,788	64,425,560
Options to purchase common stock	253,571,818	169,933,713
Warrants to purchase common stock	3,200,913	3,200,913
Total	1,593,652,541	1,560,039,208

Redeemable Convertible Preferred Stock Warrant Liability

In connection with a note payable entered into on April 10, 2015, which was repaid in full in May 2019, the Company issued 79,545 Series D redeemable convertible preferred stock warrants with an exercise price of $0.88 per share. The warrants have a term of 10 years and are exercisable in whole or in part, at any time on or before the expiration date of April 10, 2025. At the time of issuance, the fair value of the Redeemable Convertible Preferred Stock Warrant Liability was determined using an option pricing model and assumptions that are based on the individual characteristics of the warrant on the valuation date, as well as assumptions for fair value of the underlying redeemable convertible preferred stock, expected volatility, expected life, dividends and risk-free interest rate (see Note 2).

The Series D redeemable convertible preferred stock warrant has no voting rights, or other rights as a stockholder of the Company. The warrant is subject to adjustment in the event of any diluting dividends or distributions of the common stock, or any stock split, reverse stock split, recapitalization, reorganization or similar transaction. Upon any reclassification, exchange, substitution or other event, the number and or class of the securities and property that the holder would have received for the shares if this warrant had been issued immediately before such event will be adjusted.

If the Company completes an IPO within the three-year period immediately prior to the expiration date, the expiration date will automatically be extended until the third anniversary of the effective date of the Company's IPO. If the warrant has not been exercised prior to the expiration date, the warrant will be deemed to have been automatically exercised on the expiration date by cashless conversion.

Stock warrants

As of December 31, 2022 and 2021, the following tables summarize the Company's outstanding common and redeemable convertible preferred stock warrants:

	As of December 31, 2022 and 2021					
Issuance Date	Number of Warrant Shares	Exercise Price per Share	Expiration Date	Exercisable for	Fair Value on Issuance (in thousands)	Fair Value Recorded Against
June 2013	2,133,942	$0.01	June 2023	Common	$339	Redeemable convertible preferred stock
January 2014	1,066,971	0.01	January 2024	Common	223	Redeemable convertible preferred stock
April 2015	79,545	0.88	April 2025	Series D	68	Debt

10. Stock-based compensation

In 2007, the Company adopted the 2007 Equity Incentive Plan, as amended, which allowed for the granting of incentive stock options (ISOs) and non-statutory stock options (NSOs) to the employees, members of the Company's board of directors, and consultants of the Company.

In 2017, the 2007 Equity Incentive Plan expired pursuant to its terms and the Company adopted the 2017 Equity Incentive Plan (2017 Plan) which allows for the granting of ISOs and NSOs as well as stock appreciation rights, restricted stock awards, restricted stock units and other stock awards to employees, members of the Company's board of directors and consultants. ISOs may be granted only to Company's employees, including officers and directors who are also employees. NSOs may be granted to employees, directors and consultants. As of December 31, 2022 and 2021, 14,400,788 and 64,425,560 shares are available for future grant under the 2017 Plan, respectively.

Options under the 2017 Plan may be granted for periods of up to ten years and at prices no less than 100% of the estimated fair value of the shares on the date of grant as determined by the Company's board of directors, provided, however, that an ISO granted to a 10% stockholder shall not have an exercise price that is less than 110% of the estimated fair value of the shares on the date of grant and shall not have a contractual term longer than five years.

The following table summarizes stock option transactions for the year ended December 31, 2022 (in thousands, except share and per share data):

	Number of Shares Underlying Outstanding Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
Outstanding, January 1, 2022	169,933,713	$0.09	8.1	$4,670
Options granted	85,861,012	0.09		
Options exercised	(129,413)	0.09		
Options cancelled	(70,587)	0.40		
Options expired	(2,022,907)	0.15		
Outstanding, December 31, 2022	253,571,818	0.09	8.1	3,998
Shares vested and exercisable as of December 31, 2022	120,058,823	0.09	6.8	2,303

The aggregate intrinsic value is calculated as the difference between the option exercise price and the estimated fair value of the underlying common stock.

Time-based options

The Company may award time-based options which vest and become exercisable, subject to the participant's continued employment or service through the applicable vesting date. Options granted have various vesting schedules including some that vest immediately and some that vest over four years.

The following table summarizes time-based stock option activity for the year ended December 31, 2022:

	Number of Shares Underlying Outstanding Options	Weighted-Average Exercise Price
Outstanding, January 1, 2022	122,177,579	$0.10
Options granted	84,361,012	0.09
Options exercised	(129,413)	0.09
Options cancelled	(70,587)	0.40
Options expired	(2,022,907)	0.15
Outstanding, December 31, 2022	204,315,684	0.09
Vested, December 31, 2022	115,999,375	

Subsequent to the issuance of the financial statements for the year ended December 31, 2021, the Company identified and corrected an immaterial error related to the total number of shares of outstanding time-based option awards disclosed. Management evaluated the correction on a quantitative and qualitative basis and has determined that it is immaterial to the financial statements as of and for the year ended December 31, 2021.

The weighted-average grant date fair value of time-based options granted during the year ended December 31, 2022 was $0.08 per share. The total fair value of the time-based shares vested during the year ended December 31, 2022 was $1.8 million. As of December 31, 2022, there was $9.1 million of total unrecognized compensation cost related to the awards. The cost is being recognized over a remaining weighted-average period of 3.2 years.

Performance-based options

The Company may award grants of performance-based options to eligible individuals. Performance-based options vest based on performance measures against predetermined objectives that could include successful completion of qualified equity offerings or announced topline results for clinical trials and positive clinical results over a specified performance period.

The following table summarizes performance-based stock option activity for the year ended December 31, 2022:

	Number of Shares Underlying Outstanding Options	Weighted-Average Exercise Price
Outstanding, January 1, 2022	47,756,134	$0.08
Options Granted	1,500,000	0.09
Options Exercised	—	—
Outstanding, December 31, 2022	49,256,134	0.09
Vested, December 31, 2022	4,059,448	

The weighted-average grant date fair value of performance-based options granted during the year ended December 31, 2022 was $0.09 per share. The total fair value of the performance-based shares vested during the year ended December 31, 2022 was $82 thousand. As of the year ended December 31, 2022, there was no unrecognized compensation cost related to the awards because it was improbable that the performance conditions would be met. The cost is being recognized over a remaining weighted-average period of less than one year.

The Company has recorded aggregate stock-based compensation expense related to the issuance of stock option awards to employees and non-employees in the statements of operations and comprehensive loss as follows for the years ended December 31, 2022 and 2021 (in thousands):

	Year Ended December 31, 2022	Year Ended December 31, 2021
General and administrative	$1,204	$1,325
Research and development	676	579
Total stock-based compensation	$1,880	$1,904

The fair value of each award granted was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions for the years ended December 31, 2022 and 2021.

	Year Ended December 31, 2022
Expected volatility	88 – 90%
Risk-free interest rate	3.0 – 4.2
Dividend yield	—
Expected term	5.4 – 7.0 years

	Year Ended December 31, 2021
Expected volatility	89 – 94%
Risk-free interest rate	0.4 – 1.3
Dividend yield	—
Expected term	5.0 – 6.1 years

The expected term of the stock options represents the average of the contractual term of the options and the weighted-average expected vesting period. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The expected volatility rate was based on the historical volatilities of comparable companies in the Company's industry. The Company has never declared or paid any cash dividends and does not presently plan to pay cash dividends in the foreseeable future. Consequently, the Company used an expected dividend yield of zero.

11. Net loss per share attributable to common stockholders

The table below is the calculation of basic and diluted loss per share attributable to common stockholders for the years ended December 31, 2022 and 2021 (in thousands, except share and per share data):

	Year Ended December 31, 2022	Year Ended December 31, 2021
Numerator:		
Net loss attributable to common stockholders	$ (30,499)	$ (24,442)
Denominator:		
Weighted-average shares outstanding used in computing net loss per share attributable to common stockholders, basic and diluted	14,673,342	9,742,682
Net loss per share attributable to common stockholders, basic and diluted	$ (2.08)	$ (2.51)

The following outstanding shares of potentially dilutive securities were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because including them would have been antidilutive:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Redeemable convertible preferred stock	1,322,399,477	1,322,399,477
Options to purchase common stock	253,571,818	169,933,713
Warrants to purchase common stock	3,200,913	3,200,913
Warrants to purchase redeemable convertible preferred stock	79,545	79,545
Total	1,579,251,753	1,495,613,648

12. Income taxes

A reconciliation of the provision for income taxes to the amount computed by applying the statutory income tax rate of 21% to the net loss is summarized for the years ended December 31, 2022 and 2021 is as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Federal income taxes at statutory rates	21.00%	21.00%
State income tax, net of federal benefit	0.43	0.40
Research and development credits	3.48	3.08
Stock-based compensation	(0.81)	(1.19)
Change in valuation allowance	(24.10)	(22.64)
Other permanent items	—	(0.65)
Effective income tax rate	—%	—%

For the years ended December 31, 2022 and 2021, the Company did not record a deferred income tax expense or benefit. Income tax expense has been nominal for the years ended December 31, 2022 and 2021.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following table presents significant components of the Company's net deferred tax assets as of December 31, 2022 and 2021 (in thousands):

	December 31, 2022	December 31, 2021
Deferred tax assets:		
Net operating loss carryforwards	$ 28,707	$ 28,350
Capitalized start-up costs and research expenses	13,004	7,358
Research and development credits	4,977	3,762
Accruals, reserves and other	1,144	1,013
Lease liabilities	47	73
Total gross deferred assets	47,879	40,556
Valuation allowance	(47,834)	(40,484)
Total deferred tax assets	45	72
Deferred tax liabilities:		
Right-of-use assets	(45)	(72)
Net deferred tax assets	$ —	$ —

The Company has evaluated the positive and negative evidence bearing upon the realizability of its deferred tax assets. Based on the Company's history of operating losses, the Company has concluded that it is more likely than not that the benefit of its deferred tax assets will not be realized. Accordingly, the Company has provided a full valuation allowance for deferred tax assets as of December 31, 2022 and 2021. The valuation allowance increased $7.4 million and $5.6 million during the years ended December 31, 2022 and 2021, respectively.

As of December 31, 2022, the Company had U.S. federal net operating loss (NOL) carryforwards of approximately $128.2 million which may be available to offset future federal income. Federal NOLs incurred prior to January 1, 2018 of approximately $91.0 million expire beginning in 2029 while federal NOLs incurred after December 31, 2017 of approximately $37.2 million will have an indefinite carryforward period, subject to annual limitations. As of December 31, 2022, the Company also had state NOL carryforwards of approximately $25.5 million which may be available to offset future state income and expire at various years beginning with 2028.

As of December 31, 2022, the Company had federal research and development tax credit carryforwards of approximately $4.4 million available to reduce future tax liabilities which expire at various years beginning with 2028. As of December 31, 2022, the Company had state credit carryforwards of approximately $2.5 million available to reduce future tax liabilities which do not expire.

Under Section 382 of the Internal Revenue Code of 1986, as amended (IRC), the ability to utilize NOL carryforwards or other tax attributes, such as research tax credits, in any taxable year may be limited if the Company has experienced an "ownership change." Generally, a Section 382 ownership change occurs if there is a cumulative increase of more than 50 percentage points in the stock ownership of one or more stockholders or groups of stockholders who owns at least 5% of a corporation's stock within a specified testing period. Similar rules may apply under state tax laws. As a result, the amount of NOL and research and credit carryforwards presented in our financial statements could be limited and may expire unutilized. The Company has not performed a Section 382 analysis through December 31, 2022, and as such, the Company is not able to determine the impact on the NOLs and tax credit carryforwards. To the extent that an assessment is completed in the future, the Company's ability to utilize tax attributes could be restricted on a year-by-year basis and certain attributes could expire before they are utilized.

The Company applies the two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be substantiated on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount, which is more than 50% likely of being realized upon ultimate settlement. Income tax positions must meet a more likely than not recognition threshold at the effective date to be recognized upon the adoption of ASC 740 and in subsequent periods. This interpretation also provides guidance on measurement, de-recognition, classification, interest and penalties, accounting in interim periods and transition.

A reconciliation of the unrecognized tax benefits is as follows for the years ended December 31, 2022 and 2021 (in thousands):

	Year Ended December 31, 2022	Year Ended December 31, 2021
Unrecognized tax benefits as of the beginning of the year	$1,035	$ 817
Decrease related to prior year tax positions	—	(17)
Increase related to current year tax positions	499	235
Unrecognized tax benefits as of the end of the year	$1,534	$1,035

No amount of the unrecognized tax benefits, if recognized, would reduce the Company's annual effective tax rate because the benefits are in the form of deferred tax assets for which a full valuation allowance has been recorded. The Company does not anticipate a significant change to its unrecognized tax benefits over the next twelve months.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of December 31, 2022, the Company had no accrued interest or penalties related to uncertain tax positions and no amounts have been recognized in the Company's statements of operations and comprehensive loss. There are no ongoing examinations by taxing authorities at this time.

The Company files United States and state income tax returns with varying statutes of limitations. The Company's tax years from inception in 2006 will remain open to examination due to the carryover of the unused NOLs and tax credits. The Company does not have any tax audits or other proceedings pending.

In December 2017, the Tax Cuts and Jobs Act (TCJA) was signed into law, significantly reforming the IRC. Beginning January 1, 2022, the TCJA eliminated the option to deduct research and development expenditures in the current year and requires taxpayers to capitalize such expenses pursuant to IRC Section 174. The capitalized expenses are amortized over a 5-year period for domestic expenses and a 15-year period for foreign expenses. As a result of this provision of the TCJA, deferred tax assets related to capitalized research expenses increased by $4.6 million.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted in response to the COVID-19 pandemic. The CARES Act, among other things, permits NOL carryovers and carrybacks to offset 100% of taxable income for taxable years beginning before 2021. In addition, the CARES Act allows NOLs incurred in 2018, 2019, and 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. Due to the Company's history of NOLs, the CARES Act did not have a material impact on the Company's financial statements.

On February 9, 2022, Governor Gavin Newsom signed California Senate Bill 113 (SB 113) into law. The legislation contains important California tax law changes, including reinstatement of business tax credits and net NOL deductions limited by California Assembly Bill 85 which suspended the net operating loss deduction for certain taxpayers from 2020 to 2022. The new tax law did not impact the Company's tax provision due to its taxable loss position in the current year.

In August 2022, the Inflation Reduction Act of 2022 (IRA) was signed into law in the United States. The IRA created a new corporate alternative minimum tax of 15% on adjusted financial statement income and an excise tax of 1% of the value of certain stock repurchases. The provisions of the IRA will be effective for periods beginning after December 31, 2022. The enactment of the IRA did not result in any material adjustments to the Company's income tax provisions or net deferred tax assets as of December 31, 2022.

13. Defined contribution plan

The Company has a defined-contribution savings plan under Section 401(k) of the Internal Revenue Code of 1986, as amended. The 401(k) Plan covers all employees who meet defined minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pretax basis. The Company has not made any employer contributions to the 401(k) Plan as of December 31, 2022 and 2021.

14. Subsequent events

The Company has evaluated subsequent events for financial statement purposes occurring through March 24, 2023, the date when these financial statements are available to be issued and has determined that it does not have any material subsequent events to disclose in these financial statements.

Shares

Class A Common Stock

PROSPECTUS

Goldman Sachs & Co. LLC

TD Cowen

Piper Sandler

JMP Securities
A CITIZENS COMPANY

, 2023

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Unless otherwise indicated, all references to "Sagimet," the "company," "we," "our," "us" or similar terms refer to Sagimet Biosciences Inc.

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all expenses to be paid by us, other than underwriting discounts and commissions, in connection with this offering. All amounts shown are estimates except for the Securities and Exchange Commission (SEC) registration fee, the Financial Industry Regulatory Authority, Inc. (FINRA), filing fee and The Nasdaq Global Market (Nasdaq) listing fee.

SEC registration fee	$	*
FINRA filing fee		*
Nasdaq listing fee		*
Printing and engraving expenses		*
Legal fees and expenses		*
Accounting fees and expenses		*
Custodian transfer agent and registrar fees		*
Miscellaneous expenses		*
Total	$	*

* To be provided by amendment.

Item 14. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law (DGCL), authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act of 1933, as amended (the Securities Act). Our amended and restated certificate of incorporation that will be in effect upon the closing of this offering permits indemnification of our directors, officers, employees and other agents to the maximum extent permitted by the DGCL, and our amended and restated bylaws that will be in effect on the closing of this offering provide that we will indemnify our directors and officers and permit us to indemnify our employees and other agents, in each case to the maximum extent permitted by the DGCL.

We have entered into indemnification agreements with our directors and officers, whereby we have agreed to indemnify our directors and officers to the fullest extent permitted by law, including indemnification against expenses and liabilities incurred in legal proceedings to which the director or officer was, or is threatened to be made, a party by reason of the fact that such director or officer is or was a director, officer, employee, or agent of Sagimet Biosciences Inc., provided that such director or officer acted in good faith and in a manner that the director or officer reasonably believed to be in, or not opposed to, the best interest of Sagimet Biosciences Inc.

At present, there is no pending litigation or proceeding involving a director or officer of Sagimet Biosciences Inc. regarding which indemnification is sought, nor is the registrant aware of any threatened litigation that may result in claims for indemnification.

We maintain insurance policies that indemnify our directors and officers against various liabilities arising under the Securities Act and the Securities Exchange Act of 1934, as amended, that might be incurred by any director or officer in his capacity as such.

The underwriters are obligated, under certain circumstances, under the underwriting agreement to be filed as Exhibit 1.1 to this Registration Statement, to indemnify us and our officers and directors against liabilities under the Securities Act.

Item 15. Recent Sales of Unregistered Securities.

Set forth below is information regarding unregistered securities issued by us since March 15, 2020.

Equity plan-related issuances

1. Since March 15, 2020, we have granted to certain of our directors, employees and consultants options to purchase 180,929,978 shares of our common stock at a $0.09 per share weighted average exercise price under the 2017 Plan.

Other issuances of capital stock

2. In December 2020, we issued and sold an aggregate of 530,107,520 shares of Series F redeemable convertible preferred stock to 13 accredited investors and, in February 2021, we issued an additional 84,485,407 shares of Series F redeemable convertible preferred stock to an additional accredited investor, at a purchase price of $0.13020 per share for aggregate cash proceeds of $80.4 million.

The offers, sales and issuances of the securities described in paragraph (1) were deemed to be exempt from registration under Rule 701 promulgated under the Securities Act as transactions under compensatory benefit plans and contracts relating to compensation, or under Section 4(a)(2) of the Securities Act as a transaction by an issuer not involving a public offering. The recipients of such securities were our directors, employees or bona fide consultants and received the securities under our equity incentive plans. Appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions had adequate access, through employment, business or other relationships, to information about us.

The offers, sales and issuances of the securities described in paragraph (2) were deemed to be exempt under Section 4(a)(2) of the Securities Act or Rule 506 of Regulation D under the Securities Act as a transaction by an issuer not involving a public offering. The recipients of securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions was an accredited investor within the meaning of Rule 501 of Regulation D under the Securities Act and had adequate access, through employment, business or other relationships, to information about us. No underwriters were involved in these transactions.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

Exhibit Number	Description
1.1+	Form of Underwriting Agreement.
3.1	Amended and Restated Certificate of Incorporation, as amended, as currently in effect.
3.2+	Form of Amended and Restated Certificate of Incorporation, to be in effect after the closing of the offering.
3.3	Amended and Restated Bylaws, as currently in effect.
3.4+	Form of Amended and Restated Bylaws, to be in effect after the closing of the offering.
4.1+	Form of Common Stock Certificate.
5.1+	Opinion of Goodwin Procter LLP.
10.1	2007 Equity Incentive Plan.
10.2	Forms of Grant Notice, Stock Option Agreement and Notice of Exercise under the 2007 Equity Incentive Plan.
10.3	Sagimet Biosciences Inc. 2017 Equity Incentive Plan.
10.4	Forms of Grant Notice, Stock Option Agreement and Notice of Exercise under the Sagimet

Exhibit Number	Description
	Biosciences Inc. 2017 Equity Incentive Plan.
10.5+	Sagimet Biosciences Inc. 2023 Stock Option and Incentive Plan.
10.6+	Forms of Stock Option Grant Notice, Stock Option Agreement and Notice of Exercise under the Sagimet Biosciences Inc. 2023 Stock Option and Incentive Plan.
10.7+	Forms of Restricted Stock Unit Grant Notice and Award Agreement under the Sagimet Biosciences Inc. 2023 Stock Option and Incentive Plan.
10.8+	Sagimet Biosciences Inc. 2023 Employee Stock Purchase Plan.
10.9+	Sagimet Biosciences Inc. 2023 Non-Employee Director Compensation Policy.
10.10+	Form of Indemnification Agreement by and between the Registrant and its directors and executive officers.
10.11+	Offer Letter with Dave Happel, dated October 3, 2022.
10.12+	Amended and Restated Executive Employment Agreement with Dennis Hom, dated January 11, 2019.
10.13+	Offer Letter with Eduardo Bruno Martins, M.D., D.Phil., dated February 9, 2021.
10.14*	Exclusive License and Development Agreement by and between the Registrant and Ascletis BioScience Co. Ltd., dated as of January 18, 2019.
10.15*	Patent Assignment Agreement by and between the Registrant and Gannex Pharma Co., Ltd., dated as of October 25, 2019.
10.16	Lease Agreement by and between the Registrant and Casiopea Bovet, LLC, dated as of March 1, 2019, as amended by the First Amendment to Lease Agreement, dated December 14, 2021.
10.17	Amended and Restated Nominating Agreement, dated as of April 15, 2021, by and among the Registrant, Baker Brothers Life Sciences, L.P. and 667, L.P.
10.18	Amended and Restated Investors' Rights Agreement, by and among the Registrant and certain of its stockholders, dated December 21, 2020.
10.19+	Warrant to Purchase Stock, by and between the Registrant and Square 1 Bank, dated April 10, 2015.
23.1+	Consent of independent registered public accounting firm.
23.2+	Consent of Goodwin Procter LLP (included in Exhibit 5.1).
24.1+	Power of Attorney (included on signature page).
107+	Fee Table.

+ To be filed by amendment.

* Portions of this exhibit (indicated by [***]) have been omitted because the registrant has determined that the information is both not material and is the type that the registrant treats as private and confidential.

(b) Financial Statement Schedules.

All financial statement schedules are omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or the notes thereto.

(c) Filing Fee Table.

The information required to be furnished by paragraph (c) of this Item is incorporated herein by reference to Exhibit 107.

Item 17. Undertakings.

(a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant under the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the U.S. Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance on Rule 430A and contained in a form of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act will be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, as amended, each post-effective amendment that contains a form of prospectus will be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time will be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in San Mateo, State of California on , 2023.

SAGIMET BIOSCIENCES INC.

By: _____

Name: David Happel
Title: President and Chief Executive Officer

POWER OF ATTORNEY AND SIGNATURES

Each individual whose signature appears below hereby constitutes and appoints David Happel and Dennis Hom as such person's true and lawful attorney-in-fact and agent with full power of substitution and resubstitution, for such person in such person's name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement (or any Registration Statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933), and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that any said attorney-in-fact and agent, or any substitute or substitutes of any of them, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
David Happel	President, Chief Executive Officer and Director (Principal Executive Officer)	, 2023
Dennis Hom	Chief Financial Officer (Principal Financial and Accounting Officer)	, 2023
George Kemble, Ph.D.	Executive Chairman of the Board	, 2023
Elizabeth Grammer, Esq.	Director	, 2023
Merdad Parsey, M.D., Ph.D.	Director	, 2023
Gordon Ringold, Ph.D.	Director	, 2023

Signature	Title	Date
Richard Rodgers	Director	, 2023
Beth Seidenberg, M.D.	Director	, 2023
Jinzi J. Wu, Ph.D.	Director	, 2023
James F. Young, Ph.D.	Director	, 2023

Exhibit 3.1

SAGIMET BIOSCIENCES INC.

TENTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

Sagimet Biosciences Inc., a corporation organized and existing under and by virtue of the Delaware General Corporation Law, hereby certifies as follows:

The name of this corporation is Sagimet Biosciences Inc. and the original Certificate of Incorporation of the corporation was filed with the Secretary of State of the State of Delaware on December 19, 2006.

The Tenth Amended and Restated Certificate of Incorporation, in the form of **Exhibit A** attached hereto, has been duly adopted in accordance with the provisions of Sections 228, 242 and 245 of the Delaware General Corporation Law.

The Ninth Amended and Restated Certificate of Incorporation as heretofore adopted is hereby amended and restated to read in its entirety as set forth in **Exhibit A** attached hereto.

In Witness Whereof, this Tenth Amended and Restated Certificate of Incorporation has been signed this 21st day of December, 2020.

Sagimet Biosciences Inc.

By: /s/ George Kemble
Name: George Kemble
Title: Chief Executive Officer

EXHIBIT A

TENTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

SAGIMET BIOSCIENCES INC.

FIRST

The name of this corporation is **SAGIMET BIOSCIENCES INC.** (the "***Company***").

SECOND

The address of the Company's registered office in the State of Delaware is 2140 South Dupont Highway, in the City of Camden, County of Kent, 19934. The name of its registered agent at such address is Paracorp Incorporated.

THIRD

The purpose of this Company is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law.

FOURTH

A. The Company is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The aggregate number of shares that the Company shall have authority to issue is 2,964,360,924, of which 1,590,550,754 shares shall be Common Stock with the par value of $0.0001 per share (the "***Common Stock***"), and of which 1,373,810,170 shares shall be Preferred Stock with the par value of $0.0001 per share (the "***Preferred Stock***").

B. 23,301 of the authorized shares of Preferred Stock are hereby designated "Series A Preferred Stock" ("***Series A Preferred***"), 720,199 of the authorized shares of Preferred Stock are hereby designated "Series A' Preferred Stock" ("***Series A' Preferred***"), 3,217 of the authorized shares of Preferred Stock are hereby designated "Series B Preferred Stock" ("***Series B Preferred***"), 1,953,304 of the authorized shares of Preferred Stock are hereby designated "Series B' Preferred Stock" ("***Series B' Preferred***"), 8,827,439 of the authorized shares of Preferred Stock are hereby designated "Series B-1 Preferred Stock" ("***Series B-1 Preferred***"), 14,001,243 of the authorized shares of Preferred Stock are hereby designated "Series B-1' Preferred Stock" ("***Series B-1' Preferred***"), 22,732,250 of the authorized shares of Preferred Stock are hereby designated "Series C Preferred Stock" ("***Series C Preferred***"), 1,037 of the authorized shares of Preferred Stock are hereby designated "Series C' Preferred Stock" ("***Series C' Preferred***"), 24,509,954 of the authorized shares of Preferred Stock are hereby designated "Series D Preferred Stock" ("***Series D Preferred***"), 3,475,426 of the authorized shares of Preferred Stock are hereby designated "Series D' Preferred Stock" ("***Series D' Preferred***"), 51,331,148 of the authorized shares of Preferred Stock are hereby designated "Series D-1 Preferred Stock" ("***Series D-1 Preferred***"), 631,638,725 of the authorized shares of Preferred Stock are hereby designated "Series E Preferred Stock" ("***Series E Preferred***"), and 614,592,927 of the authorized shares of Preferred Stock are hereby designated "Series F Preferred Stock" ("***Series F Preferred***"). As used herein, the term "***Series Preferred***" shall collectively mean the Series A Preferred, the Series A' Preferred, the Series B Preferred, the Series B' Preferred, the Series B-1 Preferred, the Series B-1' Preferred, the Series C Preferred, the Series C' Preferred, the Series D Preferred, the Series D' Preferred, the Series E Preferred and the Series F Preferred. For the avoidance of doubt, the Series Preferred shall not include the Series D-1 Preferred.

C. The terms and provisions of the Series Preferred, the Series D-1 Preferred and Common Stock are as set forth below. Unless otherwise indicated, references to "Sections," "Subsections" or "paragraphs" in this Part C of this Article FOURTH refer to sections, subsections and paragraphs of Part C of this Article FOURTH.

1. Dividends.

(a) Treatment of Series Preferred. The Series Preferred shall be entitled to receive dividends at an annual rate of eight percent (8%) of the respective Series A Original Issue Price (as hereinafter defined), Series A' Original Issue Price (as hereinafter defined), Series B Original Issue Price (as hereinafter defined), Series B' Original Issue Price (as hereinafter defined), Series B-1 Original Issue Price (as hereinafter defined), Series B-1' Original Issue Price (as hereinafter defined), Series C Original Issue Price (as hereinafter defined), Series C' Original Issue Price (as hereinafter defined), Series D Original Issue Price (as hereinafter defined), Series D' Original Issue Price (as hereinafter defined), Series E Original Issue Price (as hereinafter defined) or Series F Original Issue Price (as hereinafter defined), as the case may be, per share (as adjusted for stock splits, combinations, reorganizations and the like with respect to the applicable Series Preferred) per annum, out of any assets at the time legally available therefor, when, as and if declared by the Company's Board of Directors (the "***Board***"), prior and in preference to any dividend or Distributions (as defined below), declared, paid or set aside on shares of the Common Stock. No dividends or Distributions other than those payable solely in Common Stock shall be paid on any Common Stock unless and until (i) the aforementioned dividend or Distribution is paid on each outstanding share of Series Preferred, and (ii) a dividend or Distribution is paid with respect to all outstanding shares of Series Preferred in an amount equal to or greater than the aggregate amount of dividends or Distributions which would be payable to the holder of Series Preferred if, immediately prior to the record date set for such dividend payment or Distribution on Common Stock, such share of Series Preferred had been converted into Common Stock. The Board is under no obligation to declare dividends, no rights shall accrue to the holders of Series Preferred if dividends are not declared, and any dividends on the Series Preferred shall be noncumulative.

(b) Treatment of Common Stock. If, after dividends in the full preferential amounts specified in Subsection 1(a) for the Series Preferred have been paid or declared and set apart in any calendar year of the Company, any additional dividends or Distributions declared by the Board out of funds legally available therefor shall be distributed among all holders of Common Stock held by each as of the record date fixed for determining those entitled to receive such Distribution; *provided* that no such per share dividends or Distributions on the Common Stock shall exceed the per share dividends or Distributions paid on the Series Preferred (on an as-converted to Common Stock basis) during any calendar year.

(c) Distribution. "***Distribution***" means the transfer of cash, property or securities without consideration, whether by way of dividend or otherwise, or the purchase of shares of capital stock of the Company (other than in connection with the repurchase of shares of Common Stock issued to or held by employees, consultants, officers or directors at a price not greater than the amount paid by such persons for such shares upon termination of their employment or services pursuant to agreements providing for the right of said repurchase or upon exercise of a right of first refusal approved by the Board) for cash or property.

(d) Consent to Certain Repurchases. As authorized by Section 402.5(c) of the General Corporation Law of California, Sections 502 and 503 of the General Corporation Law of California, to the extent otherwise applicable, shall not apply with respect to Distributions made by the Company in connection with the repurchase of shares of Common Stock issued to or held by employees, consultants, officers or directors at a price not greater than the amount paid by such person for such shares upon termination of their employment or services pursuant to agreements providing for the right of said repurchase or upon exercise of a right of first refusal, which agreements were authorized by the Board.

2. Liquidation Rights.

(a) Definitions.

(i) "***Series A Original Issue Price***" shall mean, with respect to each share of Series A Preferred, $10.00 per share (as adjusted for stock splits, combinations, reorganizations and the like with respect to the Series A Preferred following the filing date hereof).

(ii) "***Series A' Original Issue Price***" shall mean Series A Original Issue Price.

(iii) "***Series A Liquidation Preference***" shall mean, with respect to each share of Series A Preferred, the Series A Original Issue Price plus all declared and unpaid dividends on each such share.

(iv) "***Series B Original Issue Price***" shall mean, with respect to each share of Series B Preferred, $11.50 per share (as adjusted for stock splits, combinations, reorganizations and the like with respect to the Series B Preferred following the filing date hereof).

(v) "***Series B' Original Issue Price***" shall mean Series B Original Issue Price.

(vi) "***Series B Liquidation Preference***" shall mean, with respect to each share of Series B Preferred, the Series B Original Issue Price plus all declared and unpaid dividends on each such share.

(vii) "*Series B-1 Original Issue Price*" shall mean, with respect to each share of Series B-1 Preferred, $0.88 per share (as adjusted for stock splits, combinations, reorganizations and the like with respect to the Series B-1 Preferred following the filing date hereof).

(viii) "***Series B-1' Original Issue Price***" shall mean Series B-1 Original Issue Price.

(ix) "***Series B-1 Liquidation Preference***" shall mean, with respect to each share of Series B-1 Preferred, the Series B-1 Original Issue Price plus all declared and unpaid dividends on each such share.

(x) "***Series C Original Issue Price***" shall mean, with respect to each share of Series C Preferred, $0.88 per share (as adjusted for stock splits, combinations, reorganizations and the like with respect to the Series C Preferred following the filing date hereof).

(xi) "***Series C' Original Issue Price***" shall mean Series C Original Issue Price.

(xii) "***Series C Liquidation Preference***" shall mean, with respect to each share of Series C Preferred, the Series C Original Issue Price plus all declared and unpaid dividends on each such share.

(xiii) "***Series D Original Issue Price***" shall mean, with respect to each share of Series D Preferred, $0.88 per share (as adjusted for stock splits, combinations, reorganizations and the like with respect to the Series D Preferred following the filing date hereof).

(xiv) "***Series D' Original Issue Price***" shall mean Series D Original Issue Price.

(xv) "***Series D Liquidation Preference***" shall mean, with respect to each share of Series D Preferred, the Series D Original Issue Price plus all declared and unpaid dividends on each such share.

(xvi) "***Series D-1 Original Issue Price***" shall mean, with respect to each share of Series D-1 Preferred, $0.88 per share (as adjusted for stock splits, combinations, reorganizations and the like with respect to the Series D-1 Preferred following the filing date hereof).

(xvii) "***Series D-1 Liquidation Preference***" shall mean, with respect to each share of Series D-1 Preferred, the Series D-1 Original Issue Price.

(xviii) "***Series E Original Issue Price***" shall mean, with respect to each share of Series E Preferred, $0.09219 per share (as adjusted for stock splits, combinations, reorganizations and the like with respect to the Series E Preferred following the filing date hereof).

(xix) "***Series E Liquidation Preference***" shall mean, with respect to each share of Series E Preferred, the Series E Original Issue Price plus all declared and unpaid dividends on each such share.

(xx) "***Series F Original Issue Price***" shall mean, with respect to each share of Series F Preferred, $0.13020 per share (as adjusted for stock splits, combinations, reorganizations and the like with respect to the Series F Preferred following the filing date hereof).

(xxi) "***Series F Liquidation Preference***" shall mean, with respect to each share of Series F Preferred, the Series F Original Issue Price plus all declared and unpaid dividends on each such share.

(b) Liquidation Preference. In the event of any Liquidation, either voluntary or involuntary, the holders of the Series F Preferred, the Series E Preferred, the Series D-1 Preferred, the Series D Preferred, the Series C Preferred, the Series B-1 Preferred, the Series B Preferred and the Series A Preferred shall be entitled to receive, out of the assets of the Company, the Series F Liquidation Preference, the Series E Liquidation Preference, the Series D-1 Liquidation Preference, the Series D Liquidation Preference, the Series C Liquidation Preference, the Series B-1 Liquidation Preference, the Series B Liquidation Preference and the Series A Liquidation Preference, respectively, on a *pari passu* basis, then held by such holder before any payment shall be made or any assets distributed to the holders of the Common Stock by reason of their ownership thereof. If upon a Liquidation, the assets to be distributed among the holders of the Series F Preferred, the Series E Preferred, the Series D-1 Preferred, the Series D Preferred, the Series C Preferred, the Series B-1 Preferred, the Series B Preferred and the Series A Preferred are insufficient to permit the payment to such holders of the full Series F Liquidation Preference, the Series E Liquidation Preference, the Series D-1 Liquidation Preference, the Series D Liquidation Preference, the Series C Liquidation Preference, the Series B-1 Liquidation Preference, the Series B Liquidation Preference and the Series A Liquidation Preference, respectively, for their shares, then the entire remaining assets of the Company legally available for distribution shall be distributed with equal priority and pro rata among the holders of the Series F Preferred, the Series E Preferred, the Series D-1 Preferred, the Series D Preferred, the Series C Preferred, the Series B-1 Preferred, the Series B Preferred and the Series A Preferred at the time outstanding based upon the aggregate Series F Liquidation Preference, the Series E Liquidation Preference, the Series D-1 Liquidation Preference, the Series D Liquidation Preference, the Series C Liquidation Preference, the Series B-1 Liquidation Preference, the Series B Liquidation Preference and the Series A Liquidation Preference, respectively.

(c) Remaining Assets. After the payment to the holders of Series F Preferred, Series E Preferred, Series D-1 Preferred, Series D Preferred, Series C Preferred, Series B-1 Preferred, Series B Preferred and Series A Preferred, respectively, of the Series F Liquidation Preference, Series E Liquidation Preference, Series D-1 Liquidation Preference, Series D Liquidation Preference, Series C Preferred Liquidation Preference, Series B-1 Liquidation Preference, Series B Liquidation Preference and Series A Liquidation Preference (each, a "***Liquidation Preference***"), any remaining assets of the Company shall be distributed pro rata among the holders of the Common Stock according to the number of shares of Common Stock held by such holders.

(d) Deemed Conversion. Notwithstanding anything to the contrary contained herein, for purposes of determining the amount each holder of shares of Series Preferred is entitled to receive with respect to any Liquidation, each such holder of shares of a series of Series Preferred shall be deemed to have converted (regardless of whether such holder actually converted) such holder's shares of such series into shares of Common Stock immediately prior to the Liquidation if, as a result of an actual conversion, such holder would receive with respect to their shares of such series, in the aggregate, an amount greater than the amount that would be distributed to such holder if such holder did not convert their shares of such series of Series Preferred into shares of Common Stock. If any such holder shall be deemed to have converted shares of Series Preferred into shares of Common Stock pursuant to this paragraph, then such holder shall not be entitled to receive any Distribution upon a Liquidation that would otherwise be made to holders of shares of such series of Series Preferred that have not converted (or have not been deemed to have converted) into shares of Common Stock.

(e) Contingent Payments. If any portion of the consideration payable to the stockholders of the Company in connection with a Liquidation is placed into escrow and/or is payable to the stockholders of the Company subject to contingencies, the documentation pursuant to which the transaction giving rise to such Liquidation shall provide that (i) the portion of such consideration that is not placed in escrow and not subject to any contingencies (the "***Initial Consideration***") shall be allocated among the holders of capital stock of the Company in accordance with Subsections 2(b) and 2(c) hereof as if the Initial Consideration were the only consideration payable in connection with such Liquidation, and (ii) any additional consideration that becomes payable to the stockholders of the Company upon release from escrow or satisfaction of contingencies shall be allocated among the holders of capital stock of the Company in accordance with this Section 2 after taking into account the previous payment of the Initial Consideration as part of the same transaction. For the avoidance of doubt, in applying Distributions upon a Liquidation that involves installment or contingent payments, the holders of the Preferred Stock will be entitled to an amount, re-calculated at the time of each installment or contingent payment and applied on a cumulative basis, that is the greater of, but not exceeding, (1) the amounts specified in Subsection 2(b) payable to such holder of Preferred Stock, or (2) the amount to which such holder of Series Preferred would be entitled pursuant to Subsection 2(c) if such shares of Series Preferred were deemed to have converted to Common Stock pursuant to Subsection 2(d) immediately prior to the Liquidation, taking into account cumulative installment or contingent payments. For the further avoidance of doubt, in applying Distributions upon a Liquidation, all amounts received by a holder of Preferred Stock in previous Distributions in connection with such Liquidation shall be cumulated, and recognized as having already been paid to such holder of Preferred Stock, in connection with any new Distribution made in connection with such Liquidation, such that the total amounts payable to the holders of Preferred Stock and Common Stock will be determined as if all previous and current Distributions made in connection with such Liquidation were made as part of the same transaction.

(f) Liquidation. Each of the following events shall be considered a "***Liquidation***" unless a majority of the Board and the holders of a majority of the then-outstanding Series Preferred, voting together as a single class on an as-converted to Common Stock basis, which majority must include holders of a majority of the then-outstanding Series F Preferred Stock, elect otherwise by written notice sent to the Company at least ten (10) days prior to the effective date of any such event: (i) the voluntary or involuntary liquidation, dissolution or winding up of the Company; (ii) any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganizations, *provided* that the applicable transaction shall not be deemed a Liquidation *unless* the Company's stockholders constituted immediately prior to such transaction do not hold more than fifty percent (50%) of the voting power of the surviving or acquiring entity (or its parent) immediately following such transaction (taking into account only voting power resulting from stock of the Company held by such stockholders prior to such transaction); (iii) any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company's voting power outstanding before such transaction is transferred; or (iv) a sale, conveyance or other disposition by the Company or any subsidiary of the Company, in a single transaction or series of related transactions, of all or substantially all of the assets of the Company and its subsidiaries taken as a whole (including without limitation a license by the Company or any subsidiary of the Company of all or substantially all of the Company's or such subsidiary's, as the case may be, intellectual property that is either exclusive or otherwise structured in a manner that constitutes a license of all or substantially all of the assets of the Company and its subsidiaries taken as a whole) or the sale or disposition (whether by merger or otherwise) of one or more subsidiaries of the Company if substantially all of the assets of the Company and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Company; *provided* that a Liquidation shall not include (x) a merger or consolidation with a wholly-owned subsidiary of the Company, (y) a merger effected exclusively for the purpose of changing the domicile of the Company or (z) any transaction or series of related transactions principally for bona fide equity financing purposes in which the Company is the surviving corporation.

(g) Determination of Value if Proceeds Other than Cash. In any Liquidation, if the proceeds received by the Company or its stockholders are other than cash, its value will be deemed its fair market value as determined in good faith by the Board. Any securities shall be valued as follows:

(i) Securities not subject to investment letter or other similar restrictions on free marketability covered by Subsection 2(g)(ii) below:

(A) If traded on a securities exchange, the value shall be deemed to be the average of the closing prices of the securities on such exchange or system over the twenty (20) trading-day period ending three (3) trading days prior to the closing of the Liquidation;

(B) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the twenty (20) trading-day period ending three (3) trading days prior to the closing of the Liquidation; and

(C) If there is no active public market, the value shall be the fair market value thereof, as determined in good faith by the Board.

(ii) The method of valuation of securities subject to investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall be to make an appropriate discount from the market value determined as above in Subsection 2(g)(i)(A), 2(g)(i)(B) or 2(g)(i)(C) to reflect the approximate fair market value thereof, as determined in good faith by the Board.

(h) Effecting Certain Liquidation Events. The Company shall not have the power to effect a Liquidation referred to in the Subsections above unless the agreement or agreements for such transaction provide that the consideration payable to the stockholders of the Company shall be allocated among the holders of capital stock of the Company in accordance with this Section 2.

3. Conversion. The Series Preferred shall have conversion rights as follows:

(a) Right to Convert. Each share of Series Preferred shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the Company or any transfer agent for the Series Preferred. Each share of Series Preferred, other than Series F Preferred and Series E Preferred, shall be convertible into that number of fully-paid and nonassessable shares of Common Stock that is equal to $0.88 (as adjusted for stock splits, combinations, reorganizations and the like with respect to such series of the Series Preferred following the filing date hereof) divided by the applicable Series Preferred Conversion Price (defined below). The Series F Preferred shall be convertible into that number of fully-paid and nonassessable shares of Common Stock that is equal to the Series F Original Issue Price divided by the applicable Series Preferred Conversion Price. The Series E Preferred shall be convertible into that number of fully-paid and nonassessable shares of Common Stock that is equal to the Series E Original Issue Price divided by the applicable Series Preferred Conversion Price. The "***Series Preferred Conversion Price***" with respect to all shares of Series Preferred other than Series F Preferred and Series E Preferred shall initially be $0.88, and with respect to the Series F Preferred and Series E Preferred shall initially be the Series F Original Issue Price and the Series E Original Issue Price, respectively, and in each case shall be subject to adjustment as provided herein. For the avoidance of doubt, the Series D-1 Preferred shall not be convertible into shares of Common Stock pursuant to this Subsection 3(a).

(b) Automatic Conversion. Each share of Preferred Stock shall automatically be converted into shares of Common Stock at the then-effective applicable Series Preferred Conversion Price or Series D-1 Preferred Conversion Price (as defined below) as applicable (the Series Preferred Conversion Price and the Series D-1 Preferred Conversion Price are referred to herein collectively as the "***Conversion Price***") for such share immediately upon (each, an "***Automatic Conversion***") (1) the affirmative vote of the holders of a majority of the then-outstanding shares of Series Preferred, voting together as a single class on an as-converted to Common Stock basis, and the affirmative vote of the holders of a majority of the then-outstanding shares of Series F Preferred, or (2) the closing of the sale of shares of Common Stock to the public at a price of at least 1.25 times the Series F Original Issues Price in a firmly underwritten public offering pursuant to the Securities Act of 1933, as amended (the "***Securities Act***"), on Form S-1 (as defined in the Securities Act) or any successor form, with aggregate gross proceeds to the Company in such offering not less than $50,000,000 (before deduction of underwriters' discounts and commissions) and in connection with such offering the Common Stock is listed on the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange (a "***Qualified IPO***"). Each share of Series D-1 Preferred shall be convertible pursuant to this Subsection 3(b) only, and shall be convertible into that number of fully-paid and nonassessable shares of Common Stock that is equal to $0.88 (as adjusted for stock splits, combinations, reorganizations and the like with respect to such series of the Preferred Stock following the filing date hereof) divided by the Series D-1 Preferred Conversion Price. "***Series D-1 Preferred Conversion Price***" shall initially be $18,000,000, and shall be subject to adjustment as provided herein.

(c) Mechanics of Conversion. No fractional shares of Common Stock shall be issued upon conversion of the Preferred Stock. In lieu of any fractional shares to which the holder of Series Preferred would otherwise be entitled, the Company shall pay the fair market value cash equivalent of such fractional share as determined in good faith by the Board. For such purpose, all shares of Series Preferred held by each holder shall be aggregated, and any resulting fractional share of Common Stock shall be paid in cash. In lieu of any fractional shares to which the holder of Series D-1 Preferred would otherwise be entitled, the Company shall round up to the nearest whole share. Before any holder of Preferred Stock shall be entitled to convert the same into full shares of Common Stock, and to receive certificate(s) therefor, it shall surrender the Preferred Stock certificate or certificates, duly endorsed, at the office of the Company or of any transfer agent for the Preferred Stock, and shall give written notice to the Company at such office that such holder elects to convert such shares; *provided, however*, that in the event of an Automatic Conversion pursuant to Subsection 3(b) above, the outstanding shares of Preferred Stock shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Company or its transfer agent; *provided, further, however,* that the Company shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such Automatic Conversion unless either the certificates evidencing such shares of Preferred Stock are delivered to the Company or its transfer agent as provided above, or the holder notifies the Company or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such certificates. Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued and, if applicable, any event on which such conversion is contingent.

The Company shall, as soon as practicable after delivery of the Preferred Stock certificate(s) to the Company, issue and deliver to such holder of Preferred Stock or its nominee, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled and a check payable to the holder in the amount of any cash amounts payable as the result of a conversion into fractional shares of Common Stock, plus any declared and unpaid dividends on the converted Preferred Stock. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date; *provided, however*, that if the conversion is in connection with an underwritten offer of securities registered pursuant to the Securities Act, the conversion may, at the option of any holder tendering Preferred Stock for conversion, be conditioned upon the closing of the sale of securities pursuant to such offering, in which event the person(s) entitled to receive the Common Stock issuable upon such conversion of the Preferred Stock shall not be deemed to have converted such Preferred Stock until immediately prior to the closing of the sale of such securities.

All shares of Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares, including the rights, if any, to receive notices and to vote, shall immediately cease and terminate, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor and to receive payment of any dividends declared but unpaid thereon. Any shares of Preferred Stock so converted shall be retired and cancelled and shall not be reissued as shares of such respective series, and, notwithstanding any other approvals otherwise required hereunder, the Company (without the need for stockholder action) may from time to time take such appropriate action as may be necessary to reduce the authorized number of shares of Preferred Stock accordingly with respect to such converted shares.

Upon any such conversion, no additional adjustment to the respective Conversion Price shall be made for any declared and unpaid dividends on the Preferred Stock surrendered for conversion that remain unpaid or on the Common Stock delivered upon conversion.

(d) Adjustments for Subdivisions or Combinations of Common Stock. If at any time or from time to time on or after the date that the first share of Series F Preferred is issued (the "***Original Issue Date***"), the outstanding shares of Common Stock shall be subdivided (by stock split, stock dividend or otherwise), into a greater number of shares of Common Stock without a corresponding subdivision of the Preferred Stock, the applicable Conversion Price in effect immediately prior to such subdivision shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. If at any time or from time to time on or after the Original Issue Date, if the outstanding shares of Common Stock shall be combined (by reclassification or otherwise) into a lesser number of shares of Common Stock without a corresponding combination of the Preferred Stock, the applicable Conversion Price in effect immediately prior to such combination shall, concurrently with the effectiveness of such combination, be proportionately increased.

(e) Adjustments for Reclassification, Exchange and Substitution. If at any time or from time to time on or after the Original Issue Date, the Common Stock issuable upon conversion of the Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of securities, whether by capital reorganization, recapitalization, reclassification or other event (other than a subdivision or combination of shares pursuant to Subsection 3(d) above), concurrently with the effectiveness of such capital reorganization, recapitalization, reclassification or other event, the Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the holders would otherwise have been entitled to receive, a number of shares of such other class or classes of securities equivalent to the number of such shares or securities that would have been received by the holder of a number of shares of Common Stock issuable upon conversion of the Preferred Stock immediately prior to such capital reorganization, recapitalization, reclassification or other event. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 3 with respect to the rights of the holders of Preferred Stock after the capital reorganization, recapitalization, reclassification or other event to the end that the provisions of this Section 3 (including adjustment of the applicable Conversion Price then in effect and the number and type of shares or other securities issuable upon conversion of the Preferred Stock) shall be applicable after that event and be as nearly equivalent as practicable.

(f) Adjustment for Common Stock Dividends and Distributions. If at any time or from time to time on or after the Original Issue Date, the Company shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the applicable Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the applicable Conversion Price then in effect by a fraction equal to:

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution;

provided, however, that if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the applicable Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the applicable Conversion Price shall be adjusted pursuant to this Subsection as of the time of actual payment of such dividends or distributions; and *provided further, however*, that no such adjustment shall be made if the holders of Preferred Stock simultaneously receive (i) a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Preferred Stock had been converted into Common Stock on the date of such event or (ii) a dividend or other distribution of shares of Preferred Stock which are convertible, as of the date of such event, into such number of shares of Common Stock as is equal to the number of additional shares of Common Stock being issued with respect to each share of Common Stock in such dividend or distribution.

(g) Adjustments for Other Dividends and Distributions. If at any time or from time to time on or after the Original Issue Date, the Company shall make or issue, or fix a record date for the determination of holders of capital stock of the Company entitled to receive, a dividend or other distribution payable in securities of the Company (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property and the provisions of Subsection 3(f) do not apply to such dividend or distribution, then and in each such event the holders of Preferred Stock shall receive, simultaneously with the distribution to the holders of such capital stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of Preferred Stock had been converted into Common Stock on the date of such event.

(h) Adjustments for Reorganization, Merger, Consolidation or Sale of Assets. If at any time or from time to time on or after the Original Issue Date, the Common Stock issuable upon conversion of the Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock, whether by a reorganization, merger or consolidation of the Company with or into another entity, or the sale of all or substantially all of the Company's properties and assets to any other person or entity (other than as provided for elsewhere in this Section 3 or a transaction subject to Section 2 above) then, as a part of such reorganization, merger, consolidation or sale, provision shall be made so that the holders of Preferred Stock shall thereafter be entitled to receive upon conversion of the then-outstanding Preferred Stock, the number of shares of stock or other securities or property of the Company, or of the successor entity resulting from such merger or consolidation or sale, to which a holder of Common Stock deliverable upon conversion of the Preferred Stock would have been entitled to receive upon such capital reorganization, merger consolidation or sale. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 3 with respect to the rights and interests of the holders of the then-outstanding Preferred Stock after the reorganization, merger, consolidation or sale to the end that the provisions of this Section 3 (including adjustments of the applicable Conversion Price then in effect and the number of shares purchasable upon conversion of the Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable.

(i) Adjustments for Dilutive Issuances.

(i) If at any time or from time to time on or after the Original Issue Date, the Company shall issue or sell any shares of Common Stock (as actually issued or, pursuant to paragraph (iii) below, deemed to be issued) without consideration or for a consideration per share less than the Conversion Price applicable to a series of Preferred Stock in effect immediately prior to such issue or sale, then immediately upon such issue or sale the Conversion Price applicable to such series shall be reduced to a price (calculated to the nearest cent) determined by multiplying the Conversion Price applicable to such series in effect immediately prior to such issuance or sale by a fraction, the numerator of which shall be the number of shares of "Calculated Securities" (defined below) outstanding immediately prior to such issue or sale plus the number of shares of Common Stock which the aggregate consideration received by the Company for the total number of shares of Common Stock so issued or sold (or deemed to be issued or sold) would purchase at the applicable Conversion Price in effect immediately prior to such issuance or sale, and the denominator of which shall be the number of shares of Calculated Securities outstanding immediately prior to such issue or sale plus the number of shares of Common Stock so issued or sold. "***Calculated Securities***" means (A) all shares of Common Stock actually outstanding and (B) all shares of Common Stock issuable upon exercise, conversion or exchange of all Convertible Securities (as defined below).

(ii) For the purposes of paragraph (i) above, none of the following issuances (or deemed issuances) shall be considered the issuance (or deemed issuance) or sale of Common Stock:

(A) The issuance of Common Stock upon the conversion of any outstanding Convertible Securities as of the date of the filing of this Tenth Amended and Restated Certificate of Incorporation (this "***Restated Certificate***"), including the Preferred Stock. "***Convertible Securities***" shall mean any bonds, debentures, notes or other evidences of indebtedness, and any stock, options, warrants, purchase rights or any other securities directly or indirectly convertible into, exercisable for, or exchangeable for Common Stock.

(B) Shares of Common Stock issued or issuable by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Subsection 3(f) or Subsection 3(g) above and shares of Common Stock issued or deemed issued as a dividend or Distribution on the Preferred Stock.

(C) The issuance of shares of Common Stock and/or options, warrants or other Common Stock purchase rights and the Common Stock issued pursuant to such options, warrants or other rights to employees, officers or directors of, or consultants or advisors to, the Company or any subsidiary either directly or pursuant to stock purchase or stock option plans or other arrangements that are approved by the Board.

(D) The issuance of shares of Common Stock or Convertible Securities to financial institutions, equipment lessors, landlords, brokers or similar entities in connection with commercial credit arrangements, equipment financings, commercial property lease transactions or similar transactions, the principal purpose of which is other than the raising of capital through the sale of equity securities of the Company and the terms of which are approved by the Board.

(E) The issuance of shares of Common Stock or Convertible Securities in connection with bona fide acquisitions, mergers or similar transactions, the terms of which are approved by the Board.

(F) Shares of Common Stock issued or issuable pursuant to a Qualified IPO.

(G) The issuance of shares of Common Stock or Convertible Securities to an entity in connection with a corporate strategic relationship or transaction, the principal purpose of which is other than the raising of capital through the sale of equity securities of the Company and which terms are approved by the Board.

(H) The issuance of Common Stock upon conversion of the Series Preferred.

(I) The issuance of Series F Preferred pursuant to that certain Series F Preferred Stock Purchase Agreement between the Company and certain purchasers of Series F Preferred, dated on or about the filing date hereof.

(J) The issuance of Common Stock upon the exercise, conversion or exchange of Convertible Securities issued in accordance with this paragraph (ii).

(iii) For the purposes of paragraph (i) above, the following subparagraphs (A) to (E), inclusive, shall also be applicable:

(A) In case at any time the Company shall grant any warrants, rights or options to subscribe for, purchase or otherwise acquire Convertible Securities or Common Stock (excluding Convertible Securities and Common Stock issued in accordance with Subsection 3(i)(ii) above) (collectively "***Options***") or shall fix a record date for the determination of holders entitled to received such Options, whether or not such Options are immediately exercisable, and the price per share for which Common Stock is issuable upon the exercise of such Options (determined by dividing (x) the total amount, if any, received or receivable by the Company as consideration for the granting of such Options, plus the minimum aggregate amount of additional consideration payable to the Company upon the exercise of such Options, plus, in the case of any such Options which relate to such Convertible Securities, the minimum aggregate amount of additional consideration, if any, payable upon the issue or sale of such Convertible Securities and upon the conversion or exchange thereof, by (y) the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such Options as set forth in the instrument relating thereto assuming the satisfaction of any conditions to the exercisability, convertibility or exchangeability) shall be less than the applicable Conversion Price in effect immediately prior to the time of the granting of such Options, then the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon conversion or exchange of the total maximum amount of such Convertible Securities issuable upon the exercise of such Options shall (as of the date of granting of such Options) be deemed to be outstanding and to have been issued for such price per share.

(B) In case at any time the Company shall issue or sell any Convertible Securities (excluding Convertible Securities and Common Stock issued in accordance with Subsection 3(i)(ii) above), whether or not the rights to exchange or convert thereunder are immediately exercisable, and the price per share for which Common Stock is issuable upon such exercise, conversion or exchange (determined by dividing (x) the total amount received or receivable by the Company as consideration for the issue or sale of such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, payable to the Company upon the exercise, conversion or exchange thereof, by (y) the total maximum number of shares of Common Stock issuable upon the exercise, conversion or exchange of all such Convertible Securities as set forth in the instrument relating thereto assuming the satisfaction of any conditions to the exercisability, convertibility or exchangeability) shall be less than the applicable Conversion Price in effect immediately prior to the time of such issue or sale, then the total maximum number of shares of Common Stock issuable upon exercise, conversion or exchange of such Convertible Securities shall (as of the date of the issue or sale of such Convertible Securities) be deemed to be outstanding and to have been issued for such price per share, *provided* that if any such issue or sale of such Convertible Securities is made upon exercise of any rights to subscribe for or to purchase or any option to purchase any such Convertible Securities for which adjustments of the applicable Conversion Price have been or are to be made pursuant to other provisions of this paragraph (iii), no further adjustment of the applicable Conversion Price shall be made by reason of such issue or sale.

(C) In case at any time any shares of Common Stock, Convertible Securities or Options shall be issued or sold for cash, the consideration received therefor shall be deemed to be the amount received by the Company therefor. In case any shares of Common Stock, Convertible Securities or Options shall be issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Company shall be deemed to be the fair market value of such consideration as determined in good faith by the Board. In case any shares of Common Stock, Convertible Securities or Options shall be issued in connection with any merger of another entity into the Company, the amount of consideration therefor shall be deemed to be the fair value of the assets of such merged corporation as determined in good faith by the Board after deducting therefrom all cash and other consideration (if any) paid by the Company in connection with such merger.

(D) If the terms of any Convertible Security or Option (excluding Convertible Securities or Options issued in accordance with Subsection 3(i)(ii) above), the issuance of which resulted in an adjustment to the Conversion Price pursuant to the terms of this Subsection 3(i), are revised (either automatically pursuant to the provisions contained therein or as a result of an amendment to such terms) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Convertible Security or Option or (2) any increase or decrease in the consideration payable to the Company upon such exercise, conversion or exchange, then, effective upon such increase or decrease becoming effective, the applicable Conversion Price computed upon the original issue of such Convertible Security or Option (or upon the occurrence of a record date with respect thereto) shall be readjusted to such applicable Conversion Price as would have been obtained had such revised terms been in effect upon the original date of issuance of such Convertible Security or Option. Notwithstanding the foregoing, no adjustment pursuant to this paragraph (D) shall have the effect of increasing the applicable Conversion Price to an amount which exceeds the lower of (i) the applicable Conversion Price on the original adjustment date, or (ii) the applicable Conversion Price that would have resulted from any issuances of shares of Common Stock without consideration or for a consideration per share less than the applicable Conversion Price in effect immediately prior to such issue or sale between the original adjustment date and such readjustment date.

(E) If the original issuance of any Convertible Security or Option (excluding Convertible Securities or Options which, upon exercise, conversion or exchange thereof, would entitle the holder thereof to receive securities issued in accordance with Subsection 3(i)(ii) above), did not result in an adjustment to the applicable Conversion Price pursuant to the terms of Subsection 3(i), either because (1) the consideration per share (determined pursuant to Subsection 3(i)(iii)(C) above) of the Common Stock was equal to or greater than the applicable Conversion Price then in effect, or (2) such Convertible Security was issued before the date of filing of this Restated Certificate, are revised after the date of filing of this Restated Certificate (either automatically pursuant to the provisions contained therein or as a result of an amendment to such terms) to provide for either (A) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Convertible Security or Option or (B) any increase or decrease in the consideration payable to the Company upon such exercise, conversion or exchange, then such Convertible Security or Option, as so amended, and the Common Stock subject thereto (determined in the manner provided in Subsection 3(i)(iii)(A) and (B) above, as applicable) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(iv) Waiver. Any adjustments to any of the rights, powers, preferences and other terms of a series of Series Preferred made in accordance with this Subsection 3(i) may be waived on behalf of all holders of such series by the affirmative written consent or vote of the holders of a majority of the Series Preferred then outstanding, voting together as a single, separate class on an as-converted to Common Stock basis; provided, however, that adjustments to any of the rights, powers, preferences and other terms of the Series F Preferred made in accordance with this Subsection 3(i) may be waived only by the affirmative written consent or vote of the holders of a majority of the Series F Preferred, voting together as a single, separate class on an as-converted to Common Stock basis.

(j) Certificate of Adjustments. Upon the occurrence of each adjustment of the applicable Conversion Price pursuant to this Section 3, the Company at its expense shall promptly compute such adjustment and furnish to each holder of Preferred Stock a certificate setting forth such adjustment and showing in detail the facts upon which such adjustment is based. The Company shall, as promptly as practicable, upon the written request at any time of any holder of Preferred Stock, furnish to such holder a like certificate setting forth (i) any and all adjustments made to the Preferred Stock since the Original Issue Date, (ii) the applicable Conversion Price at the time in effect, and (iii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of Preferred Stock.

(k) Notices of Record Date. In the event that the Company shall propose at any time (i) to declare any dividend or Distribution; (ii) to effect any reclassification or recapitalization; or (iii) to effect a Liquidation; then, in connection with each such event, the Company shall send to the holders of the Preferred Stock written notice at least twenty (20) days prior to the record date or effective date for such event. The notice shall specify, as the case may be, (i) the record date for such dividend, Distribution or right, and the amount and character of such dividend, Distribution or right, or (ii) the effective date on which such reclassification, recapitalization or Liquidation is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other stock or securities at the time issuable upon the conversion of the Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other stock or securities) for securities or other property deliverable upon such reclassification, recapitalization or Liquidation, and the amount per share and character of such exchange applicable to the Preferred Stock and the Common Stock. Any notice required by the provisions hereof to be given to a holder of shares of Preferred Stock shall be deemed sent to such holder if deposited in the United States mail, postage prepaid, and addressed to such holder at such holder’s address appearing on the books of the Company.

(l) Reservation of Stock Issuable Upon Conversion. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all then-outstanding shares of the Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then-outstanding shares of the Preferred Stock, the Company will take such corporate action as may, in the opinion of its counsel, be necessary (including, without limitation, engaging in reasonable best efforts to obtain the requisite stockholder approval of any amendment to this Restated Certificate) to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

4. Certain Conversion Election Rights. The rights set forth in this Section 4 apply notwithstanding any other provision of this Restated Certificate.

(a) In the event of an Automatic Conversion in connection with the closing of the first firmly underwritten public offering of the Company's securities pursuant to an effective registration statement under the Securities Act covering the offer and sale of Common Stock for the account of the Company (the "***IPO***"), each holder of the Company's securities that would beneficially own (for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (collectively, the "***Exchange Act***")), when aggregated with affiliates with whom such holder is required to aggregate beneficial ownership for purposes of Section 13(d) of the Exchange Act, immediately following such Automatic Conversion, in excess of 9.99% of any class of securities of the Company registered or to be registered under the Exchange Act in connection with the IPO (each, a "***Qualifying Holder***"), may elect (the "***Non-Voting Common Election Right***") in its sole discretion to convert in such Automatic Conversion any shares of Preferred Stock held by such Qualifying Holder into (i) shares of Common Stock or (ii) shares of a class of non-voting Common Stock (the "***Non-Voting Common Stock***") to be newly created in connection with the IPO, subject to the Beneficial Ownership Limitation (as defined below). The "***Beneficial Ownership Limitation***" means that, in connection with the Non-Voting Common Election Right, a Qualifying Holder may elect to convert any shares of Preferred Stock held by such Qualifying Holder into Non-Voting Common Stock only if such conversion would not result in such Qualifying Holder beneficially owning (for purposes of Section 13(d) of the Exchange Act) less than 9.99% of the outstanding Common Stock immediately following the IPO; *provided* that, such percentage may be increased or decreased for each Qualifying Holder and/or its affiliates to such other percentage as such Qualifying Holder and/or its affiliates may designate in writing upon 61 days' notice by such Qualifying Holder to the Company. The Non-Voting Common Stock shall be non-voting and convertible into Common Stock on an one (1) share to one (1) share basis (as adjusted for stock splits, combinations, reorganizations and the like following the IPO), and shall otherwise have the same terms, conditions, rights and obligations as the Common Stock.

5. Voting.

(a) Except as otherwise expressly provided herein or as required by law, the holders of Series Preferred and the holders of Common Stock all vote together and not as separate classes, including, but not limited to, with respect to any increase or decrease of the authorized shares of Common Stock. Except as otherwise required by law, holders of Common Stock shall not be entitled to vote, in their capacity as such, on any amendment to this Restated Certificate, as amended and/or restated from time to time, that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Restated Certificate or pursuant to the Delaware General Corporation Law. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares of Common Stock then outstanding) by the affirmative vote of the holders of a majority of the stock of the Company entitled to vote (voting together as a single class on an as-converted to Common Stock basis).

(b) Series Preferred. Each holder of shares of Series Preferred shall be entitled to the number of votes equal to the number of shares of Common Stock into which such shares of Series Preferred held by such holder could then be converted. The holders of the Series Preferred shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of the Company. Fractional votes shall not, however, be permitted and any fractional voting rights resulting from the above formula (after aggregating all shares of Common Stock into which shares of Series Preferred held by each holder could be converted), shall be disregarded. Notwithstanding the foregoing, the Series D-1 Preferred shall not be entitled by reason of their ownership thereof to vote on any matters submitted to the stockholders of the Company other than matters submitted to such holders pursuant to Subsection 6(c) below or as required pursuant to applicable law.

(c) Common Stock. Each holder of shares of Common Stock shall be entitled to one vote for each share thereof held.

(d) Election of Directors. The holders of the Series Preferred, voting separately as a single class (on an as-converted to Common Stock basis), shall be entitled to elect five (5) directors of the Company. The holders of Common Stock, voting separately as a single class, shall be entitled to elect one (1) director of the Company. The holders of the Common Stock and the Series Preferred, voting together as a single class (on an as-converted to Common Stock basis), shall be entitled to elect all other directors of the Company. Any director elected pursuant to the preceding sentences of this Subsection 5(d) may be removed with or without cause only by the affirmative vote of the holders of the shares of the class, series or classes of stock entitled to elect such director or directors. Any vacancies on the Board shall be filled by vote of the holders of the class, series or classes that elected the director pursuant to this Subsection 5(d) whose absence created such vacancy. If the holders of shares of Series Preferred or Common Stock, as the case may be, fail to elect a sufficient number of directors to fill all directorships for which they are entitled to elect directors, voting exclusively and as a separate class, pursuant to the first and second sentence of this Subsection 5(d), then any directorship not so filled shall remain vacant until such time as the holders of the Series Preferred or Common Stock, as the case may be, elect a person to fill such directorship by vote or written consent in lieu of a meeting; and no such directorship may be filled by stockholders of the Company other than by the stockholders of the Company that are entitled to elect a person to fill such directorship, voting exclusively and as a separate class. Notwithstanding the foregoing or the provisions of Sections 223(a)(1) and 223(a)(2) of the Delaware General Corporation Law, any newly created directorships resulting from any increase in the authorized number of directors or amendment of this Restated Certificate may be filled by a majority of the directors then in office, though less than a quorum, or by a sole director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced; *provided, however*, that where such newly created directorship is in relation to the directors elected by the holders of a class or series of stock, the holders of shares of such class or series may override the action of the Board to fill such newly created directorship as provided for herein. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the holders of a majority of the outstanding shares of the class or series entitled to elect such director shall constitute a quorum for the purpose of electing such director. Holders of the shares of the class, series or classes of stock entitled to elect or remove a director or directors under this Subsection 5(d) may elect or remove such director or directors by affirmative vote or written consent in lieu of a meeting.

6. Amendments and Changes.

(a) Approval by Series Preferred. Notwithstanding Section 5 above and in addition to any vote otherwise required herein or by law, so long as at least 2,500,000 shares (as adjusted for stock splits, combinations, reorganizations and the like following the filing date hereof) of Series Preferred are outstanding, the approval (by vote or written consent as provided by law) of (1) the holders of a majority of the Series Preferred then outstanding, voting together as a single, separate class on an as-converted to Common Stock basis, and (2) the majority of the Board shall be necessary for effecting or validating the following actions (directly or indirectly, whether by merger, recapitalization or otherwise, or in any other manner) and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

(i) any alteration, repeal, change or amendment of the rights, privileges or preferences of the Series Preferred in a manner that adversely affects such rights, privileges or preferences;

(ii) any increase or decrease of the authorized number of shares of Common Stock, Preferred Stock or any series of Preferred Stock;

(iii) any authorization, creation or issuance of (or any obligation to authorize, create or issue) any securities of the Company having rights, preferences or privileges senior to, or *pari passu* with, any of the rights, preferences or privileges of any Series Preferred;

(iv) (i) reclassification, alteration or amendment of any existing security of the Company that is *pari passu* with the Series F Preferred in respect of the distribution of assets on the liquidation, dissolution or winding up of the Company, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to the Series F Preferred in respect of any such right, preference, or privilege or (ii) reclassification, alteration or amendment of any existing security of the Company that is junior to the Series F Preferred in respect of the distribution of assets on the liquidation, dissolution or winding up of the Company, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to or *pari passu* with the Series F Preferred in respect of any such right, preference or privilege;

(v) any redemption or repurchase of shares of the Company's stock or securities, except with the approval of the Board in connection with the repurchase of shares of Common Stock issued to or held by employees, consultants, officers or directors upon termination of their employment or services pursuant to agreements providing for the right of said repurchase or the exercise of a contractual right of first refusal in favor of the Company at no greater than the original purchase price thereof;

(vi) any consummation of a Liquidation or an initial public offering which is not a Qualified IPO, or waiver of treatment of a transaction or series of related transactions as a Liquidation;

(vii) any amendment, alteration, repeal or waiver of any provision of this Restated Certificate, as amended and/or restated from time to time, or the bylaws of the Company;

(viii) any conversion of all outstanding Preferred Stock into Common Stock;

(ix) any incurrence of indebtedness for borrowed money, including but not limited to obligations and contingent obligations under guarantees, if the aggregate indebtedness of the Company for borrowed money following such action would exceed $1,000,000;

(x) any change in the authorized number of directors of the Company;

(xi) any action that encumbers all or substantially all of the property or business of the Company or its subsidiaries;

(xii) any grant of an exclusive license for all or substantially all of the intellectual property of the Company or its subsidiaries;

(xiii) the creation or adoption of any new equity compensation plan or increase the number of shares reserved under any existing equity compensation plan;

(xiv) any action to permit any subsidiary to issue or obligate itself to issue, any shares of any class or series of capital stock (other than to the Company or a wholly-owned subsidiary of the Company), or sell, transfer or otherwise dispose of any capital stock of any direct or indirect subsidiary of the Company, or permit any direct or indirect subsidiary to sell, lease, transfer, exclusively license or otherwise dispose (in a single transaction or series of related transactions) of all or substantially all of the assets of such subsidiary;

(xv) the entry into or joinder as a party to any transaction with any director or officer of the Company (other than for the payment of salary and reimbursement of expenses made in the ordinary course of business), unless approved by a majority of the directors who are disinterested in such transaction (with any interested director being required to recuse himself or herself);

(xvi) the entry into or joinder as a party to any joint venture agreement or strategic alliances involving the sale, license, pledge or encumbrance of the Company's assets of TVB-2640;

(xvii) the purchase of, or declaration of any dividend on, any shares of the Company's stock or securities, or the making a distribution to stockholders; or

(xviii) any action to cause or permit any of its subsidiaries to, without approval of the Board, sell, issue, sponsor, create or distribute any digital tokens, cryptocurrency or other blockchain-based assets (collectively, "***Tokens***"), including through a pre-sale, initial coin offering, token distribution event or crowdfunding, or through the issuance of any instrument convertible into or exchangeable for Tokens.

(b) Approval by Series F Preferred. Notwithstanding Section 5 above and in addition to any vote otherwise required herein or by law, so long as 65,000,000 shares (as adjusted for stock splits, combinations, reorganizations and the like following the filing date hereof) of Series F Preferred are outstanding, the approval (by vote or written consent as provided by law) of the holders of a majority of the Series F Preferred, voting together as a single, separate class on an as-converted to Common Stock basis, shall be necessary for effecting or validating the following actions (directly or indirectly, whether by merger, recapitalization or otherwise, or in any other manner) and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

(i) any increase or decrease (other than by conversion) to the total number of authorized shares of Series F Preferred, or any issuance or sale of any shares of Series F Preferred other than pursuant to that certain Series F Preferred Stock Purchase Agreement, dated on or about the Original Issue Date, among the Company and the other parties thereto;

(ii) any amendment, alteration, repeal or waiver of any provision of this Restated Certificate, as amended and/or restated from time to time, or the bylaws of the Company in a manner that adversely affects the powers, preferences or rights of the Series F Preferred;

(iii) (i) reclassification, alteration or amendment of any existing security of the Company that is *pari passu* with the Series F Preferred in respect of the distribution of assets on the liquidation, dissolution or winding up of the Company, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to the Series F Preferred in respect of any such right, preference, or privilege or (ii) reclassification, alteration or amendment of any existing security of the Company that is junior to the Series F Preferred in respect of the distribution of assets on the liquidation, dissolution or winding up of the Company, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to or *pari passu* with the Series F Preferred in respect of any such right, preference or privilege;

(iv) any waiver of treatment of a transaction or a series of related transactions as a Liquidation; or

(v) any redemption or repurchase of shares of the Company's stock or securities, except in connection with the repurchase of shares of Common Stock issued to or held by employees, consultants, officers or directors upon termination of their employment or services at no greater than the original purchase price thereof.

(c) Approval by Series F Preferred Supermajority. Notwithstanding Section 5 above and in addition to any vote otherwise required herein or by law, from the date hereof through December 21, 2023, and for so long as 65,000,000 shares (as adjusted for stock splits, combinations, reorganizations and the like following the filing date hereof) of Series F Preferred are outstanding, the approval (by vote or written consent as provided by law) of the holders of at least a 75% of the outstanding shares of Series F Preferred, voting together as a single, separate class on an as-converted to Common Stock basis, shall be necessary for effecting or validating the following actions (directly or indirectly, whether by merger, recapitalization or otherwise, or in any other manner) and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

(i) a Liquidation that results in per share proceeds to the holders of Series F Preferred of less than 2.5x of the Series F Original Issue Price; or

(ii) any sale, license, pledge or encumbrance of any material intellectual property of the Company related to the Company's primary assets of TVB-2640 and TVB-3567.

(d) For so long as at least 365,250 shares of Series A Preferred, 365,250 shares of Series A' Preferred, 652,174 shares of Series B Preferred, 652,174 shares of Series B' Preferred, 5,707,171 shares of Series B-1 Preferred, 5,707,171 shares of Series B-1' Preferred, 5,686,153 shares of Series C Preferred, 5,686,153 shares of Series C' Preferred, 8,522,727 shares of Series D Preferred, 8,522,727 shares of Series D' Preferred, 157,000,000 shares of Series E Preferred or 65,000,000 shares of Series F Preferred, as the case may be, remain outstanding (each as may be adjusted for stock splits, combinations and the like with respect to such series of the Series Preferred following the date hereof), in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of at least thirty three and one-third percent (33⅓%) of the outstanding shares of the Series A Preferred and Series A' Preferred voting together as a single class, Series B Preferred and Series B' Preferred voting together as a single class, Series B-1 Preferred and Series B-1' Preferred voting together as a single class, Series C Preferred and Series C' Preferred voting together as a single class or Series D Preferred and Series D' Preferred voting together as a single class, a majority of the outstanding shares of the Series E Preferred and a majority of the outstanding shares of the Series F Preferred, respectively and each class voting as a separate series, and the approval of a majority of the Board shall be necessary for effecting any amendment, alteration, or repeal of any provision of this Restated Certificate or the bylaws of the Company, each, as amended and/or restated from time to time, that alters or changes the voting or other powers, preferences or other special rights, privileges or restrictions of such series of the Series Preferred, whether by merger, consolidation or otherwise, so as to affect such series of the Series Preferred adversely and in a manner different than any other such series of Preferred Stock, *provided*, *however*, that a series of the Series Preferred shall not be deemed to be adversely affected as a result of the proportional differences in the respective Conversion Prices or liquidation preferences with respect to other series of Preferred Stock; *provided*, *further* that any of the foregoing acts or transactions taken or entered into without the requisite consents or votes shall be null and void ab initio, and of no force or effect

(e) For so long as any shares of Series D-1 Preferred remain outstanding, in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of at least thirty three and one-third percent (33⅓%) of the outstanding shares of the Series D-1 Preferred, and the approval of a majority of the Board shall be necessary for effecting any amendment, alteration, or repeal of any provision of this Restated Certificate or the bylaws of the Company, each, as amended and/or restated from time to time, that alters or changes the voting or other powers, preferences or other special rights, privileges or restrictions of the Series D-1 Preferred Stock, whether by merger, consolidation or otherwise, so as to affect the Series D-1 Preferred Stock adversely and in a manner different than any other such series of Preferred Stock, *provided*, *however*, that the Series D-1 Preferred Stock shall not be deemed to be adversely affected as a result of the proportional differences in the respective Conversion Prices or liquidation preferences with respect to other series of Preferred Stock.

7. Redemption. The Preferred Stock is not redeemable.

8. Notices. Any notice required by the provisions of this Article FOURTH to be given to the holders of Common Stock and Preferred Stock shall be in writing and shall be deemed given if deposited in the United States mail, postage prepaid, if deposited with a nationally recognized overnight courier, or if personally delivered, and addressed to each holder of record at such holder's address appearing on the books of the Company.

FIFTH

Subject to any additional vote required by this Restated Certificate, as amended and/or restated from time to time, the Board shall have the power to adopt, amend and repeal the bylaws of the Company (except insofar as the bylaws of the Company as adopted by action of the stockholders of the Company shall otherwise provide). Any bylaws made by the Board under the powers conferred hereby may be amended or repealed by the Board or by the Company's stockholders, and the powers conferred in this Article FIFTH shall not abrogate the right of the Company's stockholders to adopt, amend and repeal bylaws of the Company. Each director shall be entitled to one (1) vote on each matter presented to the Board.

SIXTH

Election of Company directors need not be by written ballot unless the bylaws of the Company shall so provide.

SEVENTH

Subject to the provisions set forth in this Restated Certificate, the Company reserves the right to amend the provisions in this Restated Certificate and in any certificate amendatory hereof in the manner now or hereafter prescribed by law and this Restated Certificate, and all rights conferred on stockholders or others hereunder or thereunder are granted subject to such reservation.

EIGHTH

The Company renounces any interest or expectancy of the Company in, or in being offered an opportunity to participate in, any Excluded Opportunity. An "***Excluded Opportunity***" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, (i) any director of the Company who is not an employee of the Company or any of its subsidiaries, or (ii) any holder of Series Preferred or any partner, member, director, stockholder, employee or agent of any such holder, other than someone who is an employee of the Company or any of its subsidiaries (collectively, "***Covered Persons***"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Company.

NINTH

A. The Company shall indemnify, advance expenses, and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (an "***Indemnified Person***") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "***Proceeding***"), by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the Company or, while a director or officer of the Company, is or was serving at the request of the Company as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Indemnified Person. Notwithstanding the preceding sentence, except for claims for indemnification (following the final disposition of such Proceeding) or advancement of expenses not paid in full, the Company shall be required to indemnify an Indemnified Person in connection with a Proceeding (or part thereof) commenced by such Indemnified Person only if the commencement of such Proceeding (or part thereof) by the Indemnified Person was authorized in the specific case by the Board. Any amendment, repeal or modification of this Article NINTH, or adoption of any provision of this Restated Certificate inconsistent with this Article NINTH, shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

B. The Company may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Company or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

C. The Company is authorized to provide indemnification of agents (as defined in Section 317 of the California General Corporation Law ("***CGCL***")) for breach of duty to the Company and its stockholders through provisions of the bylaws of the Company or through agreements with the agents, or through stockholder resolutions, or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the CGCL, subject, at any time or times that the Company is subject to Section 2115(b) of the CGCL, to the limits on such excess indemnification set forth in Section 204 of the CGCL.

TENTH

A. For purposes of Section 500 of the CGCL (to the extent applicable), in connection with any repurchase of shares of Common Stock permitted under this Restated Certificate from employees, officers, directors or consultants of the Company in connection with a termination of employment or services pursuant to agreements or arrangements approved by the Board (in addition to any other consent required under this Restated Certificate), such repurchase may be made without regard to any "preferential dividends arrears amount" or "preferential rights amount" (as those terms are defined in Section 500 of the CGCL). Accordingly, for purposes of making any calculation under CGCL Section 500 in connection with such repurchase, the amount of any "preferential dividends arrears amount" or "preferential rights amount" (as those terms are defined therein) shall be deemed to be zero (0).

* * * * *

CERTIFICATE OF AMENDMENT TO
TENTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF
SAGIMET BIOSCIENCES INC.

SAGIMET BIOSCIENCES INC., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the ***"Corporation"),*** hereby certifies that:

FIRST: The name of the Corporation is Sagimet Biosciences Inc.

SECOND: The date on which the Certificate of Incorporation of the Corporation was originally filed with the Secretary of State of the State of Delaware is December 19, 2006 and the original name of this Corporation was 3-V Biosciences, Inc.

THIRD: The Board of Directors of the Corporation, acting in accordance with the provisions of Sections 141 and 242 of the General Corporation Law of the State of Delaware (the "***DGCL"),*** duly approved and adopted resolutions amending its Certificate of Incorporation as follows:

Article Fourth, Part A shall be amended and restated to read in its entirety as follows:

"FOURTH

A. The Company is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The aggregate number of shares that the Company shall have authority to issue is 2,982,180,170, of which 1,608,370,000 shares shall be Common Stock with the par value of $0.0001 per share (the ***"Common Stock"),*** and of which 1,373,810,170 shares shall be Preferred Stock with the par value of $0.0001 per share (the ***"Preferred Stock")."***

FOURTH: This Certificate of Amendment was duly adopted in accordance with Sections 141 and 242 of the DGCL.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by its Chief Executive Officer this 27th day of September, 2022.

SAGIMET BIOSCIENCES INC.

By: /s/ George Kemble
Name: George Kemble
Title: Chief Executive Officer

Exhibit 3.3

AMENDED AND RESTATED

BYLAWS

OF

3-V BIOSCIENCES, INC.
(a Delaware corporation)

Adopted as of December 19, 2006

Amended on April 5, 2007

Amended on July 7, 2009

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AMENDED AND RESTATED BYLAWS
OF
3-V BIOSCIENCES, INC.
(a Delaware corporation)

Adopted as of December 19, 2006
Amended on April 5, 2007
Amended on July 7, 2009

ARTICLE I
IDENTIFICATION; OFFICES

Section 1. **Name**. The name of the corporation is 3-V BioSciences, Inc. (the "Corporation").

Section 2. **Principal and Business Offices.** The Corporation may have such principal and other business offices, either within or outside of the state of Delaware, as the Board of Directors may designate or as the Corporation's business may require from time to time.

Section 3. **Registered Agent and Office.** The Corporation's registered agent may be changed from time to time by or under the authority of the Board of Directors. The address of the Corporation's registered agent may change from time to time by or under the authority of the Board of Directors, or the registered agent. The business office of the Corporation's registered agent shall be identical to the registered office. The Corporation's registered office may be but need not be identical with the Corporation's principal office in the state of Delaware. The Corporation's initial registered office shall be in the City of Dover, County of Kent, State of Delaware.

Section 4. **Place of Keeping Corporate Records.** The records and documents required by law to be kept by the Corporation permanently shall be kept at the Corporation's principal office.

ARTICLE II
STOCKHOLDERS

Section 1. **Annual Meeting.** An annual meeting of the stockholders shall be held on such date as may be determined by resolution of the Board of Directors. At each annual meeting, the stockholders shall elect directors to hold office for the term provided in Article III of these Bylaws.

Section 2. Special Meeting. A special meeting of the stockholders may be called by the President of the Corporation, the Board of Directors, or by such other officers or persons as the Board of Directors may designate.

Section 3. Place of Stockholder Meetings. The Board of Directors may designate any place, either within or without the State of Delaware, as the place of meeting for any annual meeting or for any special meeting. If no such place is designated by the Board of Directors, the place of meeting will be the principal business office of the Corporation.

Section 4. Notice of Meetings. Unless waived as herein provided, whenever stockholders are required or permitted to take any action at a meeting, written notice of the meeting shall be given stating the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Such written notice shall be given not less than ten (10) days nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at the meeting or in the event of a merger, consolidation, share exchange, dissolution or sale, lease or exchange of all or substantially all of the Corporation's property, business or assets not less than twenty (20) days before the date of the meeting. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at the stockholder's address as it appears on the records of the Corporation. If electronically transmitted, then notice is deemed given when transmitted and directed to a facsimile number or electronic mail address at which the stockholder has consented to receive notice. An affidavit of the secretary or of the transfer agent or other agent of the Corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

When a meeting is adjourned to another time or place in accordance with Section 2.5 of this Article of these Bylaws, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting in which the adjournment is taken. At the adjourned meeting the Corporation may conduct any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 5. Quorum and Adjourned Meetings. Unless otherwise provided by law or the Corporation's Certificate of Incorporation, a majority of the shares entitled to vote, present in person or represented by proxy, shall constitute a quorum at a meeting of stockholders. If less than a majority of the shares entitled to vote at a meeting of stockholders is present in person or represented by proxy at such meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting. The stockholders present at a meeting may continue to transact business until adjournment, notwithstanding the withdrawal of such number of stockholders as may leave less than a quorum.

Section 6. Fixing of Record Date.

(a) For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) For the purpose of determining stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is established by the Board of Directors, and which date shall not be more than ten (10) days after the date on which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal office, or an officer or agent of the Corporation having custody of the book in which the proceedings of meetings of stockholders are recorded. Delivery to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by law, the record date for determining stockholders' consent to corporate action in writing without a meeting shall be the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) For the purpose of determining the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect to any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix the record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining the stockholders for any such purpose shall be the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 7. Voting List. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 8. Voting. Unless otherwise provided by the Certificate of Incorporation, each stockholder shall be entitled to one vote for each share of capital stock held by each stockholder. In all matters other than the election of directors, the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders. Directors shall be elected by plurality of the votes of the shares present in person or represented by a proxy at the meeting entitled to vote on the election of directors.

Section 9. Proxies. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may remain irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally.

Section 10. Ratification of Acts of Directors and Officers. Except as otherwise provided by law or by the Certificate of Incorporation of the Corporation, any transaction or contract or act of the Corporation or of the directors or the officers of the Corporation may be ratified by the affirmative vote of the holders of the number of shares which would have been necessary to approve such transaction, contract or act at a meeting of stockholders, or by the written consent of stockholders in lieu of a meeting.

Section 11. Informal Action of Stockholders. Any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be delivered to the Corporation by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous consent shall be given to those stockholders who have not consented in writing. In the event that the action which is consented to is such as would have required the filing of a certificate with any governmental body, if such action had been voted on by stockholders at a meeting thereof, the certificate filed shall state, in lieu of any statement required by law concerning any vote of stockholders, that consent had been given in accordance with the provisions of Section 228 of the Delaware General Corporation Law, and that notice has been given as provided in such section. Without limiting the manner by which consent or notice may be given, written consent and written notice shall be deemed to be given if sent by electronic transmission when directed to a facsimile number or electronic mail address at which the recipient has consented to receive such electronic transmissions.

Section 12. Organization. Such person as the Board of Directors may designate or, in the absence of such a designation, the president of the Corporation or, in his or her absence, such person as may be chosen by the holders of a majority of the shares entitled to vote who are present, in person or by proxy, shall call to order any meeting of the stockholders and act as chairman of such meeting. In the absence of the secretary of the Corporation, the chairman of the meeting shall appoint a person to serve as secretary at the meeting.

ARTICLE III
DIRECTORS

Section 1. Number and Tenure Of Directors. The number of directors which shall constitute the whole Board shall be set by resolution of the Board from time to time. The directors need not be stockholders. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and qualified; provided, however, that unless otherwise restricted by the Certificate of Incorporation or by law, any director or the entire Board of Directors may be removed, either with or without cause, from the Board of Directors at any meeting of stockholders by a majority of the stock represented and entitled to vote thereat.

Section 2. Election of Directors. Except as otherwise provided in this Bylaws, directors shall be elected at the annual meeting of stockholders. Directors need not be residents of the State of Delaware. Elections of directors need not be by written ballot.

Section 3. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, the President or at least one-third of the number of directors constituting the whole board. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Delaware, as the place for holding any special meeting of the Board of Directors called by them.

Section 4. Notice of Special Meetings of The Board of Directors. Notice of any special meeting of the Board of Directors shall be given at least forty-eight (48) hours previous thereto by written notice to each director at his or her address. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail so addressed, with first-class postage thereon prepaid. If sent by any other means (including facsimile, courier, electronic mail or express mail, etc.), such notice shall be deemed to be delivered when actually delivered to the home or business address, electronic address or facsimile number of the director.

Section 5. Quorum. A majority of the total number of directors as provided in Section 1 of this Article shall constitute a quorum for the transaction of business. If less than a majority of the directors are present at a meeting of the Board of Directors, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 6. Voting. The vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the Delaware General Corporation Law or the Certificate of Incorporation requires a vote of a greater number.

Section 7. **Vacancies.** Vacancies in the Board of Directors may be filled by a majority vote of the Board of Directors or by an election either at an annual meeting or at a special meeting of the stockholders called for that purpose. Any directors elected by the stockholders to fill a vacancy shall hold office for the balance of the term for which he or she was elected. A director appointed by the Board of Directors to fill a vacancy shall serve until the next meeting of stockholders at which directors are elected.

Section 8. **Removal of Directors.** A director, or the entire Board of Directors, may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors; provided, however, that if cumulative voting obtains and less than the entire Board of Directors is to be removed, no director may be removed without cause if the votes cast against such director's removal would be sufficient to elect him if then cumulatively voted at an election of the entire Board of Directors.

Section 9. **Informal Action of Directors.** Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee. Without limiting the manner by which consent may be given, members of the Board of Directors may consent by delivery of an electronic transmission when such transmission is directed to a facsimile number or electronic mail address at which the Corporation has consented to receive such electronic transmissions, and copies of the electronic transmissions are filed with the minutes of proceedings of the Board of Directors or committee.

Section 10. **Participation by Conference Telephone.** Members of the Board of Directors, or any committee designated by such board, may participate in a meeting of the Board of Directors, or committee thereof, by means of conference telephone or similar communications equipment as long as all persons participating in the meeting can speak with and hear each other, and participation by a director pursuant to this Section 10 shall constitute presence in person at such meeting.

Section 11. **Compensation of Directors.** Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board of Directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefore. Members of special or standing committees may be allowed like compensation for attending committee meetings.

ARTICLE IV
WAIVER OF NOTICE

Section 1. **Written Waiver of Notice.** A written waiver of any required notice, signed by or electronically transmitted by the person entitled to notice, whether before or after the date stated therein, shall be deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of stockholders, directors or members of a committee of directors need be specified in any written waiver of notice.

Section 2. Attendance as Waiver of Notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, and objects at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE V
COMMITTEES

Section 1. General Provisions. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member at any meeting of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it, but no such committee shall have the power or authority in reference to amending the Certificate of Incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease, or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amending the Bylaws of the Corporation, and, unless the resolution so provides, no such committee shall have the power or authority to declare a dividend, to authorize the issuance of stock or to adopt a certificate of ownership and merger, pursuant to Section 253 of the Delaware General Corporation Law.

ARTICLE VI
OFFICERS

Section 1. General Provisions. The Board of Directors shall elect a President and a Secretary of the Corporation. The Board of Directors may also elect a Chairman of the Board, one or more Vice Chairmen of the Board, one or more Vice Presidents, a Treasurer, one or more Assistant Secretaries and Assistant Treasurers and such additional officers as the Board of Directors may deem necessary or appropriate from time to time. Any two or more offices may be held by the same person. The officers elected by the Board of Directors shall have such duties as are hereafter described and such additional duties as the Board of Directors may from time to time prescribe.

Section 2. Election and Term of Office. The officers of the Corporation shall be elected annually by the Board of Directors at the regular meeting of the Board of Directors held after each annual meeting of the stockholders. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as may be convenient. New offices of the Corporation may be created and filled and vacancies in offices may be filled at any time, at a meeting or by the written consent of the Board of Directors. Unless removed pursuant to Section 6.3 of these Bylaws, each officer shall hold office until his successor has been duly elected and qualified, or until his earlier death or resignation. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 3. Removal of Officers. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever, in its judgment, the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person(s) so removed.

Section 4. The Chief Executive Officer. The Board of Directors shall designate whether the Chairman of the Board, if one shall have been chosen, or the President shall be the Chief Executive Officer of the Corporation. If a Chairman of the Board has not been chosen, or if one has been chosen but not designated Chief Executive Officer, then the President shall be the Chief Executive Officer of the Corporation. The Chief Executive Officer shall be the principal executive officer of the Corporation and shall in general supervise and control all of the business and affairs of the Corporation, unless otherwise provided by the Board of Directors. The Chief Executive Officer shall preside at all meetings of the stockholders and of the Board of Directors and shall see that orders and resolutions of the Board of Directors are carried into effect. The Chief Executive Officer may sign bonds, mortgages, certificates for shares and all other contracts and documents whether or not under the seal of the Corporation except in cases where the signing and execution thereof shall be expressly delegated by law, by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation. The Chief Executive Officer shall have general powers of supervision and shall be the final arbiter of all differences between officers of the Corporation and his decision as to any matter affecting the Corporation shall be final and binding as between the officers of the Corporation subject only to the Board of Directors.

Section 5. The President. In the absence of the Chief Executive Officer or in the event of his inability or refusal to act, if the Chairman of the Board has been designated Chief Executive Officer, the President shall perform the duties of the Chief Executive Officer, and when so acting, shall have all the powers of and be subject to all, the restrictions upon the Chief Executive Officer. At all other times the President shall have the active management of the business of the Corporation under the general supervision of the Chief Executive Officer. The President shall have concurrent power with the Chief Executive Officer to sign bonds, mortgages, certificates for shares and other contracts and documents, whether or not under the seal of the Corporation except in cases where the signing and execution thereof shall be expressly delegated by law, by the Board of Directors, or by these Bylaws to some other officer or agent of the Corporation. In general, the President shall perform all duties incident to the office of president and such other duties as the Chief Executive Officer or the Board of Directors may from time to time prescribe.

Section 6. The Chairman Of The Board. The Chairman of the Board, if one is chosen, shall be chosen from among the members of the board. If the Chairman of the Board has not been designated Chief Executive Officer, the Chairman of the Board shall perform such duties as may be assigned to the Chairman of the Board by the Chief Executive Officer or by the Board of Directors.

Section 7. Vice Chairman of The Board. In the absence of the Chief Executive Officer or in the event of his inability or refusal to act, if the Chairman of the Board has been designated Chief Executive Officer, the Vice Chairman, or if there be more than one, the Vice Chairmen, in the order determined by the Board of Directors, shall perform the duties of the Chief Executive Officer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer. At all other times, the Vice Chairman or Vice Chairmen shall perform such duties and have such powers as the Chief Executive Officer or the Board of Directors may from time to time prescribe.

Section 8. The Vice President. In the absence of the President or in the event of his inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Executive Vice President and then the other Vice President or Vice Presidents in the order designated, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents shall perform such other duties and have such other powers as the Chief Executive Officer or the Board of Directors may from time to time prescribe.

Section 9. The Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the Chief Executive Officer, under whose supervision he shall be. The Secretary shall have custody of the corporate seal of the Corporation and the Secretary, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature.

Section 10. The Assistant Secretary. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Chief Executive Officer or the Board of Directors may from time to time prescribe.

Section 11. The Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation.

Section 12. The Assistant Treasurer. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Chief Executive Officer or the Board of Directors may from time to time prescribe.

Section 13. Other Officers, Assistant Officers and Agents. Officers, Assistant Officers and Agents, if any, other than those whose duties are provided for in these Bylaws, shall have such authority and perform such duties as may from time to time be prescribed by resolution of the board of directors.

Section 14. Absence of Officers. In the absence of any officer of the Corporation, or for any other reason the Board of Directors may deem sufficient, the Board of Directors may delegate the powers or duties, or any of such powers or duties, of any officers or officer to any other officer or to any director.

Section 15. Compensation. The Board of Directors shall have the authority to establish reasonable compensation of all officers for services to the Corporation.

ARTICLE VII
INDEMNIFICATION

Section 1. Right to Indemnification of Directors and Officers. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (a "Covered Person") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that such person, or a person for whom such person is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another Corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Covered Person in such proceeding. Notwithstanding the preceding sentence, except as otherwise provided in Section 3 of this Article, the Corporation shall be required to indemnify a Covered Person in connection with a proceeding (or part thereof) commenced by such Covered Person only if the commencement of such proceeding (or part thereof) by the Covered Person was authorized in advance by the Board of Directors.

Section 2. Prepayment of Expenses of Directors and Officers. The Corporation shall pay the expenses (including attorneys' fees) incurred by a Covered Person in defending any proceeding in advance of its final disposition, provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it should be ultimately determined that the Covered Person is not entitled to be indemnified under this Article VII or otherwise.

Section 3. Claims by Directors and Officers. If a claim for indemnification or advancement of expenses under this Article VII is not paid in full within thirty days after a written claim therefor by the Covered Person has been received by the Corporation, the Covered Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the Covered Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

Section 4. Indemnification of Employees and Agents. The Corporation may indemnify and advance expenses to any person who was or is made or is threatened to be made or is otherwise involved in any proceeding by reason of the fact that such person, or a person for whom such person is the legal representative, is or was an employee or agent of the Corporation or, while an employee or agent of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorney's fees) reasonably incurred by such person in connection with such proceeding. The ultimate determination of entitlement to indemnification of persons who are non-director or officer employees or agents shall be made in such manner as is determined by the Board of Directors in its sole discretion. Notwithstanding the foregoing sentence, the Corporation shall not be required to indemnify a person in connection with a proceeding initiated by such person if the proceeding was not authorized in advance by the Board of Directors.

Section 5. Advancement of Expenses of Employees and Agents. The Corporation may pay the expenses (including attorney's fees) incurred by an employee or agent in defending any proceeding in advance of its final disposition on such terms and conditions as may be determined by the Board of Directors.

Section 6. Non-Exclusivity Of Rights. The rights conferred on any person by this Article VII shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 7. Other Indemnification. The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer or employee of another corporation, partnership, joint venture, trust, organization or other enterprise shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, organization or other enterprise.

Section 8. Indemnification of Related Parties. To the extent that a Covered Person is serving on the Board of Directors of the Corporation at the direction of any stockholder of the Corporation who, pursuant to the Certificate of Incorporation of the Corporation or any contractual arrangement, shall have the right to elect (either alone or together with other parties) or appoint (either alone or together with other parties) such Covered Person to the Board of Directors of the Corporation (an "Appointing Stockholder"), the Corporation shall indemnify and hold harmless such Appointing Stockholder from any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, arising by reason of the fact that Appointing Stockholder has the ability to appoint or elect the Covered Person to the Board of Directors of the Corporation or that the Covered Person is serving on the Board of Directors of the Corporation at the direction of the Appointing Stockholder, *provided however*, that (i) any such indemnification shall be subject to the same limitations as otherwise set forth herein; and (ii) no such indemnification shall be available to any Appointing Stockholder in the event that the Covered Person shall not be entitled to indemnification in the same or any related action or proceeding. The terms herein as they relate to procedures for indemnification of a Covered Person shall apply to any such indemnification of Appointing Stockholder.

To the extent that a Covered Person has or may have certain rights to indemnification, advancement of expenses and/or insurance provided by an Appointing Stockholder and/or certain of its affiliates and/or other third parties and may have other sources of indemnification or insurance, whether currently in force or established in the future (collectively, the "Outside Indemnitors"), the Corporation (i) shall be the indemnitor of first resort (i.e., its obligations to the Covered Person are primary and any obligation of the Outside Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by the Covered Person are secondary); (ii) shall be required to advance the full amount of expenses incurred by the Covered Person and shall be liable for the full amount of all expenses to the extent legally permitted and as required by the Certificate of Incorporation of the Corporation (or any agreement between the Company and the Covered Person), without regard to any rights the Covered Person may have against the Outside Indemnitors; and (iii) irrevocably waives, relinquishes and releases the Outside Indemnitors from any and all claims against the Outside Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. No advancement or payment by the Outside Indemnitors on behalf of the Covered Person with respect to any claim for which the Covered Person has sought indemnification from the Corporation shall affect the foregoing, and the Outside Indemnitors shall have a right of contribution and/or be subrogated solely to the extent such advancement or payment would be subject to recovery by the Covered Person against the Corporation.

Section 9. Insurance. The Board of Directors may, to the full extent permitted by applicable law as it presently exists, or may hereafter be amended from time to time, authorize an appropriate officer or officers to purchase and maintain at the Corporation's expense insurance: (a) to indemnify the Corporation for any obligation which it incurs as a result of the indemnification of directors, officers and employees under the provisions of this Article VII; and (b) to indemnify or insure directors, officers and employees against liability in instances in which they may not otherwise be indemnified by the Corporation under the provisions of this Article VII.

Section 10. Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article VII shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification. The rights provided hereunder shall inure to the benefit of any Covered Person and such person's heirs, executors and administrators.

ARTICLE VIII
CERTIFICATES FOR SHARES

Section 1. Certificates of Shares. The shares of the Corporation shall be represented by certificates, provided that the Board of Directors of the Corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Notwithstanding the adoption of such a resolution by the Board of Directors, every holder of stock represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of the Corporation by the Chairman or Vice Chairman of the Board of Directors, Chief Executive Officer, or the President or Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation representing the number of shares registered in certificate form. Any or all the signatures on the certificate may be a facsimile.

Section 2. Signatures of Former Officer, Transfer Agent or Registrar. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person or entity were such officer, transfer agent or registrar at the date of issue.

Section 3. Transfer of Shares. Transfers of shares of the Corporation shall be made only on the books of the Corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his or her attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the Corporation, and on surrender for cancellation of certificate for such shares. Prior to due presentment of a certificate for shares for registration of transfer, the Corporation may treat a registered owner of such shares as the person exclusively entitled to vote, to receive notifications and otherwise have and exercise all of the right and powers of an owner of shares.

Section 4. Lost, Destroyed or Stolen Certificates. Whenever a certificate representing shares of the Corporation has been lost, destroyed or stolen, the holder thereof may file in the office of the Corporation an affidavit setting forth, to the best of his knowledge and belief, the time, place, and circumstance of such loss, destruction or theft together with a statement of indemnity sufficient in the opinion of the Board of Directors to indemnify the Corporation against any claim that may be made against it on account of the alleged loss of any such certificate. Thereupon the Board may cause to be issued to such person or such person’s legal representative a new certificate or a duplicate of the certificate alleged to have been lost, destroyed or stolen. In the exercise of its discretion, the Board of Directors may waive the indemnification requirements provided herein.

ARTICLE IX
DIVIDENDS

Section 1. Declarations of Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

Section 2. Requirements for Payment of Dividends. Before payment of any dividend there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conducive to the interests of the Corporation, and the directors may abolish any such reserve.

ARTICLE X
RIGHT OF FIRST OFFER

Section 1. Limitation on Transfer. No stockholder shall sell, give, assign, hypothecate, pledge, encumber, grant a security interest in or otherwise dispose of (whether by operation of law or otherwise) (each, a "transfer") any shares of common stock of the Corporation or any right, title or interest therein or thereto, except by a transfer which meets the requirements hereinafter set forth in these bylaws.

(a) If any stockholder wishes to transfer all or any portion of its, his or her shares of common stock, then such stockholder shall first offer such shares of common stock to the Corporation, by sending written notice to the Corporation, which shall state (i) the number of shares of common stock proposed to be transferred; (ii) the proposed purchase price per share; (iii) the proposed transferee; and (iv) the full terms and conditions of such sale. Upon delivery of such notice, such offer shall be irrevocable unless and until the rights of first offer provided for herein shall have been waived or shall have expired.

(b) For a period of fifteen (15) days immediately following the delivery of the notice pursuant to Section 1(a), the Corporation shall have the option to purchase all or less than all of the shares specified in the notice at the purchase price and upon the terms and conditions set forth in such notice. In the event of a gift, property settlement or other transfer in which the proposed transferee is not paying the full price for the shares, and that is not otherwise exempted from the provisions of this Article 10, the price shall be deemed to be the fair market value of the common stock at such time as determined in good faith by the Board of Directors. In the event the Corporation and/or its assignee(s) elect(s) to acquire any of the shares of common stock of the transferring stockholder as specified in said transferring stockholder's notice, the Secretary of the Corporation shall so notify the transferring stockholder, stating the number of shares of common stock that the Corporation is willing to purchase pursuant to this Article X.

(c) The closing of the purchase by the Corporation under Article X shall be held at the executive office of the Corporation at 11:00 a.m., local time, on the sixtieth day after the giving of the notice pursuant to Article X or at such other time and place as the parties to the transaction may agree. At such closing, the transferring stockholder shall deliver certificates representing the shares of common stock to be transferred, duly endorsed for transfer and accompanied by all requisite transfer taxes, if any, and such shares of common stock shall be free and clear of any liens (other than those arising hereunder and those attributable to actions by the Corporation thereof) and the transferring stockholder shall so represent and warrant, and shall further represent and warrant that it is the sole beneficial and record owner of such shares of common stock. At such closing, all of the parties to the transaction shall execute such additional documents as are otherwise customary and necessary or appropriate.

(d) In the event the Corporation and/or its assignee(s) do not elect to acquire all of the shares specified in the transferring stockholder's notice, said transferring stockholder may transfer the shares specified in said transferring stockholder's notice which were not acquired by the Corporation and/or its assignee(s) as specified in said transferring stockholder's notice; provided that such sale is bona fide and made pursuant to a contract entered into within ninety (90) days after the earlier to occur of (i) the waiver by the Corporation and/or its assignee(s) of their options to purchase the shares of common stock and (ii) the expiration of the fifteen (15) day period after the delivery of the transferring stockholder's notice to the Corporation. All shares so sold by said transferring stockholder shall continue to be subject to the provisions of these bylaws in the same manner as before said transfer. If such sale is not consummated within one hundred twenty (120) days after the earlier of (i) or (ii) in the preceding sentence, for any reason, then the restrictions provided for herein shall again become effective, and no transfer of such shares of common stock may be made thereafter by the stockholder without again offering the same to the Corporation in accordance with this Article X.

(e) Anything to the contrary contained herein notwithstanding, the following transactions shall be exempt from this Article X of these bylaws:

(A) a stockholder who is an individual may transfer all or a portion of his shares of common stock (during life or upon death) to (i) a member of his or her immediate family, which shall include his or her spouse, siblings, children or grandchildren; or (ii) a trust, corporation, partnership or limited liability company, all of the beneficial interests in which shall be held by such individual or one or more of his or her spouse, siblings, children or grandchildren; provided, however, that during the period that any such trust, corporation, partnership or limited liability company holds any right, title or interest in any shares of common stock, no person other than such stockholder or one or more of his or her spouse, siblings, children or grandchildren may be or may become beneficiaries, stockholders, limited or general partners or members thereof; and

(B) each stockholder that is not an individual may transfer all or a portion of its shares of common stock to any of its affiliates.

(f) The provisions of this bylaw maybe waived with respect to any transfer either by the Corporation, upon duly authorized action of its Board of Directors, or by the stockholders, upon the express written consent of the owners of a majority of the voting power of the Corporation (excluding the votes represented by those shares to be transferred by the transferring stockholder). This bylaw may be amended or repealed either by a duly authorized action of the Board of Directors or by the stockholders, upon the express written consent of the owners of a majority of the voting power of the Corporation.

(g) Any transfer, or purported transfer, of common stock of the Corporation shall be null and void unless the terms, conditions, and provisions of this bylaw are strictly observed and followed.

(h) The foregoing right of first refusal shall terminate on the date securities of the Corporation are first offered to the public pursuant to a registration statement filed with, and declared effective by, the United States Securities and Exchange Commission under the Securities Act of 1933, as amended.

(i) The certificates representing shares of common stock of the Corporation held by stockholders who or that are not party to the Stockholders Agreement shall bear on their face the following legend so long as the foregoing right of first refusal remains in effect:

> "THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A RIGHT OF FIRST REFUSAL OPTION IN FAVOR OF THE CORPORATION AND/OR ITS ASSIGNEE(S), AS PROVIDED IN THE BYLAWS OF THE CORPORATION."

(j) The Corporation may assign its rights hereunder.

ARTICLE XI
GENERAL PROVISIONS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by one or more officers or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits. The funds of the Corporation may be deposited or invested in such bank account, in such investments or with such other depositaries as determined by the Board of Directors.

Section 5. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 6. **Seal.** The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 7. **Annual Statement.** The Board of Directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the Corporation.

ARTICLE XII
AMENDMENTS

Section 1. **Amendments.** These Bylaws may be altered, amended or repealed or new Bylaws may be adopted by the stockholders or by the Board of Directors, when such power is conferred upon the Board of Directors by the Certificate of Incorporation, at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the stockholders or of the Board of Directors if notice of such alteration, amendment, repeal or adoption of new Bylaws be contained in the notice of such special meeting. If the power to adopt, amend or repeal Bylaws is conferred upon the Board of Directors by the Certificate of Incorporation it shall not divest or limit the power of the stockholders to adopt, amend or repeal Bylaws.

3-V BIOSCIENCES, INC.

2007 EQUITY INCENTIVE PLAN

1. Purposes of the Plan. The purposes of 3-V Biosciences, Inc. 2007 Equity Incentive Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Employees, Directors and Consultants and to promote the success of the Company's business. Options granted under the Plan may be Incentive Stock Options or Non-Qualified Stock Options, as determined by the Administrator at the time of grant. Stock Purchase Rights may also be granted under the Plan.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Acquisition" means (i) the liquidation, dissolution or winding up of the Company; (ii) any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganizations, *provided* that the applicable transaction shall not be deemed an Acquisition unless the Company's stockholders constituted immediately prior to such transaction do not hold more than fifty percent (50%) of the voting power of the surviving or acquiring entity (or its parent) immediately following such transaction (taking into account only voting power resulting from stock held by such stockholders prior to such transaction); (iii) any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company's voting power outstanding before such transaction is transferred or (iv) a sale, conveyance or other disposition of all or substantially all of the assets of the Company (including without limitation a license of all or substantially all of the Company's intellectual property that is either exclusive or otherwise structured in a manner that constitutes a license of all or substantially all of the assets of the Company); *provided* that an Acquisition shall not include (A) a merger or consolidation with a wholly-owned subsidiary of the Company, (B) a merger effected exclusively for the purpose of changing the domicile of the Company or (C) any transaction or series of related transactions principally for bona fide equity financing purposes in which the Company is the surviving corporation.

(b) "Administrator" means the Board or the Committee responsible for conducting the general administration of the Plan, as applicable, in accordance with Section 4 hereof.

(c) "Applicable Laws" means the requirements relating to the administration of stock option plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Options or Stock Purchase Rights are granted under the Plan.

(d) "Board" means the Board of Directors of the Company.

(e) "Code" means the Internal Revenue Code of 1986, as amended, or any successor statute or statutes thereto. Reference to any particular Code section shall include any successor section.

(f) "Committee" means a committee appointed by the Board in accordance with Section 4 hereof.

(g) "Common Stock" means the common stock of the Company.

(h) "Company" means 3-V Biosciences, Inc., a Delaware corporation.

(i) "Consultant" means any consultant or adviser if: (i) the consultant or adviser renders *bona fide* services to the Company or any Parent or Subsidiary of the Company; (ii) the services rendered by the consultant or adviser are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities; and (iii) the consultant or adviser is a natural person who has contracted directly with the Company or any Parent or Subsidiary of the Company to render such services.

(j) "Director" means a member of the Board.

(k) "Employee" means any person, including an Officer or Director, who is an employee (as defined in accordance with Section 3401(c) of the Code) of the Company or any Parent or Subsidiary of the Company. A Service Provider shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. For purposes of Incentive Stock Options, no such leave may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient, by itself, to constitute "employment" by the Company.

(l) "Equity Restructuring" shall mean a non-reciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the shares of Common Stock (or other securities of the Company) or the share price of Common Stock (or other securities) and causes a change in the per share value of the Common Stock underlying outstanding Awards.

(m) "Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto. Reference to any particular Exchange Act section shall include any successor section.

(n) "Fair Market Value" means, as of any date, the value of a share of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, its Fair Market Value shall be the closing sales price for a share of such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for such date, or if no bids or sales were reported for such date, then the closing sales price (or the closing bid, if no sales were reported) on the trading date immediately prior to such date during which a bid or sale occurred, in each case, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean between the high bid and low asked prices for a share of the Common Stock on such date, or if no closing bid and asked prices were reported for such date, the date immediately prior to such date during which closing bid and asked prices were quoted for such Common Stock, in each case, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Administrator.

(o) "Holder" means a person who has been granted or awarded an Option or Stock Purchase Right or who holds Shares acquired pursuant to the exercise of an Option or Stock Purchase Right.

(p) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and which is designated as an Incentive Stock Option by the Administrator.

(q) "Independent Director" means a Director who is not an Employee of the Company.

(r) "Non-Qualified Stock Option" means an Option (or portion thereof) that is not designated as an Incentive Stock Option by the Administrator, or which is designated as an Incentive Stock Option by the Administrator but fails to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(s) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(t) "Option" means a stock option granted pursuant to the Plan.

(u) "Option Agreement" means a written agreement between the Company and a Holder evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.

(v) "Parent" means any corporation, whether now or hereafter existing (other than the Company), in an unbroken chain of corporations ending with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing more than fifty percent of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(w) "Plan" means the 3-V Biosciences, Inc. 2007 Equity Incentive Plan.

(x) "Public Trading Date" means the first date upon which Common Stock of the Company is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system.

(y) "Restricted Stock" means Shares acquired pursuant to the exercise of an unvested Option in accordance with Section 10(h) below or pursuant to a Stock Purchase Right granted under Section 12 below.

(z) "Reverse Stock Split" means that certain one (1) share to one-tenth (0.1) share reverse stock split on all authorized and outstanding shares of Common Stock effected by the Company pursuant to its Third Amended and Restated Certificate of Incorporation, filed as of November __, 2011.

(aa) "Rule 16b-3" means that certain Rule 16b-3 under the Exchange Act, as such Rule may be amended from time to time.

(bb) "Section 16(b)" means Section 16(b) of the Exchange Act, as such Section may be amended from time to time.

(cc) "Securities Act" means the Securities Act of 1933, as amended, or any successor statute or statutes thereto. Reference to any particular Securities Act section shall include any successor section.

(dd) "Service Provider" means an Employee, Director or Consultant.

(ee) "Share" means a share of Common Stock, as adjusted in accordance with Section 13 below.

(ff) "Stock Purchase Right" means a right to purchase Common Stock pursuant to Section 12 below.

(gg) "Subsidiary" means any corporation, whether now or hereafter existing (other than the Company), in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing more than fifty percent of the total combined voting power of all classes of stock in one of the other corporations in such chain.

3. Stock Subject to the Plan. Subject to the provisions of Section 13 of the Plan, the shares of stock subject to Options or Stock Purchase Rights shall be Common Stock. Subject to the provisions of Section 13 of the Plan, the maximum aggregate number of Shares which may be issued upon exercise of such Options or Stock Purchase Rights is Fourteen Million One Hundred One Thousand Eight Hundred Nine (14,101,809) Shares, which amount gives effect to the Reverse Stock Split. Shares issued upon exercise of Options or Stock Purchase Rights may be authorized but unissued, or reacquired Common Stock. If an Option or Stock Purchase Right expires or becomes unexercisable without having been exercised in full, the unpurchased Shares which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated). Shares which are delivered by the Holder or withheld by the Company upon the exercise of an Option or Stock Purchase Right under the Plan, in payment of the exercise price thereof or tax withholding thereon, may again be optioned, granted or awarded hereunder, subject to the limitations of this Section 3. If Shares of Restricted Stock are repurchased by the Company at their original purchase price, such Shares shall become available for future grant under the Plan (unless the Plan has terminated). Notwithstanding the provisions of this Section 3, no Shares may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an Incentive Stock Option under Code Section 422.

4. Administration of the Plan.

(a) Administrator. Unless and until the Board delegates administration to a Committee as set forth below, the Plan shall be administered by the Board. The Board may delegate administration of the Plan to a Committee or Committees of one or more members of the Board, and the term "Committee" shall apply to any person or persons to whom such authority has been delegated. If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board shall thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. Notwithstanding the foregoing, however, from and after the Public Trading Date, a Committee of the Board shall administer the Plan and the Committee shall consist solely of two or more Independent Directors each of whom is an "outside director," within the meaning of Section 162(m) of the Code, a "non-employee director" within the meaning of Rule 16b-3, and qualifies as "independent" within the meaning of any applicable stock exchange listing requirements. Members of the Committee shall also satisfy any other legal requirements applicable to membership on the Committee, including requirements under the Sarbanes-Oxley Act of 2002 and other Applicable Laws. Within the scope of such authority, the Board or the Committee may (i) delegate to a committee of one or more members of the Board who are not Independent Directors the authority to grant awards under the Plan to eligible persons who are either (1) not then "covered employees," within the meaning of Section 162(m) of the Code and are not expected to be "covered employees" at the time of recognition of income resulting from such award or (2) not persons with respect to whom the Company wishes to comply with Section 162(m) of the Code and/or (ii) delegate to a committee of one or more members of the Board who are not "non-employee directors," within the meaning of Rule 16b-3, the authority to grant awards under the Plan to eligible persons who are not then subject to Section 16 of the Exchange Act. The Board may abolish the Committee at any time and revest in the Board the administration of the Plan. Appointment of Committee members shall be effective upon acceptance of appointment. Committee members may resign at any time by delivering written notice to the Board. Vacancies in the Committee may only be filled by the Board.

(b) Powers of the Administrator. Subject to the provisions of the Plan and the specific duties delegated by the Board to such Committee, and subject to the approval of any relevant authorities, the Administrator shall have the authority in its sole discretion:

(i) to determine the Fair Market Value;

(ii) to select the Service Providers to whom Options and Stock Purchase Rights may from time to time be granted hereunder;

(iii) to determine the number of Shares to be covered by each such award granted hereunder;

(iv) to approve forms of agreement for use under the Plan;

(v) to determine the terms and conditions of any Option or Stock Purchase Right granted hereunder (such terms and conditions include, but are not limited to, the exercise price, the time or times when Options or Stock Purchase Rights may vest or be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Option or Stock Purchase Right or the Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine);

(vi) to determine whether to offer to buyout a previously granted Option as provided in subsection 10(i) and to determine the terms and conditions of such offer and buyout (including whether payment is to be made in cash or Shares);

(vii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws;

(viii) to allow Holders to satisfy withholding tax obligations by electing to have the Company withhold from the Shares to be issued upon exercise of an Option or Stock Purchase Right that number of Shares having a Fair Market Value equal to the minimum amount required to be withheld based on the statutory withholding rates for federal and state tax purposes that apply to supplemental taxable income. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All elections by Holders to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable;

(ix) to amend the Plan or any Option or Stock Purchase Right granted under the Plan as provided in Section 15; and

(x) to construe and interpret the terms of the Plan and awards granted pursuant to the Plan and to exercise such powers and perform such acts as the Administrator deems necessary or desirable to promote the best interests of the Company which are not in conflict with the provisions of the Plan.

(c) Effect of Administrator's Decision. All decisions, determinations and interpretations of the Administrator shall be final and binding on all Holders.

5. Eligibility. Non-Qualified Stock Options and Stock Purchase Rights may be granted to Service Providers. Incentive Stock Options may be granted only to Employees. If otherwise eligible, a Service Provider who has been granted an Option or Stock Purchase Right may be granted additional Options or Stock Purchase Rights.

6. Limitations.

(a) Each Option shall be designated by the Administrator in the Option Agreement as either an Incentive Stock Option or a Non-Qualified Stock Option. However, notwithstanding such designations, to the extent that the aggregate Fair Market Value of Shares subject to a Holder's Incentive Stock Options and other incentive stock options granted by the Company, any Parent or Subsidiary, which become exercisable for the first time during any calendar year (under all plans of the Company or any Parent or Subsidiary) exceeds $100,000, such excess Options or other options shall be treated as Non-Qualified Stock Options.

For purposes of this Section 6(a), Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the time of grant.

(b) Neither the Plan, any Option nor any Stock Purchase Right shall confer upon a Holder any right with respect to continuing the Holder's employment or consulting relationship with the Company, nor shall they interfere in any way with the Holder's right or the Company's right to terminate such employment or consulting relationship at any time, with or without cause.

(c) No Service Provider shall be granted, in any calendar year, Options or Stock Purchase Rights to purchase more than One Million (1,000,000) Shares; *provided, however*, that the foregoing limitation shall not apply prior to the Public Trading Date and, following the Public Trading Date, the foregoing limitation shall not apply until the earliest of: (i) the first material modification of the Plan (including any increase in the number of shares reserved for issuance under the Plan in accordance with Section 3); (ii) the issuance of all of the shares of Common Stock reserved for issuance under the Plan; (iii) the expiration of the Plan; (iv) the first meeting of stockholders at which Directors of the Company are to be elected that occurs after the close of the third calendar year following the calendar year in which occurred the first registration of an equity security of the Company under Section 12 of the Exchange Act; or (v) such other date required by Section 162(m) of the Code and the rules and regulations promulgated thereunder. The foregoing limitation shall be adjusted proportionately in connection with any change in the Company's capitalization as described in Section 13. For purposes of this Section 6(c), if an Option is canceled in the same calendar year it was granted (other than in connection with a transaction described in Section 13), the canceled Option will be counted against the limit set forth in this Section 6(c). For this purpose, if the exercise price of an Option is reduced, the transaction shall be treated as a cancellation of the Option and the grant of a new Option.

7. Term of Plan. The Plan shall become effective upon its initial adoption by the Board and shall continue in effect until it is terminated under Section 15 of the Plan. No Options or Stock Purchase Rights may be issued under the Plan after the tenth (10th) anniversary of the earlier of (i) the date upon which the Plan is adopted by the Board or (ii) the date the Plan is approved by the stockholders.

8. Term of Option. The term of each Option shall be stated in the Option Agreement; *provided, however*, that the term shall be no more than ten (10) years from the date of grant thereof. In the case of an Incentive Stock Option granted to a Holder who, at the time the Option is granted, owns (or is treated as owning under Code Section 424) stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Option shall be five (5) years from the date of grant or such shorter term as may be provided in the Option Agreement.

9. Option Exercise Price and Consideration.

(a) Except as provided in Section 13, the per share exercise price for the Shares to be issued upon exercise of an Option shall be such price as is determined by the Administrator, but shall be subject to the following:

(i) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time of grant of such Option, owns (or is treated as owning under Code Section 424) stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant.

(B) granted to any other Employee, the per Share exercise price shall be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Non-Qualified Stock Option

(A) granted to a Service Provider who, at the time of grant of such Option, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the exercise price shall be at least one hundred ten percent (110%) (or such lower percentage as permitted by applicable securities laws but in no event less than one hundred percent (100%)) of the Fair Market Value per Share on the date of the grant.

(B) granted to any other Service Provider, the per Share exercise price shall be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(iii) Notwithstanding the foregoing, Options may be granted with a per Share exercise price other than as required above pursuant to a merger or other corporate transaction.

(b) The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option, shall be determined at the time of grant). Such consideration may consist of (1) cash, (2) check, (3) with the consent of the Administrator, a full recourse promissory note bearing interest (at no less than such rate as is a market rate of interest and which then precludes the imputation of interest under the Code), payable upon such terms as may be prescribed by the Administrator, and structured to comply with Applicable Laws, (4) with the consent of the Administrator, other Shares which (x) in the case of Shares acquired from the Company, have been owned by the Holder for more than six (6) months on the date of surrender, and (y) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option shall be exercised, (5) with the consent of the Administrator, surrendered Shares then issuable upon exercise of the Option having a Fair Market Value on the date of exercise equal to the aggregate exercise price of the Option or exercised portion thereof, (6) with the consent of the Administrator, property of any kind which constitutes good and valuable consideration, (7) with the consent of the Administrator, delivery of a notice that the Holder has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Options and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price, *provided*, that payment of such proceeds is then made to the Company upon settlement of such sale, or (8) with the consent of the Administrator, any combination of the foregoing methods of payment.

10. Exercise of Option.

(a) Vesting; Fractional Exercises. Except as provided in Section 13, Options granted hereunder shall be vested and exercisable according to the terms hereof at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement; *provided, however*, that to the extent required by applicable securities laws, Options granted to Officers, Directors or Consultants shall become vested and exercisable at a rate of no less than twenty percent (20%) per year over five (5) years from the date the Option is granted, subject to reasonable conditions, such as continuing to be a Service Provider. Option may not be exercised for a fraction of a Share.

(b) Deliveries upon Exercise. All or a portion of an exercisable Option shall be deemed exercised upon delivery of all of the following to the Secretary of the Company or his or her office:

(i) A written or electronic notice complying with the applicable rules established by the Administrator stating that the Option, or a portion thereof, is exercised. The notice shall be signed by the Holder or other person then entitled to exercise the Option or such portion of the Option;

(ii) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with Applicable Laws. The Administrator may, in its sole discretion, also take whatever additional actions it deems appropriate to effect such compliance, including, without limitation, placing legends on share certificates and issuing stop transfer notices to agents and registrars;

(iii) Upon the exercise of all or a portion of an unvested Option pursuant to Section 10(h), a Restricted Stock purchase agreement in a form determined by the Administrator and signed by the Holder or other person then entitled to exercise the Option or such portion of the Option; and

(iv) In the event that the Option shall be exercised pursuant to Section 10(0 by any person or persons other than the Holder, appropriate proof of the right of such person or persons to exercise the Option.

(c) Conditions to Delivery of Share Certificates. The Company shall not be required to issue or deliver any certificate or certificates for Shares purchased upon the exercise of any Option or portion thereof prior to fulfillment of all of the following conditions:

(i) The admission of such Shares to listing on all stock exchanges on which such class of stock is then listed;

(ii) The completion of any registration or other qualification of such Shares under any state or federal law, or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body which the Administrator shall, in its sole discretion, deem necessary or advisable;

(iii) The obtaining of any approval or other clearance from any state or federal governmental agency which the Administrator shall, in its sole discretion, determine to be necessary or advisable;

(iv) The lapse of such reasonable period of time following the exercise of the Option as the Administrator may establish from time to time for reasons of administrative convenience; and

(v) The receipt by the Company of full payment for such Shares, including payment of any applicable withholding tax, which in the sole discretion of the Administrator may be in the form of consideration used by the Holder to pay for such Shares under Section 9(b).

(d) Termination of Relationship as a Service Provider. If a Holder ceases to be a Service Provider other than by reason of the Holder's disability or death, such Holder may exercise his or her Option within such period of time as is specified in the Option Agreement to the extent that the Option is vested on the date of termination; *provided*, *however*, that, prior to the Public Trading Date, such period of time shall not be less than thirty (30) days (but in no event later than the expiration of the term of the Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for three (3) months following the Holder's termination. If, on the date of termination, the Holder is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option immediately cease to be issuable under the Option and shall again become available for issuance under the Plan. If, after termination, the Holder does not exercise his or her Option within the time period specified herein, the Option shall terminate, and the Shares covered by such Option shall again become available for issuance under the Plan.

(e) Disability of Holder. If a Holder ceases to be a Service Provider as a result of the Holder's disability, the Holder may exercise his or her Option within such period of time as is specified in the Option Agreement to the extent the Option is vested on the date of termination; *provided*, *however*, that prior to the Public Trading Date, to the extent necessary to comply with applicable securities laws, such period of time shall not be less than six (6) months (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Holder's termination. If such disability is not a "disability" as such term is defined in Section 22(e)(3) of the Code, in the case of an Incentive Stock Option such Incentive Stock Option shall automatically cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Non-Qualified Stock Option from and after the day which is three (3) months and one (1) day following such termination. If, on the date of termination, the Holder is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall immediately cease to be issuable under the Option and shall again become available for issuance under the Plan. If, after termination, the Holder does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall again become available for issuance under the Plan.

(f) Death of Holder. If a Holder dies while a Service Provider, the Option may be exercised within such period of time as is specified in the Option Agreement; *provided, however*, that prior to the Public Trading Date, to the extent necessary to comply with applicable securities laws, such period of time shall not be less than six (6) months (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant), by the Holder's estate or by a person who acquires the right to exercise the Option by bequest or inheritance, but only to the extent that the Option is vested on the date of death. In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Holder's termination. If, at the time of death, the Holder is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall immediately cease to be issuable under the Option and shall again become available for issuance under the Plan. The Option may be exercised by the executor or administrator of the Holder's estate or, if none, by the person(s) entitled to exercise the Option under the Holder's will or the laws of descent or distribution. If the Option is not so exercised within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall again become available for issuance under the Plan.

(g) Regulatory Extension. A Holder's Option Agreement may provide that if the exercise of the Option following the termination of the Holder's status as a Service Provider (other than upon the Holder's death or disability) would be prohibited at any time solely because the issuance of shares would violate the registration requirements under the Securities Act, then the Option shall terminate on the earlier of (i) the expiration of the term of the Option set forth in Section 8 or (ii) the expiration of a period of three (3) months after the termination of the Holder's status as a Service Provider during which the exercise of the Option would not be in violation of such registration requirements.

(h) Early Exercisability. The Administrator may provide in the terms of a Holder's Option Agreement that the Holder may, at any time before the Holder's status as a Service Provider terminates, exercise the Option in whole or in part prior to the full vesting of the Option; *provided, however*, that subject to Section 20, Shares acquired upon exercise of an Option which has not fully vested may be subject to any forfeiture, transfer or other restrictions as the Administrator may determine in its sole discretion.

(i) Buyout Provisions. The Administrator may at any time offer to buyout for a payment in cash or Shares, an Option previously granted, based on such terms and conditions as the Administrator shall establish and communicate to the Holder at the time that such offer is made.

11. Non-Transferability of Options and Stock Purchase Rights. Options and Stock Purchase Rights may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Holder, only by the Holder.

12. Stock Purchase Rights.

(a) Rights to Purchase. Stock Purchase Rights may be issued either alone, in addition to, or in tandem with Options granted under the Plan and/or cash awards made outside of the Plan. After the Administrator determines that it will offer Stock Purchase Rights under the Plan, it shall advise the offeree in writing of the terms, conditions and restrictions related to the offer, including the number of Shares that such person shall be entitled to purchase, the price to be paid, and the time within which such person must accept such offer; *provided, however*, that to the extent required to comply with applicable securities laws, the purchase price of such Shares shall not be less than the purchase price requirements set forth in Section 260.140.42 of Title 10 of the California Code of Regulations. The offer shall be accepted by execution of a Restricted Stock purchase agreement in the form determined by the Administrator.

(b) Repurchase Right. Unless the Administrator determines otherwise, the Restricted Stock purchase agreement shall grant the Company the right to repurchase Shares acquired upon exercise of a Stock Purchase Right upon the termination of the purchaser's status as a Service Provider for any reason. Subject to Section 20, the purchase price for Shares repurchased by the Company pursuant to such repurchase right and the rate at which such repurchase right shall lapse shall be determined by the Administrator in its sole discretion, and shall be set forth in the Restricted Stock purchase agreement.

(c) Other Provisions. The Restricted Stock purchase agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion.

(d) Rights as a Shareholder. Once the Stock Purchase Right is exercised, the purchaser shall have rights equivalent to those of a shareholder and shall be a shareholder when his or her purchase is entered upon the records of the duly authorized transfer agent of the Company. No adjustment shall be made for a dividend or other right for which the record date is prior to the date the Stock Purchase Right is exercised, except as provided in Section 13 of the Plan.

13. Adjustments upon Changes in Capitalization, Merger or Asset Sale.

(a) In the event that the Administrator determines that other than an Equity Restructuring any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), reorganization, merger, consolidation, combination, repurchase, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event, in the Administrator's sole discretion, affects the Common Stock such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Option, Stock Purchase Right or Restricted Stock, then the Administrator shall, in such manner as it may deem equitable, adjust any or all of:

(i) the number and kind of shares of Common Stock (or other securities or property) with respect to which Options or Stock Purchase Rights may be granted or awarded (including, but not limited to, adjustments of the limitations in Section 3 on the maximum number and kind of shares which may be issued and adjustments of the maximum number of Shares that may be purchased by any Holder in any calendar year pursuant to Section 6(e)),

(ii) the number and kind of shares of Common Stock (or other securities or property) subject to outstanding Options, Stock Purchase Rights or Restricted Stock; and

(iii) the grant or exercise price with respect to any Option or Stock Purchase Right.

(b) In the event of any transaction or event described in Section 13(a), the Administrator, in its sole discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Option, Stock Purchase Right or Restricted Stock or by action taken prior to the occurrence of such transaction or event and either automatically or upon the Holder's request, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Option, Stock Purchase Right or Restricted Stock granted or issued under the Plan or to facilitate such transaction or event:

(i) To provide for either the purchase of any such Option, Stock Purchase Right or Restricted Stock for an amount of cash equal to the amount that could have been obtained upon the exercise of such Option or Stock Purchase Right or realization of the Holder's rights had such Option, Stock Purchase Right or Restricted Stock been currently exercisable or payable or fully vested or the replacement of such Option, Stock Purchase Right or Restricted Stock with other rights or property selected by the Administrator in its sole discretion;

(ii) To provide that such Option or Stock Purchase Right shall be exercisable as to all shares covered thereby, notwithstanding anything to the contrary in the Plan or the provisions of such Option or Stock Purchase Right;

(iii) To provide that such Option, Stock Purchase Right or Restricted Stock be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(iv) To make adjustments in the number and type of shares of Common Stock (or other securities or property) subject to outstanding Options and Stock Purchase Rights, and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Options, Stock Purchase Rights or Restricted Stock or Options, Stock Purchase Rights or Restricted Stock which may be granted in the future; and/or

(v) To provide that immediately upon the consummation of such event, such Option or Stock Purchase Right shall not be exercisable and shall terminate; *provided*, that for a specified period of time prior to such event, such Option or Stock Purchase Right shall be exercisable as to all Shares covered thereby, and the restrictions imposed under an Option Agreement or Restricted Stock purchase agreement upon some or all Shares may be terminated and, in the ease of Restricted Stock, some or all shares of such Restricted Stock may cease to be subject to repurchase, notwithstanding anything to the contrary in the Plan or the provisions of such Option, Stock Purchase Right or Restricted Stock purchase agreement.

(c) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Section 13(a) and 13(b):

(i) The number and type of securities subject to each outstanding Option or Stock Purchase Right and the exercise price or grant price thereof, if applicable, will be proportionately adjusted. The adjustments provided under this Section 13(c)(i) shall be nondiscretionary and shall be final and binding on the affected Holder and the Company.

(ii) The Administrator shall make such proportionate adjustments, if any, as the Administrator in its discretion may deem appropriate to reflect such Equity Restructuring with respect to the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3).

(d) If the Company undergoes an Acquisition, then any surviving corporation or entity or acquiring corporation or entity, or affiliate of such corporation or entity, may assume any Options, Stock Purchase Rights or Restricted Stock outstanding under the Plan or may substitute similar stock awards (including an award to acquire the same consideration paid to the stockholders in the transaction described in this subsection 13(d)) for those outstanding under the Plan. In the event any surviving corporation or entity or acquiring corporation or entity in an Acquisition, or affiliate of such corporation or entity, does not assume such Options, Stock Purchase Rights or Restricted Stock or does not substitute similar stock awards for those outstanding under the Plan, then with respect to (i) Options, Stock Purchase Rights or Restricted Stock held by participants in the Plan whose status as a Service Provider has not terminated prior to such event, the vesting of such Options, Stock Purchase Rights or Restricted Stock (and, if applicable, the time during which such awards may be exercised) shall be accelerated and made fully exercisable and all restrictions thereon shall lapse at least ten (10) days prior to the closing of the Acquisition (and the Options or Stock Purchase Rights terminated if not exercised prior to the closing of such Acquisition), and (ii) any other Options or Stock Purchase Rights outstanding under the Plan, such Options or Stock Purchase rights shall be terminated if not exercised prior to the closing of the Acquisition.

(e) Subject to Section 3, the Administrator may, in its sole discretion, include such further provisions and limitations in any Option, Stock Purchase Right, Restricted Stock agreement or certificate, as it may deem equitable and in the best interests of the Company.

(f) The existence of the Plan, any Option Agreement or Restricted Stock purchase agreement and the Options or Stock Purchase Rights granted hereunder shall not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

14. Time of Granting Options and Stock Purchase Rights. The date of grant of an Option or Stock Purchase Right shall, for all purposes, be the date on which the Administrator makes the determination granting such Option or Stock Purchase Right, or such other date as is determined by the Administrator. Notice of the determination shall be given to each Employee or Consultant to whom an Option or Stock Purchase Right is so granted within a reasonable time after the date of such grant.

15. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time wholly or partially amend, alter, suspend or terminate the Plan. However, without approval of the Company's stockholders given within twelve (12) months before or after the action by the Board, no action of the Board may, except as provided in Section 13, increase the limits imposed in Section 3 on the maximum number of Shares which may be issued under the Plan or extend the term of the Plan under Section 7.

(b) Stockholder Approval. The Board shall obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Holder, unless mutually agreed otherwise between the Holder and the Administrator, which agreement must be in writing and signed by the Holder and the Company. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Options, Stock Purchase Rights or Restricted Stock granted or awarded under the Plan prior to the date of such termination.

16. Stockholder Approval. The Plan will be submitted for the approval of the Company's stockholders within twelve (12) months after the date of the Board's initial adoption of the Plan. Options, Stock Purchase Rights or Restricted Stock may be granted or awarded prior to such stockholder approval, provided that such Options, Stock Purchase Rights and Restricted Stock shall not be exercisable, shall not vest and the restrictions thereon shall not lapse prior to the time when the Plan is approved by the stockholders, and provided further that if such approval has not been obtained at the end of said twelve-month period, all Options, Stock Purchase Rights and Restricted Stock previously granted or awarded under the Plan shall thereupon be canceled and become null and void.

17. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

18. Reservation of Shares. The Company, during the term of this Plan, shall at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

19. Information to Holders and Purchasers. Prior to the Public Trading Date and to the extent required by Section 260.140.46 of Title 10 of the California Code of Regulations, the Company shall provide to each Holder and to each individual who acquires Shares pursuant to the Plan, not less frequently than annually during the period such Holder or purchaser has one or more Options or Stock Purchase Rights outstanding, and, in the case of an individual who acquires Shares pursuant to the Plan, during the period such individual owns such Shares, copies of annual financial statements. Notwithstanding the preceding sentence, the Company shall not be required to provide such statements to key employees whose duties in connection with the Company assure their access to equivalent information.

20. Repurchase Provisions. The Administrator in its sole discretion may provide that the Company may repurchase Shares acquired upon exercise of an Option or Stock Purchase Right upon the occurrence of certain specified events, including, without limitation, a Holder's termination as a Service Provider, divorce, bankruptcy or insolvency; *provided, however*, that any such repurchase right shall be set forth in the applicable Option Agreement or Restricted Stock purchase agreement or in another agreement referred to in such agreement and, provided further, that to the extent required by Section 260.140.41 and Section 260.140.42 of Title 10 of the California Code of Regulations, any such repurchase right set forth in an Option or Stock Purchase Right granted prior to the Public Trading Date to a person who is not an Officer, Director or Consultant shall be upon the following terms: (i) if the repurchase option gives the Company the right to repurchase the shares upon termination as a Service Provider at not less than the Fair Market Value of the shares to be purchased on the date of termination of status as a Service Provider, then (A) the right to repurchase shall be exercised for cash or cancellation of purchase money indebtedness for the shares within ninety (90) days of termination of status as a Service Provider (or in the case of shares issued upon exercise of Options or Stock Purchase Rights after such date of termination, within ninety (90) days after the date of the exercise) or such longer period as may be agreed to by the Administrator and the Plan participant and (B) the right terminates when the shares become publicly traded; and (ii) if the repurchase option gives the Company the right to repurchase the Shares upon termination as a Service Provider at the original purchase price for such Shares, then (A) the right to repurchase at the original purchase price shall lapse at the rate of at least twenty percent (20%) of the shares per year over five (5) years from the date the Option or Stock Purchase Right is granted (without respect to the date the Option or Stock Purchase Right was exercised or became exercisable) and (B) the right to repurchase shall be exercised for cash or cancellation of purchase money indebtedness for the shares within ninety (90) days of termination of status as a Service Provider (or, in the case of shares issued upon exercise of Options or Stock Purchase Rights, after such date of termination, within ninety (90) days after the date of the exercise) or such longer period as may be agreed to by the Company and the Plan participant.

21. Rules Particular To Specific Countries. Notwithstanding anything herein to the contrary, the terms and conditions of the Plan with respect to Service Providers who are tax residents of a particular country may be subject to an addendum to the Plan in the form of an Appendix. To the extent that the terms and conditions set forth in an Appendix conflict with any provisions of the Plan, the provisions of the Appendix shall govern. The adoption of any such Appendix shall be pursuant to Section 15 above.

22. Investment Intent. The Company may require a Plan participant, as a condition of exercising or acquiring stock under any Option or Stock Purchase Right, (i) to give written assurances satisfactory to the Company as to the participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Option or Stock Purchase Right; and (ii) to give written assurances satisfactory to the Company stating that the participant is acquiring the stock subject to the Option or Stock Purchase Right for the participant's own account and not with any present intention of selling or otherwise distributing the stock. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if (A) the issuance of the shares upon the exercise or acquisition of stock under the applicable Option or Stock Purchase Right has been registered under a then currently effective registration statement under the Securities Act or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under Then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the stock.

23. Governing Law. The validity and enforceability of this Plan shall be governed by and construed in accordance with the laws of the State of Delaware without regard to otherwise governing principles of conflicts of law.

Exhibit 10.2

3-V BIOSCIENCES, INC.

2007 EQUITY INCENTIVE PLAN

STOCK OPTION AGREEMENT

Early Exercise Permitted

3-V Biosciences, Inc., a Delaware corporation (the "Company"), pursuant to its 2007 Equity Incentive Plan, as amended from time to time (the "Plan"), hereby grants to the Optionee listed below ("Optionee"), an option to purchase the number of shares of the Company's Common Stock set forth below, subject to the terms and conditions of the Plan and this Stock Option Agreement (this "Option Agreement"). Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Option Agreement.

I. NOTICE OF STOCK OPTION GRANT

Optionee: _____

Date of Option Agreement: _____

Date of Grant: _____

Exercise Price per Share: _____

Total Number of Shares Granted: _____

Total Exercise Price: _____

Term/Expiration Date: _____

Type of Option:

Exercise Schedule: ☐ Same as Vesting Schedule ☒ Early Exercise Permitted

Vesting Schedule: This Option is exercisable immediately, in whole or in part, at such times as are established by the Administrator, conditioned upon Optionee entering into a Restricted Stock Purchase Agreement with respect to any unvested Shares. The Shares subject to this Option shall vest and/or be released from the Company's Repurchase Option, as set forth in the Restricted Stock Purchase Agreement attached hereto as Exhibit C-1, according to the following schedule:

[Twenty-five percent (25%) of the Shares subject to the Option (rounded down to the next whole number of shares) shall vest on the first anniversary of the Date of Grant and 1/48th of the Shares subject to the Option shall vest monthly thereafter so that one hundred percent (100%) of the Shares subject to the Option are vested on the fourth anniversary of the Date of Grant.]

Termination Period: This Option may be exercised, to the extent vested, for three (3) months after Optionee ceases to be a Service Provider, or such longer period as may be applicable upon the death or disability of Optionee as provided herein (or, if not provided herein, then as provided in the Plan), but in no event later than the Term/Expiration Date as set forth above.

II. AGREEMENT

1. Grant of Option. The Company hereby grants to the Optionee an Option to purchase the number of shares of Common Stock (the "Shares") set forth in the Notice of Grant, at the exercise price per share set forth in the Notice of Grant (the "Exercise Price"). Notwithstanding anything to the contrary anywhere else in this Option Agreement, this grant of an Option is subject to the terms, definitions and provisions of the Plan, which is incorporated herein by reference.

2. Exercise of Option. This Option is exercisable as follows:

(a) Right to Exercise.

(i) This Option shall be exercisable cumulatively according to the vesting schedule set out in the Notice of Grant. Alternatively, at the election of the Optionee, this Option may be exercised in whole or in part at such times as are established by the Administrator as to Shares which have not yet vested. For purposes of this Option Agreement, Shares subject to this Option shall vest based on Optionee's continued status as a Service Provider. Vested Shares shall not be subject to the Company's Repurchase Option (as set forth in the Restricted Stock Purchase Agreement).

(ii) As a condition to exercising this Option for unvested Shares, the Optionee shall execute the Restricted Stock Purchase Agreement.

(iii) This Option may not be exercised for a fraction of a Share.

(iv) In the event of Optionee's death, disability or other termination of the Optionee's status as a Service Provider, the exercisability of the Option shall be governed by Sections 7, 8 and 9 hereof.

(v) In no event may this Option be exercised after the Expiration Date of this Option as set forth in the Notice of Grant.

(b) Method of Exercise. This Option shall be exercisable by written notice to the Company (in the form attached as Exhibit A) (the "Exercise Notice"). The Exercise Notice shall state the number of Shares for which the Option is being exercised, and such other representations and agreements with respect to such Shares of Common Stock as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice shall be signed by Optionee and, together with an executed copy of the Restricted Stock Purchase Agreement, if applicable, shall be delivered in person or by certified mail to the Secretary of the Company. The Exercise Notice and Restricted Stock Purchase Agreement shall be accompanied by payment of the Exercise Price, including payment of any applicable withholding tax.

No Shares shall be issued pursuant to the exercise of an Option unless such issuance and such exercise comply with all relevant provisions of law and the requirements of any stock exchange upon which the Shares may then be listed. Assuming such compliance, for income tax purposes the Shares shall be considered transferred to Optionee on the date on which the Option is exercised with respect to such Shares.

3. Optionee's Representations. If the Shares purchasable pursuant to the exercise of this Option have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), at the time this Option is exercised, Optionee shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B.

4. Lock-Up Period. Optionee hereby agrees that if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during the 180-day period (or such longer period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) (the "Market Standoff Period") following the effective date of a registration statement of the Company filed under the Securities Act; provided, however, that such restriction shall apply only to the first registration statement of the Company to become effective under the Securities Act that includes securities to be sold on behalf of the Company to the public in an underwritten public offering under the Securities Act. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period and these restrictions shall be binding on any transferee of such Shares. Notwithstanding the foregoing, the 180-day period may be extended for up to such number of additional days as is deemed necessary by the Company or the Managing Underwriter to continue coverage by research analysts in accordance with NASD Rule 2711 or any successor rule.

5. Method of Payment. Payment of the Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee:

(a) cash;

(b) check;

(c) with the consent of the Administrator, a full recourse promissory note bearing interest (at no less than such rate as is a market rate of interest and which then precludes the imputation of interest under the Code), payable upon such terms as may be prescribed by the Administrator and structured to comply with Applicable Laws;

(d) with the consent of the Administrator, surrender of other Shares of Common Stock of the Company which (A) in the case of Shares acquired from the Company, have been owned by Optionee for more than six (6) months on the date of surrender, and (B) have a Fair Market Value on the date of surrender equal to the Exercise Price of the Shares as to which the Option is being exercised;

(e) with the consent of the Administrator, surrendered Shares issuable upon the exercise of the Option having a Fair Market Value on the date of exercise equal to the aggregate Exercise Price of the Option or exercised portion thereof;

(f) with the consent of the Administrator, property of any kind which constitutes good and valuable consideration;

(g) following the Public Trading Date, with the consent of the Administrator, delivery of a notice that the Optionee has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate Exercise Price; provided, that payment of such proceeds is then made to the Company upon settlement of such sale; or

(h) with the consent of the Administrator, any combination of the foregoing methods of payment.

6. Restrictions on Exercise. This Option may not be exercised until the Plan has been approved by the stockholders of the Company. If the issuance of Shares upon such exercise or if the method of payment for such Shares would constitute a violation of any applicable federal or state securities or other law or regulation, then the Option may also not be exercised. The Company may require Optionee to make any representation and warranty to the Company as may be required by any applicable law or regulation before allowing the Option to be exercised.

7. Termination of Relationship. If Optionee ceases to be a Service Provider (other than by reason of Optionee's death or the total and permanent disability of the Optionee within the meaning of Code Section 22(e)(3)), Optionee may exercise this Option during the Termination Period set out in the Notice of Grant, to the extent the Option was vested on the date on which Optionee ceases to be a Service Provider. To the extent that the Option is not vested on the date on which Optionee ceases to be a Service Provider, or if Optionee does not exercise this Option within the time specified herein, the Option shall terminate.

8. Disability of Optionee. If Optionee ceases to be a Service Provider as a result of his or her total and permanent disability within the meaning of Code Section 22(e)(3), Optionee may exercise the Option to the extent the Option was vested at the date on which Optionee ceases to be a Service Provider, but only within twelve (12) months from such date (and in no event later than the expiration date of the term of this Option as set forth in the Notice of Grant). To the extent that the Option is not vested at the date on which Optionee ceases to be a Service Provider, or if Optionee does not exercise such Option within the time specified herein, the Option shall terminate.

9. Death of Optionee. If Optionee ceases to be a Service Provider as a result of the death of Optionee, the vested portion of the Option may be exercised at any time within twelve (12) months following the date of death (and in no event later than the expiration date of the term of this Option as set forth in the Notice of Grant) by Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance. To the extent that the Option is not vested on the date of death, or if the Option is not exercised within the time specified herein, the Option shall terminate.

10. Non-Transferability of Option. This Option may not be transferred in any manner except by will or by the laws of descent or distribution. It may be exercised during the lifetime of Optionee only by Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

11. Term of Option. This Option may be exercised only within the term set out in the Notice of Grant.

12. Restrictions on Shares. Optionee hereby agrees that Shares purchased upon the exercise of the Option shall be subject to such terms and conditions as the Administrator shall determine in its sole discretion, including, without limitation, restrictions on the transferability of Shares, the right of the Company to repurchase Shares, and a right of first refusal in favor of the Company with respect to permitted transfers of Shares. Such tennis and conditions may, in the Administrator's sole discretion, be contained in the Exercise Notice with respect to the Option or in such other agreement as the Administrator shall determine and which the Optionee hereby agrees to enter into at the request of the Company.

(Signature Page Follows)

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which shall constitute one document.

3-V BIOSCIENCES, INC.

By: _____

Name: _____

Title: _____

OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE OPTION HEREOF IS EARNED ONLY BY CONTINUING CONSULTANCY OR EMPLOYMENT AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS AGREEMENT, NOR IN THE COMPANY'S 2007 EQUITY INCENTIVE PLAN, AS AMENDED FROM TIME TO TIME, WHICH IS INCORPORATED HEREIN BY REFERENCE, SHALL CONFER UPON OPTIONEE ANY RIGHT WITH RESPECT TO CONTINUATION OF EMPLOYMENT OR CONSULTANCY BY THE COMPANY, NOR SHALL IT INTERFERE IN ANY WAY WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S EMPLOYMENT OR CONSULTANCY AT ANY TIME, WITH OR WITHOUT CAUSE AND WITH OR WITHOUT PRIOR NOTICE.

Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof. Optionee hereby accepts this Option subject to all of the terms and provisions hereof. Optionee has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of the Option. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

Dated: _____

_____
(Type Name of Optionee)

Residence Address:

_____

_____

EXHIBIT A

3-V BIOSCIENCES, INC.

2007 EQUITY INCENTIVE PLAN

EXERCISE NOTICE

3-V Biosciences, Inc.
Attention: Stock Administration

1. Exercise of Option. Effective as of today, _____, _____, the undersigned ("Optionee") hereby elects to exercise Optionee's option to purchase _____ shares of the Common Stock (the "Shares") of 3-V Biosciences, Inc., a Delaware corporation (the Company"), under and pursuant to the 3-V Biosciences, Inc. 2007 Equity Incentive Plan, as amended from time to time (the "Plan") and the Stock Option Agreement dated _____ (the "Option Agreement"). Capitalized terms used herein without definition shall have the meanings given in the Option Agreement.

Date of Grant: _____

Number of Shares as to which Option is Exercised: _____

Exercise Price per Share: $ _____

Total Exercise Price: $ _____

Certificate to be issued in name of: _____

Cash Payment delivered herewith: ☐ $ _____

Other form of consideration delivered herewith: ☐ Form of Consideration:
$ _____

Type of Option:

2. Representations of Optionee. Optionee acknowledges that Optionee has received, read and understood the Plan and the Option Agreement. Optionee agrees to abide by and be bound by their terms and conditions.

3. Rights as Stockholder. Until the stock certificate evidencing Shares purchased pursuant to the exercise of the Option is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to Shares subject to the Option, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 13 of the Plan.

Optionee shall enjoy rights as a stockholder until such time as Optionee disposes of the Shares or the Company and/or its assignee(s) exercises the Right of First Refusal (as defined below) hereunder. Upon such exercise, Optionee shall have no further rights as a holder of the Shares so purchased except the right to receive payment for the Shares so purchased in accordance with the provisions of this Agreement, and Optionee shall forthwith cause the certificate(s) evidencing the Shares so purchased to be surrendered to the Company for transfer or cancellation.

4. Optionee's Rights to Transfer Shares

(a) Company's Right of First Refusal. Before any Shares held by Optionee or any permitted transferee (each, a "Holder") may be sold, pledged, assigned, hypothecated, transferred, or otherwise disposed of (each, a "Transfer"), the Company or its assignee(s) shall have a right of first refusal to purchase the Shares proposed to be Transferred on the terms and conditions set forth in this Section 4 (the "Right of First Refusal").

(i) Notice of Proposed Transfer. In the event any Holder desires to Transfer any Shares, the Holder shall deliver to the Company a written notice (the "Notice") stating: (w) the Holder's bona fide intention to sell or otherwise Transfer such Shares; (x) the name of each proposed purchaser or other transferee ("Proposed Transferee"); (y) the number of Shares to be Transferred to each Proposed Transferee; and (z) the bona fide cash price or other consideration for which the Holder proposes to Transfer the Shares (the "Offered Price"), and the Holder shall offer such Shares at the Offered Price to the Company or its assignee(s).

(ii) Exercise of Right of First Refusal. Within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may elect in writing to purchase all, but not less than all, of the Shares proposed to be Transferred to any one or more of the Proposed Transferees. The purchase price shall be determined in accordance with Section 4(iii) hereof.

(iii) Purchase Price. The purchase price ("Purchase Price") for the Shares repurchased under this Section 4 shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Board in good faith.

(iv) Payment. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within thirty (30) days after receipt of the Notice or in the manner and at the times mutually agreed to by the Company and the Holder.

(v) Holder's Right to Transfer. If all of the Shares proposed in the Notice to be Transferred are not purchased by the Company and/or its assignee(s) as provided in this Section 4, then the Holder may sell or otherwise Transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other Transfer is consummated within one hundred twenty (120) days after the date of the Notice and provided further that any such sale or other Transfer is effected in accordance with any applicable securities laws and the Proposed Transferee agrees in writing that the provisions of this Section 4 and the Restricted Stock Purchase Agreement, if applicable, shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not Transferred to the Proposed Transferee within such 120-day period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal as provided herein before any Shares held by the Holder may be sold or otherwise Transferred.

(b) Exception for Certain Family Transfers. Anything to the contrary contained in this Section 4 notwithstanding, the Transfer of any or all of the Shares during the Optionee's lifetime or upon the Optionee's death by will or intestacy to the Optionee's Immediate Family or a trust for the benefit of the Optionee's Immediate Family shall be exempt from the Right of First Refusal. As used herein, "Immediate Family" shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister or stepchild (whether or not adopted). In such case, the transferee or other recipient shall receive and hold the Shares so Transferred subject to the provisions of this Section 4 (including the Right of First Refusal) and the Restricted Stock Purchase Agreement, if applicable, and there shall be no further Transfer of such Shares except in accordance with the terms of this Section 4.

(c) Termination of Right of First Refusal. The Right of First Refusal shall terminate as to all Shares upon a sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act of 1933, as amended (a "Public Offering").

5. Transfer Restrictions. Any transfer or sale of the Shares is subject to restrictions on transfer imposed by any applicable state and federal securities laws. Any Transfer or attempted Transfer of any of the Shares not in accordance with the terms of this Agreement, including the Right of First Refusal provided in this Agreement, shall be void and the Company may enforce the terms of this Agreement by stop transfer instructions or similar actions by the Company and its agents or designees.

6. Tax Consultation. Optionee understands that Optionee may suffer adverse tax consequences as a result of Optionee's purchase or disposition of the Shares. Optionee represents that Optionee has consulted with any tax consultants Optionee deems advisable in connection with the purchase or disposition of the Shares and that Optionee is not relying on the Company for any tax advice.

7. Restrictive Legends and Stop-Transfer Orders.

(a) Legends. Optionee understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by state or federal securities laws:

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND RIGHT OF FIRST REFUSAL OPTIONS HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE EXERCISE NOTICE BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

(b) Stop-Transfer Notices. Optionee agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

8. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon Optionee and his or her heirs, executors, administrators, successors and assigns.

9. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by Optionee or by the Company forthwith to the Company's Board of Directors or committee thereof that is responsible for the administration of the Plan (the "Administrator"), which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Administrator shall be final and binding on the Company and on Optionee.

10. Governing Law; Severability. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware excluding that body of law pertaining to conflicts of law. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

11. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail, with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

12. Further Instruments. The Optionee hereby agrees to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement, including, without limitation, the Investment Representation Statement in the form attached to the Option Agreement as Exhibit B.

13. Delivery of Payment. The Optionee herewith delivers to the Company the full Exercise Price for the Shares, as well as any applicable withholding tax.

14. Entire Agreement. The Plan and Option Agreement are incorporated herein by reference. This Agreement, the Plan, the Option Agreement, the Investment Representation Statement and the Restricted Stock Purchase Agreement, if applicable, constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof.

Accepted by:	Submitted by:
3-V BIOSCIENCES, INC.	**OPTIONEE**
By: _____	_____
Name: _____	
Title: _____	Address:
	_____
	_____

EXHIBIT B

INVESTMENT REPRESENTATION STATEMENT

OPTIONEE : _____

COMPANY : 3-V Biosciences, Inc.

SECURITY : Common Stock

AMOUNT : _____

DATE :

In connection with the purchase of the above-listed shares of Common Stock (the "Securities") of 3-V Biosciences, Inc., a Delaware corporation (the "Company"), the undersigned ("Optionee") represents to the Company the following:

(a) Optionee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Optionee is acquiring these Securities for investment for Optionee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) Optionee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Optionee's investment intent as expressed herein. Optionee understands that, in the view of the Securities and Exchange Commission, the statutory basis for such exemption may be unavailable if Optionee's representation was predicated solely upon a present intention to hold these Securities for the minimum capital gains period specified under tax statutes, for a deferred sale, for or until an increase or decrease in the market price of the Securities, or for a period of one year or any other fixed period in the future. Optionee further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Optionee further acknowledges and understands that the Company is under no obligation to register the Securities. Optionee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company and any other legend required under applicable state securities laws.

(c) Optionee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to the Optionee, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Exchange Act); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three (3) month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which requires the resale to occur not less than one year after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, in the case of acquisition of the Securities by an affiliate, or by a non-affiliate who subsequently holds the Securities less than two (2) years, the satisfaction of the conditions set forth in sections (1), (2), (3) and (4) of the paragraph immediately above.

(d) Optionee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Optionee understands that no assurances can be given that any such other registration exemption will be available in such event.

Signature of Optionee:

_____

Optionee

Date:_____, _____

SAGIMET BIOSCIENCES INC.

2017 EQUITY INCENTIVE PLAN

ADOPTED BY THE BOARD OF DIRECTORS: SEPTEMBER 28, 2017
APPROVED BY THE STOCKHOLDERS: OCTOBER 17, 2017
AMENDED BY THE BOARD OF DIRECTORS: JANUARY 16, 2019
APPROVED BY THE STOCKHOLDERS: JANUARY 22, 2019
AMENDED BY THE BOARD OF DIRECTORS: DECEMBER 17, 2020
APPROVED BY THE STOCKHOLDERS: DECEMBER 19, 2020
AMENDED BY THE BOARD OF DIRECTORS: SEPTEMBER 27, 2022
APPROVED BY THE STOCKHOLDERS: SEPTEMBER 27, 2022
TERMINATION DATE: SEPTEMBER 27, 2027

1. GENERAL.

(a) Successor to and Continuation of Prior Plan.

(i) The Plan is intended as the successor to and continuation of the Sagimet Biosciences Inc. 2007 Equity Incentive Plan (the "***Prior Plan***") which terminated in accordance with its terms in February 2017. All Awards granted on or after 12:01 a.m. Pacific Time on the Effective Date will be granted under this Plan. All stock awards granted under the Prior Plan remain subject to the terms of the Prior Plan.

(ii) From and after 12:01 a.m. Pacific time on the Effective Date, a number of shares of Common Stock equal to the total number of shares of Common Stock subject, at such time, to outstanding stock awards granted under the Prior Plan that (A) expire or terminate for any reason prior to exercise or settlement; (B) are forfeited or reacquired because of the failure to meet a contingency or condition required to vest such shares or are repurchased at the original issuance price; or (C) are otherwise reacquired or withheld (or not issued) to satisfy the purchase or exercise price or tax withholding obligation in connection with an award (the "***Returning Shares***") will immediately be added to the Share Reserve (as further described in Section 3(a) below) as and when such shares become Returning Shares (up to the maximum number set forth in Section 3(a)), and become available for issuance pursuant to Stock Awards granted hereunder.

(b) Purpose. The Plan, through the granting of Stock Awards, is intended to help the Company secure and retain the services of eligible award recipients, provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate and provide a means by which the eligible recipients may benefit from increases in value of the Common Stock.

(c) Eligible Stock Award Recipients. Employees, Directors and Consultants are eligible to receive Stock Awards.

(d) Available Stock Awards. The Plan provides for the grant of the following types of Stock Awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) Stock Appreciation Rights, (iv) Restricted Stock Awards, (v) Restricted Stock Unit Awards and (vi) Other Stock Awards.

2. ADMINISTRATION.

(a) Administration by Board. The Board will administer the Plan. The Board may delegate administration of the Plan to a Committee or Committees, as provided in Section 2(c).

(b) Powers of Board. The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine (A) who will be granted Stock Awards; (B) when and how each Stock Award will be granted; (C) what type of Stock Award will be granted; (D) the provisions of each Stock Award (which need not be identical), including when a person will be permitted to exercise or otherwise receive cash or Common Stock under the Stock Award; (E) the number of shares of Common Stock subject to a Stock Award; and (F) the Fair Market Value applicable to a Stock Award.

(ii) To construe and interpret the Plan and Stock Awards granted under it, and to establish, amend and revoke rules and regulations for administration of the Plan and Stock Awards. The Board, in the exercise of these powers, may correct any defect, omission or inconsistency in the Plan or in any Stock Award Agreement, in a manner and to the extent it will deem necessary or expedient to make the Plan or Stock Award fully effective.

(iii) To settle all controversies regarding the Plan and Stock Awards granted under it.

(iv) To accelerate, in whole or in part, the time at which a Stock Award may be exercised or vest (or at which cash or shares of Common Stock may be issued).

(v) To suspend or terminate the Plan at any time. Except as otherwise provided in the Plan or a Stock Award Agreement, suspension or termination of the Plan will not impair a Participant's rights under his or her then-outstanding Stock Award without his or her written consent except as provided in subsection (viii) below.

(vi) To amend the Plan in any respect the Board deems necessary or advisable, including, without limitation, by adopting amendments relating to Incentive Stock Options and certain nonqualified deferred compensation under Section 409A of the Code and/or to make the Plan or Stock Awards granted under the Plan compliant with the requirements for Incentive Stock Options or exempt from or compliant with the requirements for nonqualified deferred compensation under Section 409A of the Code, subject to the limitations, if any, of applicable law. However, if required by applicable law, and except as provided in Section 9(a) relating to Capitalization Adjustments, the Company will seek stockholder approval of any amendment of the Plan that (A) materially increases the number of shares of Common Stock available for issuance under the Plan, (B) materially expands the class of individuals eligible to receive Stock Awards under the Plan, (C) materially increases the benefits accruing to Participants under the Plan, (D) materially reduces the price at which shares of Common Stock may be issued or purchased under the Plan, (E) materially extends the term of the Plan, or (F) materially expands the types of Stock Awards available for issuance under the Plan. Except as provided in the Plan (including subsection (viii) below) or a Stock Award Agreement, no amendment of the Plan will materially impair a Participant's rights under an outstanding Stock Award unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

(vii) To submit any amendment to the Plan for stockholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of Section 422 of the Code regarding Incentive Stock Options.

(viii) To approve forms of Stock Award Agreements for use under the Plan and to amend the terms of any one or more Stock Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Stock Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; *provided however*, that a Participant's rights under any Stock Award will not be impaired by any such amendment unless (A) the Company requests the consent of the affected Participant, and (B) such Participant consents in writing. Notwithstanding the foregoing, (1) a Participant's rights will not be deemed to have been impaired by any such amendment if the Board, in its sole discretion, determines that the amendment, taken as a whole, does not materially impair the Participant's rights, and (2) subject to the limitations of applicable law, if any, the Board may amend the terms of any one or more Stock Awards without the affected Participant's consent (A) to maintain the qualified status of the Stock Award as an Incentive Stock Option under Section 422 of the Code; (B) to change the terms of an Incentive Stock Option, if such change results in impairment of the Award solely because it impairs the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (C) to clarify the manner of exemption from, or to bring the Stock Award into compliance with, Section 409A of the Code; or (D) to comply with other applicable laws.

(ix) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Stock Awards.

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

(xi) To effect, with the consent of any adversely affected Participant, (A) the reduction of the exercise, purchase or strike price of any outstanding Stock Award; (B) the cancellation of any outstanding Stock Award and the grant in substitution therefor of a new (1) Option or SAR, (2) Restricted Stock Award, (3) Restricted Stock Unit Award, (4) Other Stock Award, (5) cash and/or (6) other valuable consideration determined by the Board, in its sole discretion, with any such substituted award (x) covering the same or a different number of shares of Common Stock as the cancelled Stock Award and (y) granted under the Plan or another equity or compensatory plan of the Company; or (C) any other action that is treated as a repricing under generally accepted accounting principles.

(c) Delegation to Committee. The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee). Any delegation of administrative powers will be reflected in resolutions, not inconsistent with the provisions of the Plan, adopted from time to time by the Board or Committee (as applicable). The Committee may, at any time, abolish the subcommittee and/or revest in the Committee any powers delegated to the subcommittee. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revest in the Board some or all of the powers previously delegated.

(d) Delegation to an Officer. The Board may delegate to one (1) or more Officers the authority to do one or both of the following: (i) designate Employees who are not Officers or Directors to be recipients of Options and SARs (and, to the extent permitted by applicable law, other Stock Awards) and, to the extent permitted by applicable law, the terms of such Stock Awards, and (ii) determine the number of shares of Common Stock to be subject to such Stock Awards granted to such Employees; provided, however, that the Board resolutions regarding such delegation will specify the total number of shares of Common Stock that may be subject to the Stock Awards granted by such Officer and that such Officer may not grant a Stock Award to himself or herself. Any such Stock Awards will be granted on the form of Stock Award Agreement most recently approved for use by the Committee or the Board, unless otherwise provided in the resolutions approving the delegation authority. The Board may not delegate authority to an Officer who is acting solely in the capacity of an Officer (and not also as a Director) to determine the Fair Market Value pursuant to Section 13(q) below.

(e) Effect of Board's Decision. All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

3. SHARES SUBJECT TO THE PLAN.

(a) Share Reserve.

(i) Subject to Section 9(a) relating to Capitalization Adjustments, the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards from and after the Effective Date will not exceed 269,817,810 shares, which number is the sum of (A) 264,022,625 shares of Common Stock, and (B) the Returning Shares, if any, which become available for grant under this Plan from time to time, in an aggregate amount not to exceed 5,795,185 shares (such aggregate number of shares described in (A) and (B) above, (the "***Share Reserve***").

(ii) For clarity, the Share Reserve in this Section 3(a) is a limitation on the number of shares of Common Stock that may be issued pursuant to the Plan. Accordingly, this Section 3(a) does not limit the granting of Stock Awards except as provided in Section 7(a).

(b) Reversion of Shares to the Share Reserve. If a Stock Award or any portion thereof (i) expires or otherwise terminates without all of the shares covered by such Stock Award having been issued or (ii) is settled in cash (*i.e.*, the Participant receives cash rather than stock), such expiration, termination or settlement will not reduce (or otherwise offset) the number of shares of Common Stock that may be available for issuance under the Plan. If any shares of Common Stock issued pursuant to a Stock Award are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required to vest such shares in the Participant, then the shares that are forfeited or repurchased will revert to and again become available for issuance under the Plan. Any shares reacquired by the Company in satisfaction of tax withholding obligations on a Stock Award or as consideration for the exercise or purchase price of a Stock Award will again become available for issuance under the Plan.

(c) Incentive Stock Option Limit. Subject to the Share Reserve and Section 9(a) relating to Capitalization Adjustments, the aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options will be a number of shares of Common Stock equal to three multiplied by the Share Reserve.

(d) Source of Shares. The stock issuable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

4. ELIGIBILITY.

(a) Eligibility for Specific Stock Awards. Incentive Stock Options may be granted only to employees of the Company or a "parent corporation" or "subsidiary corporation" thereof (as such terms are defined in Sections 424(e) and 424(f) of the Code). Stock Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants; *provided, however*, that Stock Awards may not be granted to Employees, Directors and Consultants who are providing Continuous Service only to any "parent" of the Company, as such term is defined in Rule 405, unless (i) the stock underlying such Stock Awards is treated as "service recipient stock" under Section 409A of the Code (for example, because the Stock Awards are granted pursuant to a corporate transaction such as a spin off transaction), or (ii) the Company, in consultation with its legal counsel, has determined that such Stock Awards are otherwise exempt from or alternatively comply with the distribution requirements of Section 409A of the Code.

(b) Ten Percent Stockholders. A Ten Percent Stockholder will not be granted an Incentive Stock Option unless the exercise price of such Option is at least one hundred ten percent (110%) of the Fair Market Value on the date of grant and the Option is not exercisable after the expiration of five (5) years from the date of grant.

(c) Consultants. A Consultant will not be eligible for the grant of a Stock Award if, at the time of grant, either the offer or sale of the Company's securities to such Consultant is not exempt under Rule 701 because of the nature of the services that the Consultant is providing to the Company, because the Consultant is not a natural person, or because of any other provision of Rule 701, unless the Company determines that such grant need not comply with the requirements of Rule 701 and will satisfy another exemption under the Securities Act as well as comply with the securities laws of all other relevant jurisdictions**.**

5. PROVISIONS RELATING TO OPTIONS AND STOCK APPRECIATION RIGHTS.

Each Option or SAR will be in such form and will contain such terms and conditions as the Board deems appropriate. All Options will be separately designated Incentive Stock Options or Nonstatutory Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates will be issued for shares of Common Stock purchased on exercise of each type of Option. If an Option is not specifically designated as an Incentive Stock Option, or if an Option is designated as an Incentive Stock Option but some portion or all of the Option fails to qualify as an Incentive Stock Option under the applicable rules, then the Option (or portion thereof) will be a Nonstatutory Stock Option. The provisions of separate Options or SARs need not be identical; *provided, however*, that each Stock Award Agreement will conform to (through incorporation of provisions hereof by reference in the applicable Stock Award Agreement or otherwise) the substance of each of the following provisions:

(a) Term. Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, no Option or SAR will be exercisable after the expiration of ten (10) years from the date of its grant or such shorter period specified in the Stock Award Agreement.

(b) Exercise Price. Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, the exercise or strike price of each Option or SAR will be not less than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Option or SAR on the date the Stock Award is granted. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise or strike price lower than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Stock Award if such Stock Award is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Section 409A of the Code and, if applicable, Section 424(a) of the Code. Each SAR will be denominated in shares of Common Stock equivalents.

(c) Purchase Price for Options. The purchase price of Common Stock acquired pursuant to the exercise of an Option may be paid, to the extent permitted by applicable law and as determined by the Board in its sole discretion, by any combination of the methods of payment set forth below. The Board will have the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to use a particular method of payment. The permitted methods of payment are as follows:

(i) by cash, check, bank draft, wire transfer, or money order payable to the Company;

(ii) pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds;

(iii) by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock;

(iv) if an Option is a Nonstatutory Stock Option, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; provided, however, that the Company will accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued. Shares of Common Stock will no longer be subject to an Option and will not be exercisable thereafter to the extent that (A) shares issuable upon exercise are used to pay the exercise price pursuant to the "net exercise," (B) shares are delivered to the Participant as a result of such exercise, and (C) shares are withheld to satisfy tax withholding obligations;

(v) according to a deferred payment or similar arrangement with the Optionholder; *provided, however*, that interest will compound at least annually and will be charged at the minimum rate of interest necessary to avoid (A) the imputation of interest income to the Company and compensation income to the Optionholder under any applicable provisions of the Code, and (B) the classification of the Option as a liability for financial accounting purposes; or

(vi) in any other form of legal consideration that may be acceptable to the Board and specified in the applicable Stock Award Agreement.

(d) Exercise and Payment of a SAR. To exercise any outstanding SAR, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Stock Award Agreement evidencing such SAR. The appreciation distribution payable on the exercise of a SAR will be not greater than an amount equal to the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the SAR) of a number of shares of Common Stock equal to the number of Common Stock equivalents in which the Participant is vested under such SAR, and with respect to which the Participant is exercising the SAR on such date, over (B) the aggregate strike price of the number of Common Stock equivalents with respect to which the Participant is exercising the SAR on such date. The appreciation distribution may be paid in Common Stock, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Stock Award Agreement evidencing such SAR.

(e) Transferability of Options and SARs. The Board may, in its sole discretion, impose such limitations on the transferability of Options and SARs as the Board will determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options and SARs will apply:

(i) Restrictions on Transfer. An Option or SAR will not be transferable except by will or by the laws of descent and distribution (and pursuant to subsections (ii) and (iii) below), and will be exercisable during the lifetime of the Participant only by the Participant. The Board may permit transfer of the Option or SAR in a manner that is not prohibited by applicable tax and securities laws. Except as explicitly provided herein, neither an Option nor a SAR may be transferred for consideration.

(ii) Domestic Relations Orders. Subject to the approval of the Board or a duly authorized Officer, an Option or SAR may be transferred pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulation 1.421-1(b)(2). If an Option is an Incentive Stock Option, such Option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

(iii) Beneficiary Designation. Subject to the approval of the Board or a duly authorized Officer, a Participant may, by delivering written notice to the Company, in a form approved by the Company (or the designated broker), designate a third party who, upon the death of the Participant, will thereafter be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, upon the death of the Participant, the executor or administrator of the Participant's estate will be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. However, the Company may prohibit designation of a beneficiary at any time, including due to any conclusion by the Company that such designation would be inconsistent with the provisions of applicable laws.

(f) Vesting Generally. The total number of shares of Common Stock subject to an Option or SAR may vest and become exercisable in periodic installments that may or may not be equal. The Option or SAR may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of performance goals or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options or SARs may vary. The provisions of this Section 5(f) are subject to any Option or SAR provisions governing the minimum number of shares of Common Stock as to which an Option or SAR may be exercised.

(g) Termination of Continuous Service. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates (other than for Cause and other than upon the Participant's death or Disability), the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Stock Award as of the date of termination of Continuous Service) within the period of time ending on the earlier of (i) the date three (3) months following the termination of the Participant's Continuous Service (or such longer or shorter period specified in the applicable Stock Award Agreement, which period will not be less than thirty (30) days if necessary to comply with applicable laws unless such termination is for Cause) and (ii) the expiration of the term of the Option or SAR as set forth in the Stock Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the applicable time frame, the Option or SAR (as applicable) will terminate.

(h) Extension of Termination Date. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if the exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause and other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option or SAR will terminate on the earlier of (i) the expiration of a total period of time (that need not be consecutive) equal to the applicable post termination exercise period after the termination of the Participant's Continuous Service during which the exercise of the Option or SAR would not be in violation of such registration requirements, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Stock Award Agreement. In addition, unless otherwise provided in a Participant's Stock Award Agreement, if the sale of any Common Stock received upon exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause) would violate the Company's insider trading policy, then the Option or SAR will terminate on the earlier of (i) the expiration of a period of time (that need not be consecutive) equal to the applicable post-termination exercise period after the termination of the Participant's Continuous Service during which the sale of the Common Stock received upon exercise of the Option or SAR would not be in violation of the Company's insider trading policy, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Stock Award Agreement.

(i) Disability of Participant. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Option or SAR as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination of Continuous Service (or such longer or shorter period specified in the Stock Award Agreement, which period will not be less than six (6) months if necessary to comply with applicable laws), and (ii) the expiration of the term of the Option or SAR as set forth in the Stock Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the applicable time frame, the Option or SAR (as applicable) will terminate.

(j) Death of Participant. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if (i) a Participant's Continuous Service terminates as a result of the Participant's death, or (ii) the Participant dies within the period (if any) specified in the Stock Award Agreement for exercisability after the termination of the Participant's Continuous Service (for a reason other than death), then the Option or SAR may be exercised (to the extent the Participant was entitled to exercise such Option or SAR as of the date of death) by the Participant's estate, by a person who acquired the right to exercise the Option or SAR by bequest or inheritance or by a person designated to exercise the Option or SAR upon the Participant's death, but only within the period ending on the earlier of (i) the date twelve (12) months following the date of death (or such longer or shorter period specified in the Stock Award Agreement, which period will not be less than six (6) months if necessary to comply with applicable laws), and (ii) the expiration of the term of such Option or SAR as set forth in the Stock Award Agreement. If, after the Participant's death, the Option or SAR is not exercised within the applicable time frame, the Option or SAR (as applicable) will terminate.

(k) Termination for Cause. Except as explicitly provided otherwise in a Participant's Stock Award Agreement or other individual written agreement between the Company or any Affiliate and the Participant, if a Participant's Continuous Service is terminated for Cause, the Option or SAR will terminate immediately upon such Participant's termination of Continuous Service, and the Participant will be prohibited from exercising his or her Option or SAR from and after the time of such termination of Continuous Service.

(l) Non-Exempt Employees. If an Option or SAR is granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, the Option or SAR will not be first exercisable for any shares of Common Stock until at least six (6) months following the date of grant of the Option or SAR (although the Stock Award may vest prior to such date). Consistent with the provisions of the Worker Economic Opportunity Act, (i) if such non-exempt Employee dies or suffers a Disability, (ii) upon a Corporate Transaction in which such Option or SAR is not assumed, continued, or substituted, (iii) upon a Change in Control, or (iv) upon the Participant's retirement (as such term may be defined in the Participant's Stock Award Agreement, in another agreement between the Participant and the Company, or, if no such definition, in accordance with the Company's then current employment policies and guidelines), the vested portion of any Options and SARs may be exercised earlier than six (6) months following the date of grant. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay. To the extent permitted and/or required for compliance with the Worker Economic Opportunity Act to ensure that any income derived by a non-exempt employee in connection with the exercise, vesting or issuance of any shares under any other Stock Award will be exempt from the employee's regular rate of pay, the provisions of this Section 5(l) will apply to all Stock Awards and are hereby incorporated by reference into such Stock Award Agreements.

(m) Early Exercise of Options. An Option may, but need not, include a provision whereby the Optionholder may elect at any time before the Optionholder's Continuous Service terminates to exercise the Option as to any part or all of the shares of Common Stock subject to the Option prior to the full vesting of the Option. Subject to the "Repurchase Limitation" in Section 8(l), any unvested shares of Common Stock so purchased may be subject to a repurchase right in favor of the Company or to any other restriction the Board determines to be appropriate. Provided that the "Repurchase Limitation" in Section 8(l) is not violated, the Company will not be required to exercise its repurchase right until at least six (6) months (or such longer or shorter period of time required to avoid classification of the Option as a liability for financial accounting purposes) have elapsed following exercise of the Option unless the Board otherwise specifically provides in the Option Agreement.

(n) Right of Repurchase. Subject to the "Repurchase Limitation" in Section 8(l), the Option or SAR may include a provision whereby the Company may elect to repurchase all or any part of the vested shares of Common Stock acquired by the Participant pursuant to the exercise of the Option or SAR.

(o) Right of First Refusal. The Option or SAR may include a provision whereby the Company may elect to exercise a right of first refusal following receipt of notice from the Participant of the intent to transfer all or any part of the shares of Common Stock received upon the exercise of the Option or SAR. Such right of first refusal will be subject to the "Repurchase Limitation" in Section 8(l). Except as expressly provided in this Section 5(o) or in the Stock Award Agreement, such right of first refusal will otherwise comply with any applicable provisions of the bylaws of the Company.

6. Provisions of Stock Awards Other than Options and SARs.

(a) Restricted Stock Awards. Each Restricted Stock Award Agreement will be in such form and will contain such terms and conditions as the Board deems appropriate. To the extent consistent with the Company's bylaws, at the Board's election, shares of Common Stock underlying a Restricted Stock Award may be (i) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (ii) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. The terms and conditions of Restricted Stock Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award Agreements need not be identical. Each Restricted Stock Award Agreement will conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. A Restricted Stock Award may be awarded in consideration for (A) cash, check, bank draft or money order payable to the Company, (B) past services to the Company or an Affiliate, or (C) any other form of legal consideration (including future services) that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

(ii) Vesting. Subject to the "Repurchase Limitation" in Section 8(l), shares of Common Stock awarded under the Restricted Stock Award Agreement may be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board.

(iii) Termination of Participant's Continuous Service. If a Participant's Continuous Service terminates, the Company may receive through a forfeiture condition or a repurchase right, any or all of the shares of Common Stock held by the Participant as of the date of termination of Continuous Service under the terms of the Restricted Stock Award Agreement.

(iv) Transferability. Rights to acquire shares of Common Stock under the Restricted Stock Award Agreement will be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Award Agreement, as the Board will determine in its sole discretion, so long as Common Stock awarded under the Restricted Stock Award Agreement remains subject to the terms of the Restricted Stock Award Agreement.

(v) Dividends. A Restricted Stock Award Agreement may provide that any dividends paid on Restricted Stock will be subject to the same vesting and forfeiture restrictions as apply to the shares subject to the Restricted Stock Award to which they relate.

(vi) Right of Repurchase. Subject to the "Repurchase Limitation" in Section 8(l), the Restricted Stock Award Agreement may include a provision whereby the Company may elect to repurchase all or any part of the vested shares of Common Stock acquired by the Participant pursuant to the Restricted Stock Award.

(b) Restricted Stock Unit Awards. Each Restricted Stock Unit Award Agreement will be in such form and will contain such terms and conditions as the Board deems appropriate. The terms and conditions of Restricted Stock Unit Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Unit Award Agreements need not be identical. Each Restricted Stock Unit Award Agreement will conform to (through incorporation of the provisions hereof by reference in the Agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. At the time of grant of a Restricted Stock Unit Award, the Board will determine the consideration, if any, to be paid by the Participant upon delivery of each share of Common Stock subject to the Restricted Stock Unit Award. The consideration to be paid (if any) by the Participant for each share of Common Stock subject to a Restricted Stock Unit Award may be paid in any form of legal consideration that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

(ii) Vesting. At the time of the grant of a Restricted Stock Unit Award, the Board may impose such restrictions on or conditions to the vesting of the Restricted Stock Unit Award as it, in its sole discretion, deems appropriate.

(iii) Payment. A Restricted Stock Unit Award may be settled by the delivery of shares of Common Stock, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the Restricted Stock Unit Award Agreement.

(iv) Additional Restrictions. At the time of the grant of a Restricted Stock Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the shares of Common Stock (or their cash equivalent) subject to a Restricted Stock Unit Award to a time after the vesting of such Restricted Stock Unit Award.

(v) Dividend Equivalents. Dividend equivalents may be credited in respect of shares of Common Stock covered by a Restricted Stock Unit Award, as determined by the Board and contained in the Restricted Stock Unit Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional shares of Common Stock covered by the Restricted Stock Unit Award in such manner as determined by the Board. Any additional shares covered by the Restricted Stock Unit Award credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying Restricted Stock Unit Award Agreement to which they relate.

(vi) Termination of Participant's Continuous Service. Except as otherwise provided in the applicable Restricted Stock Unit Award Agreement, such portion of the Restricted Stock Unit Award that has not vested will be forfeited upon the Participant's termination of Continuous Service.

(vii) Right of Repurchase. Subject to the "Repurchase Limitation" in Section 8(l), the Restricted Stock Unit Award Agreement may include a provision whereby the Company may elect to repurchase all or any part of the vested shares of Common Stock acquired by the Participant pursuant to the Restricted Stock Unit Award.

(viii) Compliance with Section 409A of the Code. Notwithstanding anything to the contrary set forth herein, any Restricted Stock Unit Award granted under the Plan that is not exempt from the requirements of Section 409A of the Code shall contain such provisions so that such Restricted Stock Unit Award will comply with the requirements of Section 409A of the Code. Such restrictions, if any, shall be determined by the Board and contained in the Restricted Stock Unit Award Agreement evidencing such Restricted Stock Unit Award. For example, such restrictions may include, without limitation, a requirement that any Common Stock that is to be issued in a year following the year in which the Restricted Stock Unit Award vests must be issued in accordance with a fixed pre-determined schedule.

(c) Other Stock Awards. Other forms of Stock Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, including the appreciation in value thereof (e.g., options or stock rights with an exercise price or strike price less than one hundred percent (100%) of the Fair Market Value of the Common Stock at the time of grant) may be granted either alone or in addition to Stock Awards provided for under Section 5 and the preceding provisions of this Section 6. Subject to the provisions of the Plan, the Board will have sole and complete authority to determine the persons to whom and the time or times at which such Other Stock Awards will be granted, the number of shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Stock Awards and all other terms and conditions of such Other Stock Awards.

7. COVENANTS OF THE COMPANY.

(a) Availability of Shares. The Company will keep available at all times the number of shares of Common Stock reasonably required to satisfy then-outstanding Stock Awards.

(b) Securities Law Compliance. The Company will seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise of the Stock Awards; *provided, however,* that this undertaking will not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company will be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Stock Awards unless and until such authority is obtained. A Participant will not be eligible for the grant of a Stock Award or the subsequent issuance of cash or Common Stock pursuant to the Stock Award if such grant or issuance would be in violation of any applicable securities law.

(c) No Obligation to Notify or Minimize Taxes. The Company will have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Stock Award. Furthermore, the Company will have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of a Stock Award or a possible period in which the Stock Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of a Stock Award to the holder of such Stock Award.

8. MISCELLANEOUS.

(a) Use of Proceeds from Sales of Common Stock. Proceeds from the sale of shares of Common Stock pursuant to Stock Awards will constitute general funds of the Company.

(b) Corporate Action Constituting Grant of Stock Awards. Corporate action constituting a grant by the Company of a Stock Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Stock Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action constituting the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Stock Award Agreement as a result of a clerical error in the papering of the Stock Award Agreement, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Stock Award Agreement.

(c) Stockholder Rights. No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to a Stock Award unless and until (i) such Participant has satisfied all requirements for exercise of, or the issuance of shares of Common Stock under, the Stock Award pursuant to its terms, and (ii) the issuance of the Common Stock subject to the Stock Award has been entered into the books and records of the Company.

(d) No Employment or Other Service Rights. Nothing in the Plan, any Stock Award Agreement or any other instrument executed thereunder or in connection with any Stock Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Stock Award was granted or will affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

(e) Change in Time Commitment. In the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee) after the date of grant of any Stock Award to the Participant, the Board has the right in its sole discretion to (x) make a corresponding reduction in the number of shares subject to any portion of such Stock Award that is scheduled to vest or become payable after the date of such change in time commitment, and (y) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Stock Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Stock Award that is so reduced or extended.

(f) Incentive Stock Option Limitations. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any Affiliates) exceeds one hundred thousand dollars ($100,000) (or such other limit established in the Code) or otherwise does not comply with the rules governing Incentive Stock Options, the Options or portions thereof that exceed such limit (according to the order in which they were granted) or otherwise do not comply with such rules will be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

(g) Investment Assurances. The Company may require a Participant, as a condition of exercising or acquiring Common Stock under any Stock Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Stock Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Stock Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, will be inoperative if (A) the issuance of the shares upon the exercise or acquisition of Common Stock under the Stock Award has been registered under a then currently effective registration statement under the Securities Act, or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

(h) Withholding Obligations. Unless prohibited by the terms of a Stock Award Agreement, the Company may, in its sole discretion, satisfy any federal, state or local tax withholding obligation relating to a Stock Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Stock Award; *provided, however*, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law (or such lesser amount as may be necessary to avoid classification of the Stock Award as a liability for financial accounting purposes); (iii) withholding cash from a Stock Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; or (v) by such other method as may be set forth in the Stock Award Agreement.

(i) Electronic Delivery. Any reference herein to a "written" agreement or document will include any agreement or document delivered electronically or posted on the Company's intranet (or other shared electronic medium controlled by the Company to which the Participant has access).

(j) Deferrals. To the extent permitted by applicable law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Stock Award may be deferred and may establish programs and procedures for deferral elections to be made by Participants. It is intended that deferrals by Participants will be made in accordance with Section 409A of the Code. Consistent with Section 409A of the Code, the Board may provide for distributions while a Participant is still an employee or otherwise providing services to the Company. The Board is authorized to make deferrals of Stock Awards and determine when, and in what annual percentages, Participants may receive payments, including lump sum payments, following the Participant's termination of Continuous Service, and implement such other terms and conditions consistent with the provisions of the Plan and in accordance with applicable law.

(k) Compliance with Section 409A of the Code. To the extent that the Board determines that any Stock Award granted hereunder is subject to Section 409A of the Code, it is intended that the Stock Award Agreement evidencing such Stock Award shall incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code. To the extent applicable, the Plan and Stock Award Agreements shall be interpreted in accordance with Section 409A of the Code.

(l) Repurchase Limitation. The terms of any repurchase right will be specified in the Stock Award Agreement. The repurchase price for vested shares of Common Stock will be the Fair Market Value of the shares of Common Stock on the date of repurchase. The repurchase price for unvested shares of Common Stock will be the lower of (i) the Fair Market Value of the shares of Common Stock on the date of repurchase or (ii) their original purchase price. However, the Company will not exercise its repurchase right until at least six (6) months (or such longer or shorter period of time necessary to avoid classification of the Stock Award as a liability for financial accounting purposes) have elapsed following delivery of shares of Common Stock subject to the Stock Award, unless otherwise specifically provided by the Board.

9. Adjustments upon Changes in Common Stock; Other Corporate Events.

(a) Capitalization Adjustments. In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) and maximum number of securities that may be issued pursuant to the exercise of Incentive Stock Options pursuant to Section 3(c), and (iii) the class(es) and number of securities and price per share of stock subject to outstanding Stock Awards. The Board will make such adjustments, and its determination will be final, binding and conclusive.

(b) Dissolution or Liquidation. Except as otherwise provided in the Stock Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or not subject to the Company's right of repurchase) will terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service, *provided, however,* that the Board may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Stock Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

(c) Corporate Transactions. The following provisions will apply to Stock Awards in the event of a Corporate Transaction unless otherwise provided in the Stock Award Agreement or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of a Stock Award. In the event of a Corporate Transaction, then, notwithstanding any other provision of the Plan, the Board may take one or more of the following actions with respect to Stock Awards, contingent upon the closing or completion of the Corporate Transaction:

(i) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue the Stock Award or to substitute a similar stock award for the Stock Award (including, but not limited to, an award to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction);

(ii) arrange for the assignment of any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to the Stock Award to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

(iii) accelerate the vesting, in whole or in part, of the Stock Award (and, if applicable, the time at which the Stock Award may be exercised) to a date prior to the effective time of such Corporate Transaction as the Board determines (or, if the Board does not determine such a date, to the date that is five (5) days prior to the effective date of the Corporate Transaction), with such Stock Award terminating if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction; provided, however, that the Board may require Participants to complete and deliver to the Company a notice of exercise before the effective date of a Corporate Transaction, which exercise is contingent upon the effectiveness of such Corporate Transaction;

(iv) arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company with respect to the Stock Award;

(v) cancel or arrange for the cancellation of the Stock Award, to the extent not vested or not exercised prior to the effective time of the Corporate Transaction, in exchange for such cash consideration or no consideration, as the Board, in its sole discretion, may consider appropriate; and

(vi) make a payment, in such form as may be determined by the Board equal to the excess, if any, of (A) the per share amount (or value of property per share) payable to holders of Common Stock in connection with the Corporate Transaction, over (B) the per share exercise price under the applicable Stock Award, multiplied by the number of shares subject to the Stock Award. For clarity, this payment may be zero ($0) if the amount per share (or value of property per share) payable to the holders of the Common Stock is equal to or less than the exercise price of the Stock Award. In addition, any escrow, holdback, earnout or similar provisions in the definitive agreement for the Corporate Transaction may apply to such payment to the holder of the Stock Award to the same extent and in the same manner as such provisions apply to the holders of Common Stock.

The Board need not take the same action or actions with respect to all Stock Awards or portions thereof or with respect to all Participants. The Board may take different actions with respect to the vested and unvested portions of a Stock Award.

(d) Change in Control. A Stock Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control as may be provided in the Stock Award Agreement for such Stock Award or as may be provided in any other written agreement between the Company or any Affiliate and the Participant, but in the absence of such provision, no such acceleration will occur.

10. Plan Term; Earlier Termination or Suspension of the Plan.

(a) Plan Term. The Board may suspend or terminate the Plan at any time. Unless terminated sooner by the Board, the Plan will automatically terminate on the day before the tenth (10th) anniversary of the earlier of (i) the date the Plan is adopted by the Board, or (ii) the date the Plan is approved by the stockholders of the Company. No Stock Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) No Impairment of Rights. Suspension or termination of the Plan will not impair rights and obligations under any Stock Award granted while the Plan is in effect except with the written consent of the affected Participant or as otherwise permitted in the Plan.

11. Effective Date of Plan.

This Plan will become effective on the Effective Date.

12. Choice of Law.

The laws of the State of Delaware will govern all questions concerning the construction, validity and interpretation of this Plan, without regard to that state's conflict of laws rules.

13. Definitions. As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

(a) "***Affiliate***" means, at the time of determination, any "parent" or "majority-owned subsidiary" of the Company, as such terms are defined in Rule 405. The Board will have the authority to determine the time or times at which "parent" or "majority-owned subsidiary" status is determined within the foregoing definition.

(b) "***Board***" means the Board of Directors of the Company.

(c) "***Capitalization Adjustment***" means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Stock Award after the Effective Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure, or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(a) "***Cause***" will have the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term means, with respect to a Participant, the occurrence of any of the following events: (i) such Participant's commission of any felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (ii) such Participant's attempted commission of, or participation in, a fraud or act of dishonesty; (iii) such Participant's intentional, material violation of any contract or agreement between the Participant and the Company or an Affiliate or of any statutory duty owed to the Company or an Affiliate; (iv) such Participant's unauthorized use or disclosure of the Company's or an Affiliate's confidential information or trade secrets; or (v) such Participant's gross misconduct or gross negligence. The determination that a termination of the Participant's Continuous Service is either for Cause or without Cause will be made by the Company, in its sole discretion. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Stock Awards held by such Participant will have no effect upon any determination of the rights or obligations of the Company or such Participant for any other purpose.

(b) "***Change in Control***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control will not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities or (C) solely because the level of Ownership held by any Exchange Act Person (the "***Subject Person***") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control will be deemed to occur;

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

(iii) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition.

Notwithstanding the foregoing definition or any other provision of this Plan, (A) the term Change in Control will not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, and (B) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant will supersede the foregoing definition with respect to Stock Awards subject to such agreement; *provided, however,* that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition will apply.

(c) "***Code***" means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(d) "***Committee***" means a committee of one or more Directors to whom authority has been delegated by the Board in accordance with Section 2(c).

(e) "***Common Stock***" means the Common Stock of the Company.

(f) "***Company***" means Sagimet Biosciences Inc., a Delaware corporation.

(g) "***Consultant***" means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, will not cause a Director to be considered a "Consultant" for purposes of the Plan.

(h) "***Continuous Service***" means that the Participant's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Director or Consultant or a change in the Entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's service with the Company or an Affiliate, will not terminate a Participant's Continuous Service; *provided, however*, that if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board in its sole discretion, such Participant's Continuous Service will be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or to a Director will not constitute an interruption of Continuous Service. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in a Stock Award only to such extent as may be provided in the Company's leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law.

(i) "***Corporate Transaction***" means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of more than fifty percent (50%) of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(j) "***Director***" means a member of the Board.

(k) "***Disability***" means, with respect to a Participant, the inability of such Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than twelve (12) months as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(l) "***Effective Date***" means the effective date of this Plan, which is the earlier of (i) the date that this Plan is first approved by the Company's stockholders, and (ii) the date this Plan is adopted by the Board.

(m) "***Employee***" means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an "Employee" for purposes of the Plan.

(n) "***Entity***" means a corporation, partnership, limited liability company or other entity.

(o) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(p) "***Exchange Act Person***" means any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that "Exchange Act Person" will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities.

(q) "***Fair Market Value***" means, as of any date, the value of the Common Stock determined by the Board in compliance with Section 409A of the Code or, in the case of an Incentive Stock Option, in compliance with Section 422 of the Code.

(r) "***Incentive Stock Option***" means an option granted pursuant to Section 5 of the Plan that is intended to be, and that qualifies as, an "incentive stock option" within the meaning of Section 422 of the Code.

(s) "***Nonstatutory Stock Option***" means any option granted pursuant to Section 5 of the Plan that does not qualify as an Incentive Stock Option.

(t) "***Officer***" means any person designated by the Company as an officer.

(u) "***Option***" means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

(v) "***Option Agreement***" means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement will be subject to the terms and conditions of the Plan.

(w) "***Optionholder***" means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(x) "***Other Stock Award***" means an award based in whole or in part by reference to the Common Stock which is granted pursuant to the terms and conditions of Section 6(c).

(y) "***Other Stock Award Agreement***" means a written agreement between the Company and a holder of an Other Stock Award evidencing the terms and conditions of an Other Stock Award grant. Each Other Stock Award Agreement will be subject to the terms and conditions of the Plan.

(z) "***Own***," "***Owned***," "***Owner***," "***Ownership***" A person or Entity will be deemed to "Own," to have "Owned," to be the "Owner" of, or to have acquired "Ownership" of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(aa) "***Participant***" means a person to whom a Stock Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(bb) "***Plan***" means this Sagimet Biosciences Inc. 2017 Equity Incentive Plan.

(cc) "***Restricted Stock Award***" means an award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(a).

(dd) "***Restricted Stock Award Agreement***" means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. Each Restricted Stock Award Agreement will be subject to the terms and conditions of the Plan.

(ee) "***Restricted Stock Unit Award***" means a right to receive shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(b).

(ff) "***Restricted Stock Unit Award Agreement***" means a written agreement between the Company and a holder of a Restricted Stock Unit Award evidencing the terms and conditions of a Restricted Stock Unit Award grant. Each Restricted Stock Unit Award Agreement will be subject to the terms and conditions of the Plan.

(gg) "***Rule 405***" means Rule 405 promulgated under the Securities Act.

(hh) "***Rule 701***" means Rule 701 promulgated under the Securities Act.

(ii) "***Securities Act***" means the Securities Act of 1933, as amended.

(jj) "***Stock Appreciation Right***" or "***SAR***" means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 5.

(kk) "***Stock Appreciation Right Agreement***" means a written agreement between the Company and a holder of a Stock Appreciation Right evidencing the terms and conditions of a Stock Appreciation Right grant. Each Stock Appreciation Right Agreement will be subject to the terms and conditions of the Plan.

(ll) "***Stock Award***" means any right to receive Common Stock granted under the Plan, including an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, a Stock Appreciation Right or any Other Stock Award.

(mm) "***Stock Award Agreement***" means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant. Each Stock Award Agreement will be subject to the terms and conditions of the Plan.

(nn) "***Subsidiary***" means, with respect to the Company, (i) any corporation of which more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%) .

(oo) "***Ten Percent Stockholder***" means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Affiliate.

Exhibit 10.4

3-V BIOSCIENCES, INC.
STOCK OPTION GRANT NOTICE
(2017 EQUITY INCENTIVE PLAN)

3-V Biosciences, Inc. (the "***Company***"), pursuant to its 2017 Equity Incentive Plan (the "***Plan***"), hereby grants to Optionholder an option to purchase the number of shares of the Company's Common Stock set forth below. This option is subject to all of the terms and conditions as set forth in this stock option grant notice (this "***Stock Option Grant Notice***"), in the Option Agreement, the Plan and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Option Agreement will have the same definitions as in the Plan or the Option Agreement. If there is any conflict between the terms herein and the Plan, the terms of the Plan will control.

Optionholder:	_____
Date of Grant:	_____
Vesting Commencement Date:	_____
Number of Shares Subject to Option:	_____
Exercise Price (Per Share):	_____
Total Exercise Price:	_____
Expiration Date:	_____

Type of Grant: ☐ Incentive Stock Option[1] ☒ Nonstatutory Stock Option

Exercise Schedule: ☒ Same as Vesting Schedule ☐ Early Exercise Permitted

Vesting Schedule:

(1) Fully vested.

Payment: By one or a combination of the following items (described in the Option Agreement):

☐ By cash, check, bank draft, wire transfer or money order payable to the Company
☐ Pursuant to a Regulation T Program if the shares are publicly traded
☐ By delivery of already-owned shares if the shares are publicly traded
☐ If and only to the extent this option is a Nonstatutory Stock Option, and subject to the Company's consent at the time of exercise, by a "net exercise" arrangement

Additional Terms/Acknowledgements: Optionholder acknowledges receipt of, and understands and agrees to, this Stock Option Grant Notice, the Option Agreement and the Plan. Optionholder acknowledges and agrees that this Stock Option Grant Notice and the Option Agreement may not be modified, amended or revised except as provided in the Plan. Optionholder further acknowledges that as of the Date of Grant, this Stock Option Grant Notice, the Option Agreement, and the Plan set forth the entire understanding between Optionholder and the Company regarding this option award and supersede all prior oral and written agreements, promises and/or representations on that subject with the exception of (i) options previously granted and delivered to Optionholder, (ii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law and (iii) any written employment or severance arrangement that would provide for vesting acceleration of this option upon the terms and conditions set forth therein.

[1] If this is an Incentive Stock Option, it (plus other outstanding Incentive Stock Options) cannot be first exercisable for more than $100,000 in value (measured by exercise price) in any calendar year. Any excess over $100,000 is a Nonstatutory Stock Option.

By accepting this option, Optionholder consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

3-V BIOSCIENCES, INC.

By: _____
Signature

Title: _____

Date: _____

OPTIONHOLDER:

_____
Signature

Date: _____

ATTACHMENTS: Option Agreement, 2017 Equity Incentive Plan, Notice of Exercise, Early Exercise Agreement

ATTACHMENT I

OPTION AGREEMENT
(INCENTIVE STOCK OPTION OR NONSTATUTORY STOCK OPTION)

Pursuant to your Stock Option Grant Notice ("***Stock Option Grant Notice***") and this Option Agreement (this "***Option Agreement***"), 3-V Biosciences, Inc. (the "***Company***") has granted you an option under its 2017 Equity Incentive Plan (the "***Plan***") to purchase the number of shares of the Company's Common Stock indicated in your Stock Option Grant Notice at the exercise price indicated in your Stock Option Grant Notice. The option is granted to you effective as of the date of grant set forth in the Stock Option Grant Notice (the "***Date of Grant***"). If there is any conflict between the terms in this Option Agreement and the Plan, the terms of the Plan will control. Capitalized terms not explicitly defined in this Option Agreement or in the Stock Option Grant Notice but defined in the Plan will have the same definitions as in the Plan.

The details of your option, in addition to those set forth in the Stock Option Grant Notice and the Plan, are as follows:

1. VESTING. Your option will vest as provided in your Stock Option Grant Notice. Vesting will cease upon the termination of your Continuous Service.

2. NUMBER OF SHARES AND EXERCISE PRICE. The number of shares of Common Stock subject to your option and your exercise price per share in your Stock Option Grant Notice will be adjusted for Capitalization Adjustments.

3. EXERCISE RESTRICTION FOR NON-EXEMPT EMPLOYEES. If you are an Employee eligible for overtime compensation under the Fair Labor Standards Act of 1938, as amended (that is, a "***Non-Exempt Employee***"), and except as otherwise provided in the Plan, you may not exercise your option until you have completed at least six (6) months of Continuous Service measured from the Date of Grant, even if you have already been an employee for more than six (6) months. Consistent with the provisions of the Worker Economic Opportunity Act, you may exercise your option as to any vested portion prior to such six (6) month anniversary in the case of (i) your death or disability, (ii) a Corporate Transaction in which your option is not assumed, continued or substituted, (iii) a Change in Control or (iv) your termination of Continuous Service on your "retirement" (as defined in the Company's benefit plans).

4. EXERCISE PRIOR TO VESTING ("EARLY EXERCISE"). If permitted in your Stock Option Grant Notice (*i.e.*, the "Exercise Schedule" indicates "Early Exercise Permitted") and subject to the provisions of your option, you may elect at any time that is both (i) during the period of your Continuous Service and (ii) during the term of your option, to exercise all or part of your option, including the unvested portion of your option; *provided, however*, that:

(a) a partial exercise of your option will be deemed to cover first vested shares of Common Stock and then the earliest vesting installment of unvested shares of Common Stock;

(b) any shares of Common Stock so purchased from installments that have not vested as of the date of exercise will be subject to the purchase option in favor of the Company as described in the Company's form of Early Exercise Stock Purchase Agreement; and

(c) you will enter into the Company's form of Early Exercise Stock Purchase Agreement with a vesting schedule that will result in the same vesting as if no early exercise had occurred

5. **Incentive Stock Option Limitation.** If your option is an Incentive Stock Option, then, to the extent that the aggregate Fair Market Value (determined at the Date of Grant) of the shares of Common Stock with respect to which your option plus all other Incentive Stock Options you hold are exercisable for the first time by you during any calendar year (under all plans of the Company and its Affiliates) exceeds one hundred thousand dollars ($100,000), your option(s) or portions thereof that exceed such limit (according to the order in which they were granted) will be treated as Nonstatutory Stock Options.

6. **Method of Payment.** You must pay the full amount of the exercise price for the shares you wish to exercise. You may pay the exercise price in cash or by check, bank draft, wire transfer or money order payable to the Company or in any other manner permitted by your Stock Option Grant Notice, which may include one or more of the following:

(a) Provided that at the time of exercise the Common Stock is publicly traded, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds. This manner of payment is also known as a “broker-assisted exercise”, “same day sale”, or “sell to cover”.

(b) Provided that at the time of exercise the Common Stock is publicly traded, by delivery to the Company (either by actual delivery or attestation) of already-owned shares of Common Stock that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. “Delivery” for these purposes, in the sole discretion of the Company at the time you exercise your option, will include delivery to the Company of your attestation of ownership of such shares of Common Stock in a form approved by the Company. You may not exercise your option by delivery to the Company of Common Stock if doing so would violate the provisions of any law, regulation or agreement restricting the redemption of the Company’s stock.

(c) If this option is a Nonstatutory Stock Option, subject to the consent of the Company at the time of exercise, by a “net exercise” arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise of your option by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price. You must pay any remaining balance of the aggregate exercise price not satisfied by the “net exercise” in cash or other permitted form of payment. Shares of Common Stock will no longer be outstanding under your option and will not be exercisable thereafter if those shares (i) are used to pay the exercise price pursuant to the “net exercise,” (ii) are delivered to you as a result of such exercise, and (iii) are withheld to satisfy your tax withholding obligations.

7. **Whole Shares.** You may exercise your option only for whole shares of Common Stock.

8. **Securities Law Compliance.** In no event may you exercise your option unless the shares of Common Stock issuable upon exercise are then registered under the Securities Act or, if not registered, the Company has determined that your exercise and the issuance of the shares would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with all other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations (including any restrictions on exercise required for compliance with Treas. Reg. 1.401(k)-1(d)(3), if applicable).

9. TERM. You may not exercise your option before the Date of Grant or after the expiration of the option's term. The term of your option expires, subject to the provisions of Section 5(h) of the Plan, upon the earliest of the following:

(a) immediately upon the termination of your Continuous Service for Cause;

(b) three (3) months after the termination of your Continuous Service for any reason other than Cause, your Disability, or your death (except as otherwise provided in Section 9(d) below); *provided*, *however*, that if during any part of such three-month period your option is not exercisable solely because of the condition set forth in the section above relating to "Securities Law Compliance," your option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service; *provided further*, that if (i) you are a Non-Exempt Employee, (ii) your Continuous Service terminates within six (6) months after the Date of Grant, and (iii) you have vested in a portion of your option at the time of your termination of Continuous Service, your option will not expire until the earlier of (x) the later of (A) the date that is seven (7) months after the Date of Grant, and (B) the date that is three (3) months after the termination of your Continuous Service, and (y) the Expiration Date;

(c) twelve (12) months after the termination of your Continuous Service due to your Disability (except as otherwise provided in Section 9(d)) below;

(d) twelve (12) months after your death if you die either during your Continuous Service or within three (3) months after your Continuous Service terminates for any reason other than Cause;

(e) the Expiration Date indicated in your Stock Option Grant Notice; and

(f) the day before the tenth (10th) anniversary of the Date of Grant.

If your option is an Incentive Stock Option, note that to obtain the federal income tax advantages associated with an Incentive Stock Option, the Code requires that at all times beginning on the Date of Grant and ending on the day three (3) months before the date of your option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or Disability. The Company has provided for extended exercisability of your option under certain circumstances for your benefit but cannot guarantee that your option will necessarily be treated as an Incentive Stock Option if you continue to provide services to the Company or an Affiliate as a Consultant or Director after your employment terminates or if you otherwise exercise your option more than three (3) months after the date your employment with the Company or an Affiliate terminates.

10. EXERCISE.

(a) You may exercise the vested portion of your option (and the unvested portion of your option if your Stock Option Grant Notice so permits) during its term by (i) delivering a Notice of Exercise (in a form designated by the Company) or completing such other documents and/or procedures designated by the Company for exercise and (ii) paying the exercise price and any applicable withholding taxes to the Company's Secretary, stock plan administrator, or such other person as the Company may designate, together with such additional documents as the Company may then require.

(b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (i) the exercise of your option, or (ii) the disposition of shares of Common Stock acquired upon such exercise.

(c) If your option is an Incentive Stock Option, by exercising your option you agree that you will notify the Company in writing within fifteen (15) days after the date of any disposition of any of the shares of the Common Stock issued upon exercise of your option that occurs within two (2) years after the Date of Grant or within one (1) year after such shares of Common Stock are transferred upon exercise of your option.

(d) By exercising your option you agree that you will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale with respect to any shares of Common Stock or other securities of the Company held by you, for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2241 or any successor or similar rules or regulation (the "***Lock-Up Period***"); *provided, however*, that nothing contained in this section will prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock-Up Period. You further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to your shares of Common Stock until the end of such period. You also agree that any transferee of any shares of Common Stock (or other securities) of the Company held by you will be bound by this Section 10(d). The underwriters of the Company's stock are intended third party beneficiaries of this Section 10(d) and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

11. **Transferability.** Except as otherwise provided in this Section 11, your option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you.

(a) **Certain Trusts.** Upon receiving written permission from the Board or its duly authorized designee, you may transfer your option to a trust if you are considered to be the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while the option is held in the trust. You and the trustee must enter into transfer and other agreements required by the Company.

(b) **Domestic Relations Orders.** Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your option pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulation 1.421-1(b)(2) that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this option with the Company prior to finalizing the domestic relations order or marital settlement agreement to help ensure the required information is contained within the domestic relations order or marital settlement agreement. If this option is an Incentive Stock Option, this option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

(c) **Beneficiary Designation.** Upon receiving written permission from the Board or its duly authorized designee, you may, by delivering written notice to the Company, in a form approved by the Company and any broker designated by the Company to handle option exercises, designate a third party who, on your death, will thereafter be entitled to exercise this option and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, your executor or administrator of your estate will be entitled to exercise this option and receive, on behalf of your estate, the Common Stock or other consideration resulting from such exercise.

12. **Right of First Refusal**. Shares of Common Stock that you acquire upon exercise of your option are subject to any right of first refusal that may be described in the Company's bylaws in effect at such time the Company elects to exercise its right. The Company's right of first refusal will expire on the first date upon which any security of the Company is listed (or approved for listing) upon notice of issuance on a national securities exchange or quotation system.

13. **Right of Repurchase.** To the extent provided in the Company's bylaws in effect at such time the Company elects to exercise its right, the Company will have the right to repurchase all or any part of the shares of Common Stock you acquire pursuant to the exercise of your option. In addition, the Company will have the right to repurchase all of the shares of Common Stock you acquire pursuant to the exercise of your option upon termination of your Continuous Service for Cause. Such repurchase will be at the exercise price you paid to acquire the shares and will be effected pursuant to such other terms and conditions, and at such time, as the Company will determine.

14. **Option not a Service Contract.** Your option is not an employment or service contract, and nothing in your option will be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment. In addition, nothing in your option will obligate the Company or an Affiliate, their respective stockholders, boards of directors, officers or employees to continue any relationship that you might have as a Director or Consultant for the Company or an Affiliate.

15. **Withholding Obligations.**

(a) At the time you exercise your option, in whole or in part, and at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a "same day sale" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise of your option.

(b) If this option is a Nonstatutory Stock Option, then upon your request and subject to approval by the Company, and compliance with any applicable legal conditions or restrictions, the Company may withhold from fully vested shares of Common Stock otherwise issuable to you upon the exercise of your option a number of whole shares of Common Stock having a Fair Market Value, determined by the Company as of the date of exercise, not in excess of the maximum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid classification of your option as a liability for financial accounting purposes). Any adverse consequences to you arising in connection with such share withholding procedure will be your sole responsibility.

(c) You may not exercise your option unless the tax withholding obligations of the Company and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company will have no obligation to issue a certificate for such shares of Common Stock or release such shares of Common Stock from any escrow provided for herein, if applicable, unless such obligations are satisfied.

16. **Tax Consequences**. You hereby agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You will not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from your option or your other compensation. In particular, you acknowledge that this option is exempt from Section 409A of the Code only if the exercise price per share specified in the Stock Option Grant Notice is at least equal to the "fair market value" per share of the Common Stock on the Date of Grant and there is no other impermissible deferral of compensation associated with the option. Because the Common Stock is not traded on an established securities market, the Fair Market Value is determined by the Board, perhaps in consultation with an independent valuation firm retained by the Company. You acknowledge that there is no guarantee that the Internal Revenue Service will agree with the valuation as determined by the Board, and you will not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates in the event that the Internal Revenue Service asserts that the valuation determined by the Board is less than the "fair market value" as subsequently determined by the Internal Revenue Service.

17. **Notices.** Any notices provided for in your option or the Plan will be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this option by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this option, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

18. **Governing Plan Document**. Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. If there is any conflict between the provisions of your option and those of the Plan, the provisions of the Plan will control.

ATTACHMENT II

2017 EQUITY INCENTIVE PLAN

ATTACHMENT III

NOTICE OF EXERCISE

3-V BIOSCIENCES, INC.

_____

_____

Date of Exercise: _____

This constitutes notice to 3-V Biosciences, Inc. (the "***Company***") under my stock option that I elect to purchase the below number of shares of Common Stock of the Company (the "***Shares***") for the exercise price set forth below.

Type of option (check one):	Incentive ☐	Nonstatutory ☐
Stock option dated:	_____	_____
Number of Shares as to which option is exercised:	_____	_____
Certificates to be issued in name of:	_____	_____
Total exercise price:	$_____	$_____
Cash payment delivered herewith:	$_____	$_____
Regulation T Program (cashless exercise[1]):	$_____	$_____
Value of _____ Shares delivered herewith[2]:	$_____	$_____]

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the 3-V Biosciences, Inc. 2017 Equity Incentive Plan, (ii) to provide for the payment by me to you (in the manner designated by you) of your withholding obligation, if any, relating to the exercise of this option, and (iii) if this exercise relates to an incentive stock option, to notify you in writing within fifteen (15) days after the date of any disposition of any of the Shares issued upon exercise of this option that occurs within two (2) years after the date of grant of this option or within one (1) year after such Shares are issued upon exercise of this option.

I hereby make the following certifications and representations with respect to the number of Shares listed above, which are being acquired by me for my own account upon exercise of the option as set forth above:

[1] Shares must meet the public trading requirements set forth in the option agreement.

[2] Shares must meet the public trading requirements set forth in the option. Shares must be valued in accordance with the terms of the option being exercised, and must be owned free and clear of any liens, claims, encumbrances or security interests. Certificates must be endorsed or accompanied by an executed assignment separate from certificate.

I acknowledge that the Shares have not been registered under the Securities Act of 1933, as amended (the "***Securities Act***"), and are deemed to constitute "restricted securities" under Rule 701 and Rule 144 promulgated under the Securities Act. I warrant and represent to the Company that I have no present intention of distributing or selling said Shares, except as permitted under the Securities Act and any applicable state securities laws.

I further acknowledge that I will not be able to resell the Shares for at least ninety (90) days after the stock of the Company becomes publicly traded (*i.e.*, subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934) under Rule 701 and that more restrictive conditions apply to affiliates of the Company under Rule 144.

I further acknowledge that all certificates representing any of the Shares subject to the provisions of the option will have endorsed thereon appropriate legends reflecting the foregoing limitations, as well as any legends reflecting restrictions pursuant to the Company's Articles of Incorporation, Bylaws and/or applicable securities laws.

I further acknowledge and agree that, except for such information as required to be delivered to me by the Company pursuant to the option or the Plan (if any), I will have no right to receive any information from the Company by virtue of the grant of the option or the purchase of shares of Common Stock through exercise of the option, ownership of such shares of Common Stock, or as a result of my being a holder of record of stock of the Company. Without limiting the foregoing, to the fullest extent permitted by law, I hereby waive all inspection rights under Section 220 of the Delaware General Corporation Law and all such similar information and/or inspection rights that may be provided under the law of any jurisdiction, or any federal, state or foreign regulation, that are, or may become, applicable to the Company or the Company's capital stock (the "***Inspection Rights***"). I hereby covenant and agree never to directly or indirectly commence, voluntarily aid in any way, prosecute, assign, transfer, or cause to be commenced any claim, action, cause of action, or other proceeding to pursue or exercise the Inspection Rights.

I further agree that, if required by the Company (or a representative of the underwriters) in connection with the first underwritten registration of the offering of any securities of the Company under the Securities Act, I will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale with respect to any shares of Common Stock or other securities of the Company for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act (or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2241 or any successor or similar rule or regulation) (the "***Lock-Up Period***"). I further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such period.

Very truly yours,

_____

Signature

_____

Print Name

Address of Record:

_____

_____

ATTACHMENT IV

EARLY EXERCISE STOCK PURCHASE AGREEMENT

THIS AGREEMENT is made by and between 3-V Biosciences, Inc., a Delaware corporation (the "***Company***"), and _____ ("***Purchaser***").

WITNESSETH:

WHEREAS, Purchaser holds a stock option dated _____ to purchase shares of common stock ("***Common Stock***") of the Company (the "***Option***") pursuant to the Company's 2017 Equity Incentive Plan (the "***Plan***"); and

WHEREAS, the Option consists of a Stock Option Grant Notice and a Stock Option Agreement; and

WHEREAS, Purchaser desires to exercise the Option on the terms and conditions contained herein; and

WHEREAS, Purchaser wishes to take advantage of the early exercise provision of Purchaser's Option and therefore to enter into this Agreement;

NOW, THEREFORE, IT IS AGREED between the parties as follows:

1. INCORPORATION OF PLAN AND OPTION BY REFERENCE. This Agreement is subject to all of the terms and conditions as set forth in the Plan and the Option. If there is a conflict between the terms of this Agreement and/or the Option and the terms of the Plan, the terms of the Plan shall control. If there is a conflict between the terms of this Agreement and the terms of the Option, the terms of the Option shall control. Defined terms not explicitly defined in this Agreement but defined in the Plan shall have the same definitions as in the Plan. Defined terms not explicitly defined in this Agreement or the Plan but defined in the Option shall have the same definitions as in the Option.

2. PURCHASE AND SALE OF COMMON STOCK.

(a) Agreement to purchase and sell Common Stock. Purchaser hereby agrees to purchase from the Company, and the Company hereby agrees to sell to Purchaser, an aggregate of ( ) shares of Common Stock at $ per share, for an aggregate purchase price of $, payable as follows:

Cash, check, bank draft or money order payable to the Company	$_____
Value of _____ shares of Common Stock[1]	$_____
Total Exercise Price	$_____.

[1] Shares must meet the public trading requirements set forth in the Option. Shares must be valued in accordance with the terms of the Option being exercised, must have been owned for the minimum period required in the Option and must be owned free and clear of any liens, claims, encumbrances or security interest. Certificates must be endorsed or accompanied by an executed stock assignment.

(b) Closing. The closing hereunder, including payment for and delivery of the Common Stock, shall occur at the offices of the Company immediately following the execution of this Agreement, or at such other time and place as the parties may mutually agree; *provided, however,* that if stockholder approval of the Plan is required before the Option may be exercised, then the Option may not be exercised, and the closing shall be delayed, until such stockholder approval is obtained. If such stockholder approval is not obtained within the time limit specified in the Plan, then this Agreement shall be null and void.

3. Unvested Share Repurchase Option.

(a) Repurchase Option. In the event Purchaser's Continuous Service terminates, then the Company shall have an irrevocable option (the "***Repurchase Option***") for a period of ninety (90) days after said termination (or in the case of shares issued upon exercise of the Option after such date of termination, within ninety (90) days after the date of the exercise), or such longer period as may be agreed to by the Company and Purchaser, to repurchase from Purchaser or Purchaser's personal representative, as the case may be, those shares that Purchaser received pursuant to the exercise of the Option that have not as yet vested as of such termination date in accordance with the Vesting Schedule indicated on Purchaser's Stock Option Grant Notice (the "***Unvested Shares***").

(b) Share Repurchase Price. The Company may repurchase all or any of the Unvested Shares at the lower of (i) the Fair Market Value of the such shares (as determined under the Plan) on the date of repurchase, or (ii) the price equal to Purchaser's Exercise Price for such shares as indicated on Purchaser's Stock Option Grant Notice.

4. Exercise of Repurchase Option. The Repurchase Option shall be exercised by written notice signed by such person as designated by the Company, and delivered or mailed as provided herein. Such notice shall identify the number of shares of Common Stock to be purchased and shall notify Purchaser of the time, place and date for settlement of such purchase, which shall be scheduled by the Company within the term of the Repurchase Option set forth above. The Company shall be entitled to pay for any shares of Common Stock purchased pursuant to its Repurchase Option at the Company's option in cash or by offset against any indebtedness owing to the Company by Purchaser (including without limitation any Promissory Note given in payment for the Common Stock), or by a combination of both. Upon delivery of such notice and payment of the purchase price in any of the ways described above, the Company shall become the legal and beneficial owner of the Common Stock being repurchased and all rights and interest therein or related thereto, and the Company shall have the right to transfer to its own name the Common Stock being repurchased by the Company, without further action by Purchaser.

5. Capitalization Adjustments to Common Stock. In the event of a Capitalization Adjustment, then any and all new, substituted or additional securities or other property to which Purchaser is entitled by reason of Purchaser's ownership of Common Stock shall be immediately subject to the Repurchase Option and be included in the word "Common Stock" for all purposes of the Repurchase Option with the same force and effect as the shares of the Common Stock presently subject to the Repurchase Option, but only to the extent the Common Stock is, at the time, covered by such Repurchase Option. While the total Option Price shall remain the same after each such event, the Option Price per share of Common Stock upon exercise of the Repurchase Option shall be appropriately adjusted.

6. Corporate Transactions. In the event of a Corporate Transaction, then the Repurchase Option may be assigned by the Company to the successor of the Company (or such successor's parent company), if any, in connection with such Corporate Transaction. To the extent the Repurchase Option remains in effect following such Corporate Transaction, it shall apply to the new capital stock or other property received in exchange for the Common Stock in consummation of the Corporate Transaction, but only to the extent the Common Stock was at the time covered by such right. Appropriate adjustments shall be made to the price per share payable upon exercise of the Repurchase Option to reflect the Corporate Transaction upon the Company's capital structure; *provided, however,* that the aggregate price payable upon exercise of the Repurchase Option shall remain the same.

7. **Escrow of Unvested Common Stock.** As security for Purchaser's faithful performance of the terms of this Agreement and to insure the availability for delivery of Purchaser's Common Stock upon exercise of the Repurchase Option herein provided for, Purchaser agrees, at the closing hereunder, to deliver to and deposit with the Secretary of the Company or the Secretary's designee ("***Escrow Agent***"), as Escrow Agent in this transaction, three (3) stock assignments duly endorsed (with date and number of shares blank) in the form attached hereto as Exhibit A, together with a certificate or certificates evidencing all of the Common Stock subject to the Repurchase Option; said documents are to be held by the Escrow Agent and delivered by said Escrow Agent pursuant to the Joint Escrow Instructions of the Company and Purchaser set forth in Exhibit B, attached hereto and incorporated by this reference, which instructions also shall be delivered to the Escrow Agent at the closing hereunder.

8. **Rights of Purchaser.** Subject to the provisions of the Option, Purchaser shall exercise all rights and privileges of a stockholder of the Company with respect to the shares deposited in escrow. Purchaser shall be deemed to be the holder of the shares for purposes of receiving any dividends that may be paid with respect to such shares and for purposes of exercising any voting rights relating to such shares, even if some or all of such shares have not yet vested and been released from the Company's Repurchase Option.

9. **Limitations on Transfer.** In addition to any other limitation on transfer created by applicable securities laws, Purchaser shall not sell, assign, hypothecate, donate, encumber or otherwise dispose of any interest in the Common Stock while the Common Stock is subject to the Repurchase Option. After any Common Stock has been released from the Repurchase Option, Purchaser shall not sell, assign, hypothecate, donate, encumber or otherwise dispose of any interest in the Common Stock except in compliance with the provisions herein and applicable securities laws. Furthermore, the Common Stock shall be subject to any right of first refusal in favor of the Company or its assignees that may be contained in Purchaser's Stock Option Agreement.

10. **Restrictive Legends.** All certificates representing the Common Stock shall have endorsed thereon legends in substantially the following forms (in addition to any other legend which may be required by other agreements between the parties hereto):

(a) "THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO AN OPTION SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE REGISTERED HOLDER, OR SUCH HOLDER'S PREDECESSOR IN INTEREST, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL OFFICE OF THIS COMPANY. ANY TRANSFER OR ATTEMPTED TRANSFER OF ANY SHARES SUBJECT TO SUCH OPTION IS VOID WITHOUT THE PRIOR EXPRESS WRITTEN CONSENT OF THE COMPANY."

(b) "THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THE SECURITIES UNDER SAID ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED."

(c) "THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A RIGHT OF FIRST REFUSAL OPTION IN FAVOR OF THE COMPANY AND/OR ITS ASSIGNEE(S) AS PROVIDED IN THE BYLAWS OF THE COMPANY AND IN AN AGREEMENT WITH THE COMPANY."

(d) "THE SHARES REPRESENTED BY THIS CERTIFICATE WERE ISSUED PURSUANT TO THE EXERCISE OF AN INCENTIVE STOCK OPTION OR A NONSTATUTORY STOCK OPTION.

(e) "THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A TRANSFER RESTRICTION, AS PROVIDED IN THE BYLAWS OF THE COMPANY."

(f) Any legend required by appropriate blue sky officials.

11. Investment Representations. In connection with the purchase of the Common Stock, Purchaser represents to the Company the following:

(a) Purchaser is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Common Stock. Purchaser is acquiring the Common Stock for investment for Purchaser's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act.

(b) Purchaser understands that the Common Stock has not been registered under the Securities Act by reason of a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Purchaser's investment intent as expressed herein.

(c) Purchaser further acknowledges and understands that the Common Stock must be held indefinitely unless the Common Stock is subsequently registered under the Securities Act or an exemption from such registration is available. Purchaser further acknowledges and understands that the Company is under no obligation to register the Common Stock. Purchaser understands that the certificate evidencing the Common Stock will be imprinted with a legend that prohibits the transfer of the Common Stock unless the Common Stock is registered or such registration is not required in the opinion of counsel for the Company.

(d) Purchaser is familiar with the provisions of Rules 144 and 701, under the Securities Act, as in effect from time to time, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly, from the issuer thereof (or from an affiliate of such issuer), in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of issuance of the securities, such issuance will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the securities exempt under Rule 701 may be sold by Purchaser ninety (90) days thereafter, subject to the satisfaction of certain of the conditions specified by Rule 144 and the market stand-off provision described in Purchaser's Stock Option Agreement and Section 12 below.

(e) In the event that the sale of the Common Stock does not qualify under Rule 701 at the time of purchase, then the Common Stock may be resold by Purchaser in certain limited circumstances subject to the provisions of Rule 144, which requires, among other things: (i) the availability of certain public information about the Company, and (ii) the resale occurring following the required holding period under Rule 144 after Purchaser has purchased, and made full payment of (within the meaning of Rule 144), the securities to be sold.

(f) Purchaser further understands that at the time Purchaser wishes to sell the Common Stock there may be no public market upon which to make such a sale, and that, even if such a public market then exists, the Company may not be satisfying the current public current information requirements of Rule 144 or 701, and that, in such event, Purchaser would be precluded from selling the Common Stock under Rule 144 or 701 even if the minimum holding period requirement had been satisfied.

(g) Purchaser further warrants and represents that Purchaser has either (i) preexisting personal or business relationships, with the Company or any of its officers, directors or controlling persons, or (ii) the capacity to protect his own interests in connection with the purchase of the Common Stock by virtue of the business or financial expertise of Purchaser or of professional advisors to Purchaser who are unaffiliated with and who are not compensated by the Company or any of its affiliates, directly or indirectly. Purchaser further warrants and represents that Purchaser's purchase the Common Stock was not accomplished by the publication of any advertisement.

12. Lock-Up Period. By exercising the Option, Purchaser agrees not to sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any shares of Common Stock or other securities of the Company held by Purchaser, for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as necessary to permit compliance with FINRA Rule 2241 and similar rules or regulations (the "***Lock-Up Period***"); *provided, however*, that nothing shall prevent the exercise of the Repurchase Option during the Lock-Up Period. Purchaser further agrees to execute and deliver such other agreements as may be reasonably requested by the Company and/or the underwriter(s) that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to Purchaser's shares of Common Stock until the end of such period. The underwriters of the Company's stock are intended third party beneficiaries of this Section 12 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

13. Section 83(b) Election. Purchaser understands that Section 83(a) of the Code taxes as ordinary income the difference between the amount paid for the Common Stock and the fair market value of the Common Stock as of the date any restrictions on the Common Stock lapse. In this context, "restriction" includes the right of the Company to buy back the Common Stock pursuant to the Repurchase Option set forth above. Purchaser understands that Purchaser may elect to be taxed at the time the Common Stock is purchased, rather than when and as the Repurchase Option expires, by filing an election under Section 83(b) (an "***83(b) Election***") of the Code with the Internal Revenue Service within thirty (30) days of the date of purchase. Even if the fair market value of the Common Stock at the time of the execution of this Agreement equals the amount paid for the Common Stock, the 83(b) Election must be made to avoid income under Section 83(a) in the future. Purchaser understands that failure to file such an 83(b) Election in a timely manner may result in adverse tax consequences for Purchaser. Purchaser further understands that Purchaser must file an additional copy of such 83(b) Election with his or her federal income tax return for the calendar year in which the date of this Agreement falls. Purchaser acknowledges that the foregoing is only a summary of the effect of United States federal income taxation with respect to purchase of the Common Stock hereunder, and does not purport to be complete. Purchaser further acknowledges that the Company has directed Purchaser to seek independent advice regarding the applicable provisions of the Code, the income tax laws of any municipality, state or foreign country in which Purchaser may reside, and the tax consequences of Purchaser's death. PURCHASER ACKNOWLEDGES THAT IT IS PURCHASER'S RESPONSIBILITY, AND NOT THE COMPANY'S, TO FILE A TIMELY ELECTION UNDER SECTION 83(B) OF THE CODE. THE COMPANY AND ITS LEGAL COUNSEL WILL NOT ASSUME RESPONSIBILITY FOR FAILURE TO FILE THE 83(B) ELECTION IN A TIMELY MANNER UNDER ANY CIRCUMSTANCES. PURCHASER ASSUMES ALL RESPONSIBILITY FOR PAYING ALL TAXES RESULTING FROM SUCH ELECTION OR THE LAPSE OF THE RESTRICTIONS ON THE COMMON STOCK. Forms of 83(b) Election are attached hereto as **Exhibit C** for reference.

14. Refusal to Transfer. The Company shall not be required (a) to transfer on its books any shares of Common Stock of the Company which shall have been transferred in violation of any of the provisions set forth in this Agreement, or (b) to treat as owner of such shares or to accord the right to vote as such owner or to pay dividends to any transferee to whom such shares shall have been so transferred.

15. No Employment Rights. This Agreement is not an employment contract and nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company or its Affiliates to terminate Purchaser's employment for any reason at any time, with or without cause and with or without notice.

16. Miscellaneous.

(a) Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed facsimile if sent during normal business hours of the recipient, and if not during normal business hours of the recipient, then on the next business day, (c) five (5) calendar days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the other party hereto at such party's address hereinafter set forth on the signature page hereof, or at such other address as such party may designate by ten (10) days advance written notice to the other party hereto.

(b) Successors and Assigns. This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer herein set forth, be binding upon Purchaser, Purchaser's successors, and assigns. The Company may assign the Repurchase Option hereunder at any time or from time to time, in whole or in part.

(c) Attorneys' Fees; Specific Performance. Purchaser shall reimburse the Company for all costs incurred by the Company in enforcing the performance of, or protecting its rights under, any part of this Agreement, including reasonable costs of investigation and attorneys' fees. It is the intention of the parties that the Company, upon exercise of the Repurchase Option and payment for the shares repurchased, pursuant to the terms of this Agreement, shall be entitled to receive the Common Stock, *in specie,* in order to have such Common Stock available for future issuance without dilution of the holdings of other stockholders. Furthermore, it is expressly agreed between the parties that money damages are inadequate to compensate the Company for the Common Stock and that the Company shall, upon proper exercise of the Repurchase Option, be entitled to specific enforcement of its rights to purchase and receive said Common Stock.

(d) Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware. The parties agree that any action brought by either party to interpret or enforce any provision of this Agreement shall be brought in, and each party agrees to, and does hereby, submit to the jurisdiction and venue of, the appropriate state or federal court for the district encompassing the Company's principal place of business.

(e) Further Execution. The parties agree to take all such further action(s) as may reasonably be necessary to carry out and consummate this Agreement as soon as practicable, and to take whatever steps may be necessary to obtain any governmental approval in connection with or otherwise qualify the issuance of the securities that are the subject of this Agreement.

(f) Independent Counsel. Purchaser acknowledges that this Agreement has been prepared on behalf of the Company by Cooley LLP, counsel to the Company and that Cooley LLP does not represent, and is not acting on behalf of, Purchaser. Purchaser has been provided with an opportunity to consult with Purchaser's own counsel with respect to this Agreement.

(g) Entire Agreement; Amendment. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes and merges all prior agreements or understandings, whether written or oral. This Agreement may not be amended, modified or revoked, in whole or in part, except by an agreement in writing signed by each of the parties hereto.

(h) Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

(i) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. This Agreement may also be executed and delivered by facsimile signature, PDF or any electronic signature complying with the U.S. federal ESIGN Act of 2000 (e.g., www.docusign.com).

The parties hereto have executed this Agreement as of _____.

3-V BIOSCIENCES, INC.

By _____

Name _____

Title _____

PURCHASER

_____

Signature

_____

Name (Please print)

ATTACHMENTS:

Exhibit A	Assignment Separate from Certificate
Exhibit B	Joint Escrow Instructions
Exhibit C	Forms of Section 83(b) Election

EXHIBIT A

STOCK ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto 3-V Biosciences, Inc., a Delaware corporation (the "Company"), pursuant to the Repurchase Option under that certain Early Exercise Stock Purchase Agreement, dated _____ by and between the undersigned and the Company (the "Agreement"), _____ (_____) shares of Common Stock of the Company standing in the undersigned's name on the books of the Company represented by Certificate No(s). _____ and does hereby irrevocably constitute and appoint the Company's Secretary attorney-in-fact to transfer said Common Stock on the books of the Company with full power of substitution in the premises. This Assignment may be used only in accordance with and subject to the terms and conditions of the Agreement, in connection with the repurchase of shares of Common Stock issued to the undersigned pursuant to the Agreement, and only to the extent that such shares remain subject to the Company's Repurchase Option under the Agreement.

Dated: _____

_____
(Signature)

_____
(Print Name)

(INSTRUCTION: *Please do not fill in any blanks other than the "Signature" line and the "Print Name" line*.)

EXHIBIT B

JOINT ESCROW INSTRUCTIONS

Secretary
3-V Biosciences, Inc.
1050 Hamilton Court
Menlo Park, CA 94025

Dear Sir or Madam:

As Escrow Agent for both 3-V Biosciences, Inc., a Delaware corporation ("Company"), and the undersigned purchaser of Common Stock of the Company ("Purchaser"), you are hereby authorized and directed to hold the documents delivered to you pursuant to the terms of that certain Early Exercise Stock Purchase Agreement ("Agreement"), dated _____ to which a copy of these Joint Escrow Instructions is attached as Exhibit B, in accordance with the following instructions:

1. In the event the Company or an assignee shall elect to exercise the Repurchase Option set forth in the Agreement, the Company or its assignee will give to Purchaser and you a written notice specifying the number of shares of Common Stock to be purchased, the purchase price, and the time for a closing hereunder at the principal office of the Company. Purchaser and the Company hereby irrevocably authorize and direct you to close the transaction contemplated by such notice in accordance with the terms of said notice.

2. At the closing you are directed (a) to date any stock assignments necessary for the transfer in question, (b) to fill in the number of shares being transferred, and (c) to deliver same, together with the certificate evidencing the shares of Common Stock to be transferred, to the Company against the simultaneous delivery to you of the purchase price (which may include suitable acknowledgment of cancellation of indebtedness) of the number of shares of Common Stock being purchased pursuant to the exercise of the Repurchase Option.

3. Purchaser irrevocably authorizes the Company to deposit with you any certificates evidencing shares of Common Stock to be held by you hereunder and any additions and substitutions to said shares as specified in the Agreement. Purchaser does hereby irrevocably constitute and appoint you as the Purchaser's attorney-in-fact and agent for the term of this escrow to execute with respect to such securities and other property all documents of assignment and/or transfer and all stock certificates necessary or appropriate to make all securities negotiable and complete any transaction herein contemplated, including but not limited to any appropriate filing with state or government officials or bank officials. Subject to the provisions of this paragraph 3, Purchaser shall exercise all rights and privileges of a stockholder of the Company while the stock is held by you.

4. This escrow shall terminate and the shares of stock held hereunder shall be released in full upon the expiration or exercise in full of the Repurchase Option, whichever occurs first.

5. If at the time of termination of this escrow you should have in your possession any documents, securities, or other property belonging to Purchaser, you shall deliver all of same to Purchaser and shall be discharged of all further obligations hereunder; *provided, however,* that if at the time of termination of this escrow you are advised by the Company that the property subject to this escrow is the subject of a pledge or other security agreement, you shall deliver all such property to the pledgeholder or other person designated by the Company.

6. Except as otherwise provided in these Joint Escrow Instructions, your duties hereunder may be altered, amended, modified or revoked only by a writing signed by all of the parties hereto.

7. You shall be obligated only for the performance of such duties as are specifically set forth herein and may rely and shall be protected in relying or refraining from acting on any instrument reasonably believed by you to be genuine and to have been signed or presented by the proper party or parties or their assignees. You shall not be personally liable for any act you may do or omit to do hereunder as Escrow Agent or as attorney-in-fact for Purchaser while acting in good faith and any act done or omitted by you pursuant to the advice of your own attorneys shall be conclusive evidence of such good faith.

8. You are hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person or corporation, excepting only orders or process of courts of law, and are hereby expressly authorized to comply with and obey orders, judgments or decrees of any court. In case you obey or comply with any such order, judgment or decree of any court, you shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance, notwithstanding any such order, judgment or decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction.

9. You shall not be liable in any respect on account of the identity, authority or rights of the parties executing or delivering or purporting to execute or deliver the Agreement or any documents or papers deposited or called for hereunder.

10. You shall not be liable for the outlawing of any rights under any statute of limitations with respect to these Joint Escrow Instructions or any documents deposited with you.

11. Your responsibilities as Escrow Agent hereunder shall terminate if you shall cease to be Secretary of the Company or if you shall resign by written notice to the Company party. In the event of any such termination, the Secretary of the Corporation shall automatically become the successor Escrow Agent unless the Company shall appoint another successor Escrow Agent, and Purchaser hereby confirms the appointment of such successor as Purchaser's attorney-in-fact and agent to the full extent of your appointment.

12. If you reasonably require other or further instruments in connection with these Joint Escrow Instructions or obligations in respect hereto, the necessary parties hereto shall join in furnishing such instruments.

13. It is understood and agreed that should any dispute arise with respect to the delivery and/or ownership or right of possession of the securities, you are authorized and directed to retain in your possession without liability to anyone all or any part of said securities until such dispute shall have been settled either by mutual written agreement of the parties concerned or by a final order, decree or judgment of a court of competent jurisdiction after the time for appeal has expired and no appeal has been perfected, but you shall be under no duty whatsoever to institute or defend any such proceedings.

14. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, including delivery by express courier or five days after deposit in the United States Post Office, by registered or certified mail with postage and fees prepaid, addressed to each of the other parties hereunto entitled at the following addresses, or at such other addresses as a party may designate by ten days' advance written notice to each of the other parties hereto:

COMPANY: 3-V Biosciences, Inc.
1050 Hamilton Court
Menlo Park, CA 94025
Attn: Chief Financial Officer

PURCHASER: _____
_____
_____

ESCROW AGENT: 3-V Biosciences, Inc.
1050 Hamilton Court
Menlo Park, CA 94025
Attn: Corporate Secretary

15. By signing these Joint Escrow Instructions you become a party hereto only for the purpose of said Joint Escrow Instructions; you do not become a party to the Agreement.

16. You shall be entitled to employ such legal counsel and other experts (including without limitation the firm of Cooley LLP) as you may deem necessary properly to advise you in connection with your obligations hereunder. You may rely upon the advice of such counsel, and may pay such counsel reasonable compensation therefor. The Company shall be responsible for all fees generated by such legal counsel in connection with your obligations hereunder.

17. This instrument shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. It is understood and agreed that references to "you" or "your" herein refer to the original Escrow Agent and to any and all successor Escrow Agents. It is understood and agreed that the Company may at any time or from time to time assign its rights under the Agreement and these Joint Escrow Instructions in whole or in part.

18. This Agreement shall be governed by and interpreted and determined in accordance with the laws of the State of Delaware.

Very truly yours,

3-V BIOSCIENCES, INC.

By _____

Name: _____

Title _____

PURCHASER:

_____
Signature

_____
Name (Please Print)

ESCROW AGENT:

_____
Secretary, 3-V Biosciences, Inc.

EXHIBIT C

SECTION 83(b) ELECTION
(for Stock Acquired under Nonstatutory Stock Option)

[•], 20__

Department of the Treasury
Internal Revenue Service
[City, State Zip][1]

Re: Election Under Section 83(b)

Ladies and Gentlemen:

The undersigned taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include in gross income as compensation for services the excess (if any) of the fair market value of the shares described below over the amount paid for those shares. The following information is supplied in accordance with Treasury Regulation § 1.83-2:

1. The name, social security number, address of the undersigned, and the taxable year for which this election is being made are:

Name: _____
Social Security Number: _____
Address: _____
_____
Taxable year: Calendar year 20__.

2. The property that is the subject of this election: [#] shares of common stock of 3-V Biosciences, Inc., a Delaware corporation (the "***Company***").

3. The property was transferred on: [•], 20__.

4. The property is subject to the following restrictions:

The shares are subject to repurchase at less than their fair market value if the undersigned does not continue to provide services for the Company for a designated period of time. The risk of repurchase lapses over a specified vesting period..

5. The fair market value of the property at the time of transfer (determined without regard to any restriction other than a nonlapse restriction as defined in Treasury Regulation § 1.83-3(h)): $[•] per share x [#] shares = $[•].

6. For the property transferred, the undersigned paid: $[•] per share x [#] shares = $[•].

[1] Per Treasury Regulation § 1.83-2(c), the Section 83(b) election must be filed with the IRS office where the person otherwise files his or her tax return. See http://www.irs.gov/uac/Where-to-File-Addresses-for--Taxpayers-and--Tax-Professionals-Filing-Form-1040. Use the address in the row which includes the state in which the service provider lives and in the column entitled "And you ARE NOT enclosing a payment".

7. **The amount to include in gross income is:** $[•].[2]

The undersigned taxpayer will file this election with the Internal Revenue Service office with which taxpayer files his or her annual income tax return not later than 30 days after the date of transfer of the property. A copy of the election also will be furnished to the person for whom the services were performed and the transferee of the property, if any. Additionally, the undersigned will include a copy of the election with his or her income tax return for the taxable year in which the property is transferred. The undersigned is the person performing the services in connection with which the property was transferred.

Very truly yours,

[Name]

[2] This should equal the amount in Item 5 minus the amount in Item 6, and in many cases will be $0.00.

SECTION 83(b) ELECTION
(for Stock Acquired under Incentive Stock Option)

[•], 20__

Department of the Treasury
Internal Revenue Service
[City, State Zip][1]

Re: Election Under Section 83(b)

Ladies and Gentlemen:

The undersigned taxpayer hereby elects, pursuant to the provisions of Sections 55-56 and 83(b) of the Internal Revenue Code of 1986, as amended (the "***Code***"), to include in alternative minimum taxable income for the undersigned's current taxable year, as compensation for services, the excess, if any, of the fair market value of the property described below at the time of transfer over the amount paid for such property. The undersigned also elects pursuant to Section 83(b) of the Code to include in gross income for the taxable year in which the undersigned disposes of some or all of the property described below in a transaction which fails to satisfy the requirements of Section 422(a)(1) of the Code (a "***disqualifying disposition***"), as compensation for services, the lesser of (i) the excess, if any, of the fair market value of the disposed property at the time of transfer to the undersigned over the amount paid for such property; or (ii) the excess, if any of the amount realized by the undersigned in the disqualifying disposition over the amount paid for such property at the time of its transfer to the undersigned.

The following information is supplied in accordance with Treasury Regulation § 1.83-2:

1. **The name, social security number, address of the undersigned, and the taxable year for which this election is being made are:**
Name: _____
Social Security Number: _____
Address: _____
_____
Taxable year: Calendar year 20__.

2. **The property that is the subject of this election:** [#] shares of common stock of 3-V Biosciences, Inc, a Delaware corporation (the "***Company***").

3. **The property was transferred on:** [•], 20__.

[1] Per Treasury Regulation § 1.83-2(c), the Section 83(b) election must be filed with the IRS office where the person otherwise files his or her tax return. See http://www.irs.gov/uac/Where-to-File-Addresses-for--Taxpayers-and--Tax-Professionals-Filing-Form-1040. Use the address in the row which includes the state in which the service provider lives and in the column entitled "And you ARE NOT enclosing a payment".

4. **The property is subject to the following restrictions:**

The shares are subject to repurchase at less than their fair market value if the undersigned does not continue to provide services for the Company for a designated period of time. The risk of repurchase lapses over a specified vesting period.

5. **The fair market value of the property at the time of transfer (determined without regard to any restriction other than a nonlapse restriction as defined in Treasury Regulation § 1.83-3(h)):** $[•] per share x [#] shares = $[•].

6. **For the property transferred, the undersigned paid:** $[•] per share x [#] shares = $[•].

7. **The amount to include in gross income is:** $[•].[2]

The undersigned taxpayer will file this election with the Internal Revenue Service office with which taxpayer files his or her annual income tax return not later than 30 days after the date of transfer of the property. A copy of the election also will be furnished to the person for whom the services were performed and the transferee of the property, if any. Additionally, the undersigned will include a copy of the election with his or her income tax return for the taxable year in which the property is transferred. The undersigned is the person performing the services in connection with which the property was transferred.

Very truly yours,

_____

[Name]

[2] This should equal the amount in Item 5 minus the amount in Item 6, and in many cases will be $0.00.

Instructions for Filing Section 83(b) Election

Attached is a form of election under Section 83(b) of the Internal Revenue Code and an accompanying IRS cover letter. Please fill in your social security number and sign the election and cover letter, then proceed as follows:

(a) Make four copies of the completed election form and one copy of the IRS cover letter.

(b) Send the original election form and cover letter, the copy of the cover letter, and a self-addressed stamped return envelope to the Internal Revenue Service Center where you would otherwise file your tax return. Even if an address for an Internal Revenue Service Center is already included in the forms below, it is your obligation to verify such address. This can be done by searching for the term "where to file" on www.irs.gov or by calling 1 (800) 829-1040. Sending the election via certified mail, requesting a return receipt, is also recommended.

(c) Deliver one copy of the completed election form to 3-V BIOSCIENCES, Inc.

(d) Attach one copy of the completed election form to your federal personal income tax return (Form 1040) when you file it for the year of exercise.

(e) Attach one copy of the completed election form to your state personal income tax return when you file it for the year of exercise (assuming you file a state income tax return).

(f) Retain one copy of the completed election form for your personal permanent records.

Note: An additional copy of the completed election form must be delivered to the transferee (recipient) of the property if the service provider and the transferee are not the same person.

Please note that the election must be filed with the IRS within 30 days of the date of your stock option early exercise. Failure to file within that time will render the election void and you may recognize ordinary taxable income as your vesting restrictions lapse. 3-V BIOSCIENCES, Inc. and its counsel cannot assume responsibility for failure to file the election in a timely manner under any circumstances.

[•], 20__

RETURN SERVICE REQUESTED

Department of the Treasury
Internal Revenue Service
[City, State Zip]

Re: **Election Under Section 83(b) of the Internal Revenue Code**

Dear Sir or Madam:

Enclosed please find an executed form of election under Section 83(b) of the Internal Revenue Code of 1986, as amended, filed with respect to an interest in 3-V Biosciences, Inc.

Also enclosed is a copy of this letter and a stamped, self-addressed envelope. Please acknowledge receipt of these materials by marking the copy when received and returning it to the undersigned.

Thank you very much for your assistance.

Very truly yours,

[Name]

Enclosures

NOTICE OF EXERCISE

SAGIMET BIOSCIENCES INC.
155 BOVET RD., SUITE 303
SAN MATEO, CA 94402

Date of Exercise: _____

This constitutes notice to Saigmet Biosciences Inc. (the "***Company***") under my stock option that I elect to purchase the below number of shares of Common Stock of the Company (the "***Shares***") for the exercise price set forth below.

Type of option (check one):	Incentive ☐	Nonstatutory ☐
Stock option dated:	_____	_____
Number of Shares as to which option is exercised:	_____	_____
Certificates to be issued in name of:	_____	_____
Total exercise price:	$_____	$_____
Cash payment delivered herewith:	$_____	$_____
Regulation T Program (cashless exercise[1]):	$_____	$_____
Value of _____ Shares delivered herewith[2]:	$_____	$_____]

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the Sagimet Biosciences Inc. 2017 Equity Incentive Plan, (ii) to provide for the payment by me to you (in the manner designated by you) of your withholding obligation, if any, relating to the exercise of this option, and (iii) if this exercise relates to an incentive stock option, to notify you in writing within fifteen (15) days after the date of any disposition of any of the Shares issued upon exercise of this option that occurs within two (2) years after the date of grant of this option or within one (1) year after such Shares are issued upon exercise of this option.

I hereby make the following certifications and representations with respect to the number of Shares listed above, which are being acquired by me for my own account upon exercise of the option as set forth above:

---

[1] Shares must meet the public trading requirements set forth in the option agreement.

[2] Shares must meet the public trading requirements set forth in the option. Shares must be valued in accordance with the terms of the option being exercised, and must be owned free and clear of any liens, claims, encumbrances or security interests. Certificates must be endorsed or accompanied by an executed assignment separate from certificate.

I acknowledge that the Shares have not been registered under the Securities Act of 1933, as amended (the "***Securities Act***"), and are deemed to constitute "restricted securities" under Rule 701 and Rule 144 promulgated under the Securities Act. I warrant and represent to the Company that I have no present intention of distributing or selling said Shares, except as permitted under the Securities Act and any applicable state securities laws.

I further acknowledge that I will not be able to resell the Shares for at least ninety (90) days after the stock of the Company becomes publicly traded (*i.e.*, subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934) under Rule 701 and that more restrictive conditions apply to affiliates of the Company under Rule 144.

I further acknowledge that all certificates representing any of the Shares subject to the provisions of the option will have endorsed thereon appropriate legends reflecting the foregoing limitations, as well as any legends reflecting restrictions pursuant to the Company's Articles of Incorporation, Bylaws and/or applicable securities laws.

I further acknowledge and agree that, except for such information as required to be delivered to me by the Company pursuant to the option or the Plan (if any), I will have no right to receive any information from the Company by virtue of the grant of the option or the purchase of shares of Common Stock through exercise of the option, ownership of such shares of Common Stock, or as a result of my being a holder of record of stock of the Company. Without limiting the foregoing, to the fullest extent permitted by law, I hereby waive all inspection rights under Section 220 of the Delaware General Corporation Law and all such similar information and/or inspection rights that may be provided under the law of any jurisdiction, or any federal, state or foreign regulation, that are, or may become, applicable to the Company or the Company's capital stock (the "***Inspection Rights***"). I hereby covenant and agree never to directly or indirectly commence, voluntarily aid in any way, prosecute, assign, transfer, or cause to be commenced any claim, action, cause of action, or other proceeding to pursue or exercise the Inspection Rights.

I further agree that, if required by the Company (or a representative of the underwriters) in connection with the first underwritten registration of the offering of any securities of the Company under the Securities Act, I will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale with respect to any shares of Common Stock or other securities of the Company for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act (or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2241 or any successor or similar rule or regulation) (the "***Lock-Up Period***"). I further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such period.

Very truly yours,

_____

Signature

_____

Print Name

Address of Record:

_____

_____

Exhibit 10.14

EXCEUTION COPY
CONFIDENTIAL

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

EXCLUSIVE LICENSE AND DEVELOPMENT AGREEMENT

by and between

3-V Biosciences, Inc.

and

Ascletis BioScience Co. Ltd.

Dated January 18, 2019

EXCLUSIVE LICENSE AND DEVELOPMENT AGREEMENT

THIS EXCLUSIVE LICENSE AND DEVELOPMENT AGREEMENT (this "*Agreement*"), is executed as of January 18, 2019 by and between 3-V Biosciences, Inc., a corporation organized under the laws of Delaware ("*3-V*"), having a principal place of business at 3715 Haven Ave. Suite 220, Menlo Park, CA 94025, and Ascletis BioScience Co. Ltd. (also known as), a corporation under the laws of China having a registered office at Room 1102 Building D 198 Qidi Road, HIPARK, Xiaoshan District, Hangzhou, China ("*Ascletis*"). 3-V and Ascletis are sometimes collectively referred to herein as the "*Parties*" or individually as a "*Party*".

RECITALS

WHEREAS, 3-V has developed a proprietary FASN inhibitor referred to by 3-V as TVB-2640;

WHEREAS, Ascletis is in the business of developing and commercializing human therapeutic products for the treatment of diseases;

WHEREAS, 3-V is willing to grant certain exclusive rights to Ascletis with respect to TVB-2640 to further develop and commercialize Product (as defined below) in the Territory (as defined below) upon the terms and conditions set forth herein;

WHEREAS, 3-V is raising up to [***] in equity financing (the "*Series E Financing*"), whereby Ascletis and/or its co-investors will be investing up to [***]; and

WHEREAS, contemporaneously with the execution of this Agreement, 3-V is closing the first tranche of the Series E Financing, whereby 3-V existing investors are investing [***] and Ascletis, its Affiliates, and/or its co-investors are investing [***] (the "*First Closing*").

NOW THEREFORE, the Parties agree as follows:

ARTICLE 1.
DEFINITIONS

All capitalized terms used and not otherwise defined in this Agreement shall have the meanings set forth below:

1.1 "*3-V*" has the meaning set forth in the Preamble.

1.2 "*3-V Collaborator*" means any Third-Party licensee of 3-V or its Affiliates with respect to the Development, Manufacture, Commercialization and other Exploitation of any of the Compounds and Products in any country outside the Territory.

1.3 "*3-V Indemnitee*" has the meaning set forth in Section 11.1.

1.4 "*3-V IP*" means the 3-V Know-How and the 3-V Patents.

1.5 "*3-V Know-How*" means (a) all Know-How pertaining to a Compound or Product that is Controlled by 3-V or its Affiliates (including such Know-How licensed by 3-V Collaborators to 3-V or its Affiliates) as of the Effective Date or at any time during the Term that is necessary or reasonably useful to Exploit a Compound or Product in the Field in the Territory; and (b) 3-V's interest in the Joint Inventions. In the event that 3-V is acquired by a Third Party after the Effective Date, then 3-V Know-How shall exclude all Know-How of such Third Party acquiror and its Affiliates that exists as of the closing of the acquisition or is developed or acquired thereafter independent of 3-V's program to Exploit the Product, unless such Know-How is incorporated by 3-V, its Affiliates or 3-V Collaborators in the composition or formulation of, or the process of manufacturing, the Compound or Product.

1.6 "*3-V Patents*" means (a) all Patents Controlled by 3-V or its Affiliates (including such Patents licensed by 3-V Collaborators to 3-V or its Affiliates) as of the Effective Date or at any time during the Term that claim a Compound or Product (including composition of matter, method of make or use) in the Field in the Territory, including the Patents listed on Schedule 1.6 attached hereto; (b) 3-V's interest in 3-V Sole Invention Patents; and (c) 3-V's interest in the Joint Patents. In the event that 3-V is acquired by a Third Party after the Effective Date, then 3-V Patents shall exclude all Patents of such Third Party acquiror and its Affiliates that exists as of the closing of the acquisition or is developed or acquired thereafter independent of 3-V's program to Exploit the Product, unless such Patents are incorporated by 3-V, its Affiliates or 3-V Collaborators in the composition or formulation of, or the process of manufacturing, the Compound or Product.

1.7 "*3-V Sole Invention Patents*" has the meaning set forth in Section 8.3(a).

1.8 "*Ascletis*" has the meaning set forth in the Preamble.

1.9 "*Ascletis Indemnitee*" has the meaning set forth in Section 11.2

1.10 "*Ascletis IP*" means all Know-How and Patents that are developed or applied by Ascletis or its Affiliates or sublicensees in the Exploitation of the Compound or the Product under this Agreement that claim a Compound or Product (including composition of matter, method of make or use) in the Field or is necessary or reasonably useful to Exploit a Compound or Product in the Field, including Ascletis' Sole Inventions and Ascletis' interest in Joint Inventions. In the event that Ascletis is acquired by a Third Party after the Effective Date, then Ascletis IP shall exclude all Patents and Know-How of such Third Party acquiror and its Affiliates that exists as of the closing of the acquisition or is developed or acquired thereafter independent of Ascletis' program to Exploit the Product, unless such Patents and Know-How are incorporated by Ascletis, its Affiliates or sublicensees in the composition or formulation of, or the process of manufacturing, the Compound or Product.

1.11 "*Adverse Event*" means any adverse event or experience as defined in the then current edition of ICH Guidelines, the CFDA Act, 21 C.F.R. §301.305, 21 C.F.R. §314.80 and any other relevant regulations or regulatory guidelines, and any medical occurrence in a patient or clinical investigation subject, temporally associated with the use of a Compound or Product, whether or not considered related to a Compound or Product. An "*Adverse Event*" includes any unfavorable and unintended sign (including an abnormal laboratory finding), symptom, or disease (new or exacerbated) temporally associated with the use of a Compound or Product.

1.12 "*Affiliate*" means any Person that, directly controls, is controlled by, or is under common control with a Party for so long as such control exists. For purposes of this definition, "control" (and, with its correlative meanings) means (a) the possession, directly or indirectly, of the power to direct, or cause the direction of, the management or policies, whether through the ownership of voting securities, by contract relating to voting rights or corporate governance, or otherwise, or (b) ownership, directly or indirectly, of 50% or more of the shares of stock entitled to vote for the election of directors, in the case of a corporation, or 50% or more of the voting securities, or other voting ownership interests, in the case of any limited liability company or other type of legal entity.

1.13 "*Agreement*" has the meaning set forth in the Preamble.

1.14 "*Applicable Law*" means applicable laws, statutes, rules, regulations and guidances of any Regulatory Authorities, including the cGCPs, the cGLPs and the cGMPs.

1.15 "*NMPA*" means the National Medical Products Administration in Mainland China or any successor thereto.

1.16 "*cGCP*" means (a) the current good clinical practices as stated in Applicable Law, including, as applicable, Directive 2001/20/EC, Directive 2005/28/EC, and 21 C.F.R. Parts 50, 56 and 312 et seq., each as amended from time to time, and (b) all CFDA and, as applicable, FDA, EMA, ICH and local guidelines related thereto, including the ICH Consolidated Guidelines on Good Clinical Practices.

1.17 "*cGLP*" means (a) current good laboratory practices as stated in Applicable Law and as set forth, as applicable, in Directive 2004/10/EC and 21 C.F.R. Part 58 et seq., each as amended from time to time, and (b) all CFDA and, as applicable, FDA, Council of the Organization for Economic Cooperation and Development (OECD) and local guidelines related thereto.

1.18 "*cGMP*" means (a) current good manufacturing practices as stated in Applicable Laws as set forth in the CFDA Act, and, as applicable, 21 C.F.R. Part 210 and 211 and Directive 2003/94/EEC, each as amended from time to time, and (b) all CFDA, and, as applicable, FDA, EMA, ICH and local guidelines related thereto, including Q7 Good Manufacturing Practice Guide for Active Pharmaceutical Ingredients promulgated by the ICH ("ICH Q7").

1.19 "*Claims*" has the meaning set forth in Section 11.1.

1.20 "*Clinical Data*" means all information relating to the Product made, collected or otherwise generated in the performance of or in connection with any clinical trials, including any data, reports and results relating thereto.

1.21 "*Code*" has the meaning set forth in Section 2.2.

1.22 "*Combination Product*" means any pharmaceutical product containing a Compound that also contains, or is otherwise combined with, one or more other pharmaceutically active ingredients and sold for a single price, including products that are formulated, packaged or sold together.

1.23 "*Commercialization*" or "*Commercialize*" means any and all activities (whether before or after NDA Approval in a country or Region) directed to the marketing, promoting, detailing, distributing, importing, exporting, offering to sell or selling of a Product. For the avoidance of doubt, Commercialization does not include Development activities.

1.24 "*Commercialization Report*" has the meaning set forth in Section 5.2.

1.25 "*Compound*" means the molecule known as TVB-2640 as of the Effective Date ("*TVB-2640*"), a FASN inhibitor having the chemical structure set forth in Schedule 1.25, and all other FASN inhibitors that are claimed in the 3-V Patents or otherwise proprietary to 3-V or its Affiliates, together with all salts, polymorphs, enantiomers, rotamers, hydrates, anhydrides and prodrugs of the foregoing, provided that, in the event that 3-V is acquired by a Third Party after the Effective Date, then Compound shall exclude all molecules proprietary to such Third Party acquiror and its Affiliates that exists as of the closing of the acquisition or is developed or acquired thereafter independent of 3-V's program to Exploit the Product, but shall include any such molecule to the extent its composition of matter is covered by a 3-V Patent Controlled by 3-V or its Affiliates prior to the closing of such acquisition.

1.26 "*Confidential Information*" means all embodiments of Know-How and all other information disclosed by one Party to another Party prior to the Effective Date or during the Term. Notwithstanding the foregoing, Confidential Information shall not include such information that: (a) as of the date of disclosure is known to the Party receiving such disclosure or its Affiliates, as shown by written documentation created before the date of disclosure, other than by virtue of a prior confidential disclosure to such Party or its Affiliates; (b) as of the date of disclosure is in, or subsequently enters, the public domain, through no fault or omission in breach of the confidentiality obligations set forth herein by the Party receiving such disclosure; or (c) as of the date of disclosure or thereafter is obtained by the receiving Party from a Third Party free from any obligation of confidentiality to the disclosing Party. Information that is otherwise Confidential Information and consists of a combination of information shall not be deemed to be in the public domain if individual elements of such information are in the public domain, unless the specific combination of those elements is also in the public domain.

1.27 "*Control*" means, with respect to any item of Know-How, Patent or other intellectual property right, possession of the right, whether directly or indirectly, whether existing as of the Effective Date or thereafter acquired, and whether by ownership, license or otherwise (other than by operation of any license and other grants hereunder), to assign or grant a license, sublicense or other right to or under such Know-How, Patent or other intellectual property right as provided for herein without any obligation to make any payments to a Third Party or violating the terms of any agreement or other arrangement with any Third Party.

1.28 "*Cure Period*" has the meaning set forth in Section 12.2(a).

1.29 "*Data*" means any and all scientific, technical, test and patient exposure data pertaining to any Compound or Product that is either generated by or on behalf of Ascletis, Sublicensees or their respective Affiliates or generated by or on behalf of 3-V, 3-V Collaborators or their respective Affiliates, including research data, clinical pharmacology data, CMC data, pre-clinical data, Clinical Data or Safety Data.

1.30 "*Develop*" or "*Development*" means the conduct of non-clinical and clinical pharmaceutical research and development activities directed to obtaining or maintaining Regulatory Approvals for Product, including toxicology, pharmacology, absorption, distribution, metabolism, and elimination (ADME) activities, CMC activities, test method development, stability testing, process development, technology transfer, formulation development, quality assurance and quality control development, packaging development, statistical analysis, clinical studies, pharmacovigilance, regulatory affairs and other regulatory activities with respect to the foregoing.

1.31 "*Development Milestone Event*" has the meaning set forth in Section 7.1.

1.32 "*Development Plan*" has the meaning set forth in Section 4.1.

1.33 "*Diligent Efforts*" means those efforts, activities and measures, with respect to the efforts to be expended by the respective Party which with respect to any objective are reasonable, diligent, good-faith efforts to accomplish such objective as a similarly situated (with respect to size, stage of research and other aspects) pharmaceutical company would use to accomplish a similar objective under similar circumstances exercising reasonable business judgement and considering the scientific, medical and commercial potential and characteristics of the Compound and Product as well as the associated risks in the development, obtaining of Regulatory Approvals and governmental pricing and reimbursement approvals, availability of exclusivity and Commercialization.

1.34 "*Dispute*" has the meaning set forth in Section 13.11.

1.35 "*Effective Date*" means the date of First Closing.

1.36 "*Existing Lien*" means the [***].

1.37 "*Exploit*" means to Develop, use, Manufacture (including having Manufactured), as applicable, or Commercialize, or otherwise dispose of, a Compound or Product, and "*Exploitation*" means the act of Exploiting a Compound or Product.

1.38 "*FDA*" means the United States Food and Drug Administration or any successor thereto.

1.39 "*Field*" means the diagnosis, treatment and/or prevention of human and animal diseases and conditions.

1.40 "*First Closing*" has the meaning set forth in the Recitals.

1.41 "*First Commercial Sale*" means, with respect to a Product in a Region in the Territory, the first sale of such Product in such Region by Ascletis, its Affiliates or any of its Sublicensees to a Third Party (*i.e.* other than sales by Ascletis to its Affiliates or Sublicensees) in a commercial, arm's-length transaction following receipt of NDA Approval in such Region.

1.42 "*Indemnitee*" means an Ascletis Indemnitee(s) or 3-V Indemnitee(s), as the context requires.

1.43 "*Indemnitor*" has the meaning set forth in Section 11.3(a).

1.44 "*Indication"* means a separate and distinct disease, disorder, syndrome or other medical condition in animals or humans for which the Product is Developed or Commercialized to treat, prevent, diagnose, monitor or ameliorate.

1.45 "*Invention*" means any improvement or discovery, whether or not patented or patentable, necessary or useful to Develop, Manufacture, use or Commercialize a Compound or Product.

1.46 "*Joint IND*" has the meaning set forth in Section 4.3.

1.47 "*Joint Inventions*" has the meaning set forth in Section 8.1(b).

1.48 "*Joint Patents*" has the meaning set forth in Section 8.1(b).

1.49 "*JSC*" means the joint steering committee set forth in Section 3.1.

1.50 "*Know-How*" means all technical information, know-how and data, including trade secrets, inventions (whether patentable or not), discoveries, methods, specifications, processes, expertise, technology, Data, results, regulatory filings and documents, and other information.

1.51 "*Loss*" has the meaning set forth in Section 11.1.

1.52 "*Manufacture*" or "*Manufacturing*" means the synthesis, manufacture, formulating, processing, scale-up, validation, qualification and audit of manufacturing facilities, bulk production, packaging, product labeling, fill/finish work, storage and release of Compounds and Product and related quality assurance/quality control testing and release and technical support activities.

1.53 "*Milestone Event*" means a Development Milestone Event and/or Sales Milestone Event, as the context requires.

1.54 "*NDA*" means a New Drug Application, a marketing authorization application or other product registration application filed with any Regulatory Authority to obtain approval to market and sell the Product in a Region and all supplements, variations and other amendments thereof, but excluding any pricing or reimbursement approvals.

1.55 "*NDA Approval*" means, with respect to each Region, approval of the applicable NDA by the applicable Regulatory Authority.

1.56 "*Net Sales*" means, for any period, the gross revenues from sales of Products invoiced by Ascletis, its Affiliates or Sublicensees to Third Parties, less the following deductions related to the Product, which shall be calculated in accordance with [***] or foreign equivalent in the Territory, consistently applied: (a) discounts, rebates, commissions, refunds, retroactive price adjustments, chargebacks and other allowances paid to Third Parties that effectively reduce the net selling price; (b) freight and insurance for the Products; (c) credits or refunds actually allowed for spoiled or returned Products; (d) bad debts; (e) sales, value-added, excise taxes, tariffs and duties, and other taxes directly related to the sale (but not including taxes assessed against the income derived from such sale); and (f) governmental price reductions and government mandated rebates.

The transfer of Products by Ascletis to an Affiliate or Sublicensee of such Party will not be deemed a sale. A Net Sale shall be deemed to have occurred upon receipt of the proceeds thereof by Ascletis, its Affiliate or Sublicensee.

1.57 "*Notice of Breach*" has the meaning set forth in Section 12.2(a).

1.58 "*Party*" has the meaning set forth in the Preamble.

1.59 "*Patents*" means (a) all national, regional and international patents and patent applications, including provisional patent applications, (b) all patent applications filed either from such patents, patent applications or provisional applications or from an application claiming priority from either of these, including divisionals, continuations, continuations-in-part, provisionals, converted provisionals, and continued prosecution applications, (c) any and all patents that have issued or in the future issue from the foregoing patent applications ((a) and (b)), including utility models, petty patents and design patents and certificates of invention, (d) any and all extensions or restorations by existing or future extension or restoration mechanisms, including revalidations, reissues, re-examinations and extensions (including any supplementary protection certificates and the like) of the foregoing patents or patent applications ((a), (b) and (c)) and (e) any similar rights or any importation, revalidation, confirmation or introduction patent or registration patent or patent of additions to any of such foregoing patent applications and patents ((a), (b), (c) and (d)).

1.60 "*Person*" means any individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or other entity or organization, including a government or political subdivision, department or agency of a government.

1.61 "*Phase 2 Clinical Trial*" means (a) a dose exploration, dose response, duration of effect, kinetics, dynamic relationship or preliminary efficacy and safety study of the Product in the patient population (e.g. a Phase 2(a) Clinical Trial), or (b) a controlled dose ranging clinical study to evaluate further the efficacy and safety of the Licensed Product in the patient population and to define the optimal dosing regimen (e.g. a "Phase 2(b) Clinical Trial).

1.62 "*Phase 2 Global Multi-Center Trial*" means the Phase 2 Clinical Trial entitled "**PROTOCOL 3V2640-CLIN-005 A PHASE 2, MULTI-CENTER, SINGLE-BLIND, RANDOMIZED, PLACEBO CONTROLLED STUDY OF TVB-2640 IN SUBJECTS WITH NON-ALCOHOLIC STEATOHEPATITIS**".

1.63 "*Phase 3 Clinical Trial*" means a controlled clinical study of the Product that is prospectively designed to demonstrate with statistical significance the efficacy and safety of a Product for use in a particular Indication and that is sufficient to obtain NDA Approval of a Product in such Indication by the applicable Regulatory Authorities.

1.64 "*PR China*" means the People's Republic of China.

1.65 *[***]*

1.66 "*Product*" means any pharmaceutical product containing a Compound as its active pharmaceutical ingredient, either alone or in combination with other active ingredients (but shall not contain any compound that is proprietary to 3-V but is not a Compound).

1.67 "*Product Trademark*" means one or more trademarks, trade names, service marks, trade dress and logos that are used for the Commercialization of the Product in any Region in the Territory. "*Product Trademark*" does not include the logo or trade name of any Party or its Affiliates or the trademarks, trade names, service marks, trade dress or logos of another product sold by such Party.

1.68 "*Progress Report*" has the meaning set forth in Section 4.5(b).

1.69 "*Prosecuting Party*" has the meaning set forth in Section 8.3(c).

1.70 "*Region*" means one or more of PR China, Hong Kong, Macau and Taiwan and their respective territories and possessions.

1.71 "*Regulatory Approval*" means, in respect of the Product, any and all NDA Approvals and other approvals (including any pricing and reimbursement approvals, if required prior to sale in the applicable jurisdiction), licenses, registrations, or authorizations of any country, federal, supranational, state or local regulatory agency, department, bureau or other government entity that are necessary for the Exploitation of the Product in the applicable Region.

1.72 "*Regulatory Authority*" means any (a) governmental authority, notified bodies or other organization in a country or jurisdiction that regulates the manufacture or sale of pharmaceutical or medicinal products (including pricing and reimbursement), including the NMPA, and (b) any other relevant bodies authorized by Applicable Law to review or otherwise exercise oversight over NDAs, other regulatory filings or Regulatory Approvals in the Territory.

1.73 "*Royalties*" has the meaning set forth in Section 7.4(a).

1.74 "*Royalty Term*" means, with respect to the Product in a particular Region in the Territory, the period of time beginning on the First Commercial Sale of the Product in such Region and ending upon the earlier of (a) the expiration of all Valid Claims of the 3-V Patents covering the composition of matter of, or the method of making or using, such Product in such Region; and (b) ten (10) years from the First Commercial Sale of such Product in such Region.

1.75 "*Safety Data*" means all data related to any Adverse Event as such information is reportable to Regulatory Authorities in or outside the Territory. Safety Data also includes "adverse events", "adverse drug reactions" and "unexpected adverse drug reactions" as defined in the ICH Harmonised Tripartite Guideline for Clinical Safety Data Management: Definitions and Standards for Expedited Reporting.

1.76 "*Sales Milestone Events*" has the meaning set forth in Section 7.2.

1.77 "*Series E Financing*" has the meaning set forth in the Recitals.

1.78 "*Sole Invention*" has the meaning set forth in Section 8.1(b).

1.79 "*Sublicensee*" means any Third Party that is granted a sublicense under any rights licensed hereunder to Exploit a Compound or Product. For the avoidance of doubt, Sublicensees do not include bona fide pharmaceutical wholesalers or providers of pharmaceutical distribution services.

1.80 "*Term*" has the meaning set forth in Section 12.1.

1.81 *"Territory"* means all of the Regions and their respective territories and possessions.

1.82 "*Third Party*" means any Person other than a Party to this Agreement or any of its Affiliates.

1.83 "*Third-Party Royalties*" means any royalties (but excluding [***]) Ascletis, its Affiliates or Sublicensees owes to one or more Third Parties pursuant to one or more licenses to patent rights entered into during the Term by Ascletis, its Affiliates or Sublicensees to settle or avoid infringement of a Third Party's Patent by the practice of the 3-V IP in the Exploitation of the Product, [***].

1.84 "*Valid Claim*" means, with respect to a particular Region, (a) any claim of an issued and unexpired 3-V Patent that claims the composition of matter of, or the method of making or using, the Product, or the Compound included therein, which claim has not lapsed, been canceled or become abandoned and has not been declared invalid and/or unenforceable by an unreversed and unappealable decision or judgment of a court or other appropriate body of competent jurisdiction, and which has not been admitted to be invalid or unenforceable through reissue or disclaimer (other than a terminal disclaimer); or (b) a claim of a pending patent application included in the 3-V Patents that claims the composition of matter of, or the method of making or using, the Product, or the Compound included therein, and which claim was filed in good faith and has not been abandoned or finally disallowed without the possibility of appeal or refiling of such application.

ARTICLE 2.
GRANT OF LICENSES; NON-COMPETE

2.1 **Grant of Licenses by 3-V.** Subject to the terms and conditions of this Agreement, 3-V hereby grants to Ascletis and its Affiliates a sub-licensable (pursuant to Section 2.2 below) right and license under the 3-V IP to Develop, Manufacture, Commercialize and otherwise Exploit the Compounds and the Products in the Field in the Territory, which right and license shall be sole and exclusive (even as to 3-V, its Affiliates and 3-V Collaborators and successors should 3- V be sold), except that (a) 3-V maintains the right to manufacture or have manufactured the Compound and the Product in [***] for use in clinical Development in [***] as required or permitted by this Agreement; (b) 3-V maintains the right to manufacture or have manufactured the Compound and the Product [***] for use outside [***], and the right to procure precursors [***]; and (c) 3-V maintains the right to practice the 3-V IP (by itself or through its Affiliates and licensees) in the Territory as necessary to perform its obligations under this Agreement, including the performance of the Phase 2 Global Multi-Center Trial in the Territory.

2.2 **Insolvency Events**. For clarity, all licenses and rights to licenses granted under or pursuant to this Agreement by a Party to the other Party are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code (the "*Code*"), licenses of rights to "intellectual property" as defined under Section 101(35A) of such Code. The Parties agree that each Party, as the licensee, shall retain and may fully exercise all of its rights and elections under the Code, and that upon commencement of a bankruptcy proceeding by or against the other Party, as the licensor, under the Code, the licensee Party shall be entitled to a complete duplicate of, or complete access to (as the licensee Party deems appropriate), any such intellectual property and all embodiments of such intellectual property to the extent permitted by the Code and needed to exercise such license rights. Such intellectual property and all embodiments thereof shall be promptly delivered, as required under the Code, to the licensee Party (i) upon any such commencement of a bankruptcy proceeding upon written request therefor by the licensee Party, unless the licensor Party elects to continue to perform all of its obligations under this Agreement or (ii) if not delivered under (i) above, upon the rejection of this Agreement by or on behalf of the licensor Party upon written request therefor by the licensee Party. It is understood and agreed that the licensee Party must continue to perform all its payment and other obligations under this Agreement with respect to its continued exercise of the license rights granted under this Agreement. The foregoing provisions are without prejudice to any rights the licensee Party may have arising under the Code or other Applicable Law. The parties intend for the substance of this paragraph to apply worldwide, even if the Code does not expressly apply to Ascletis or 3-V.

2.3 **Sublicenses**.

(a) Ascletis may sublicense the rights granted under Section 2.1 to a Sublicensee with the prior written consent of 3-V, such consent not to be unreasonably withheld, except that no such consent shall be required as follows:

(i) Ascletis may use competent and cGCP compliant contract research organizations and other Third-Party contractors (CROs) to perform portions of the Development of a Product to the extent consistent with its normal business practices;

(ii) Ascletis may engage reasonably qualified Third Parties to assist with the Commercialization of the Products through co-promotion, co-marketing and distributor arrangements and may sublicense its rights granted under Section 2.1 to such Third Parties to the extent such arrangements are commercially reasonable; and

(iii) Ascletis may use competent and cGMP compliant Third Parties, including contract manufacturers, to Manufacture the Product.

(b) For every sublicense granted by Ascletis, Ascletis shall ensure that

(i) the sublicense is granted under a written sublicense agreement that is consistent with the terms and conditions of this Agreement;

(ii) Ascletis shall remain directly responsible for all of its obligations under this Agreement, regardless of whether any such obligation has been delegated, subcontracted or sublicensed to its Affiliates, contractors or Sublicensees;

(iii) Ascletis shall ensure that its Affiliates, contractors and Sublicensees comply with the terms and conditions of this Agreement; and

(iv) within [***] days after the execution of any sublicense agreement, Ascletis shall provide 3-V with a true and complete copy of such sublicense agreement.

2.4 **Non-compete.**

(a) Except as expressly permitted by this Agreement with respect to Products (including 3-V's retained Manufacture rights and its obligation to perform Phase 2 Global Multi-Center Trial and other mutually agreed global clinical trials in the Territory), 3-V and its Affiliates agree not to research, Develop, Manufacture or Commercialize in the Territory any [***] in the Field in the Territory.

(b) During the Term of this Agreement, Ascletis and its Affiliates shall not, either directly or indirectly through any Third Party, Develop, Manufacture or Commercialize any [***] except for the Compounds and Products in the Territory pursuant to this Agreement.

(c) In the event that a Party is acquired by a Third Party after the Effective Date through merger, acquisition, consolidation or other similar transaction, and such Third Party acquiror or its Affiliates, as of the closing date of such transaction, is engaged in the conduct of a Development, Manufacture or Commercialization program [***] that, if conducted by such Party, would constitute a breach of such Party's exclusivity obligations set forth above (a "*Competing Program*"), then such Third Party acquiror or its Affiliates shall have the right to continue such Competing Program and such continuation shall not constitute a breach of such Party's exclusivity obligations set forth above, provided that such Third Party acquiror and its Affiliates conducts such Competing Program independent of the activities of this Agreement and does not use any 3-V IP or Ascletis IP in the conduct of such Competing Program.

2.5 **License to 3-V.** Subject to the terms and conditions of this Agreement, Ascletis hereby grants to 3-V and its Affiliates a non-exclusive, sub-licensable, fully paid, royalty free license under the Ascletis IP to Develop, Manufacture, Commercialize and otherwise Exploit the Compounds and the Products outside the Territory.

2.6 **No Implied Licenses.** Except as explicitly set forth in this Agreement, no Party grants to any of the other Parties any license, express or implied, under any other Patents, Know-How or any other intellectual property rights. No Party shall practice the Patents under which another Party has granted it a license outside of the scope of the licenses granted hereunder.

2.7 **Data Access**.

(a) Ascletis agrees to provide 3-V with access to and the right to use all Data generated by or on behalf of Ascletis, its Affiliates and Sublicensees, without additional compensation, to the extent that such Data is reasonably useful for the Development, Manufacture or Commercialization of Compounds and Products outside of the Territory. Ascletis shall transfer to 3-V all Data generated during the Term [***].

(b) 3-V agrees to transfer to Ascletis all Data existing as of the Effective Date no later than [***] days after the Effective Date. 3-V shall transfer to Ascletis all Data generated during the Term [***].

(c) 3-V agrees to provide Ascletis with access to and the right to use all Data generated by or on behalf of 3-V, without additional compensation, to the extent that such Data is reasonably useful for the Development, Manufacture or Commercialization of Compounds and Products inside the Territory.

(d) 3-V shall use Diligent Efforts to require each 3-V Collaborator to provide to Ascletis Data generated by 3-V Collaborators or to provide 3-V Collaborator Data directly to Ascletis, in each case at no additional cost to Ascletis.

ARTICLE 3.
GOVERNANCE

3.1 **Joint Steering Committee**. Within [***] days following the Effective Date, the Parties shall establish a joint steering committee ("*JSC*") to serve as a forum for the regular exchange of information between the Parties with regard to the Development and Manufacture of the Products in the Territory. Without limiting the foregoing or any other functions the Parties agree to delegate to the JSC, the JSC shall:

(a) facilitate the exchange of Data as prescribed in Section 2.7;

(b) review the Development Plan;

(c) review Progress Reports from the Parties as set forth in Section 4.4(b) on the conduct of Development activities by or on behalf of it and its Affiliates, Sublicensees and 3-V Collaborators;

(d) discuss relative priorities in the Development Plan and the priorities of 3-V and 3-V Collaborators outside the Territory;

(e) discuss additional Development activities to be conducted by Ascletis, 3-V and 3-V Collaborators;

(f) coordinate the efforts of Ascletis, 3-V and any 3-V Collaborators to instigate common arrangements for pharmacovigilance and risk planning and reporting;

(g) evaluate technical issues that are raised to it by a Party; and

(h) otherwise facilitate communications among the Parties.

The JSC shall remain in place so long as Ascletis is conducting Development activities with regard to any Compound or Product in the Territory.

3.2 **Membership**. The JSC shall be comprised of an equal number of representatives from 3-V and Ascletis, selected by such Party. The initial number of representatives from each of 3-V and Ascletis shall be two. Each of 3-V and Ascletis may replace any or all of its representatives on the JSC at any time by providing prior written notice to the other Party. Other representatives of 3-V or Ascletis approved by the JSC may attend the meetings of the JSC as non-voting attendees; *provided* that such representatives are bound by obligations of confidentiality, nondisclosure and non-use with respect to any Confidential Information disclosed in the course of such meetings at least as stringent as those set forth in this Agreement.

3.3 **JSC Meetings**. The JSC shall meet (a) [***] and (b) as otherwise requested by any of the members of the JSC. Such meetings shall be conducted in person or by videoconference or teleconference. A quorum of the JSC shall exist whenever there is present at or participating in a meeting at least one representative appointed by each Party. Each Party shall bear its own personnel and travel costs and expenses relating to JSC meetings. If for any reason a JSC meeting is cancelled or postponed, the JSC shall endeavor to meet no later than thirty (30) days following the original date of such cancelled or postponed meeting. Each JSC shall follow such other administrative procedures as it may adopt for the efficient conduct of its meetings and other matters.

3.4 **Officers; Minutes**.

(a) [***] shall select the chairperson of the JSC from its representatives to the JSC, who shall chair meetings of the JSC.

(b) The JSC shall select a secretary to prepare and circulate the meeting agendas and minutes. Such minutes shall be distributed in draft form not later than fifteen (15) days following each meeting and shall be deemed accepted and effective unless the other Party has objected to the same within ten days of its receipt of such minutes; final minutes shall be promptly distributed to the Parties.

3.5 **Decision-Making**.

(a) The JSC shall have only such powers as are expressly assigned to it in this Agreement, and such powers shall be subject to the terms and conditions of this Agreement. Without limiting the generality of the foregoing, the JSC shall have no power to amend the terms of this Agreement, which amendment may occur only in compliance with the procedures set forth in Section 13.7. The JSC shall have no authority to act on behalf of the Parties or bind the Parties.

(b) Decisions of the JSC shall be by unanimous vote (with each Party's representatives collectively having one (1) vote); *provided*, that if the JSC is unable to reach unanimity on any matter, the matter shall be referred to the Chief Executive Officers of the Parties for resolution. In the event such Chief Executive Officers cannot reach agreement on such matter within ten (10) days after such referral, then, except as otherwise set forth in this Agreement:

(i) [***] Chief Executive Officer shall have the final decision-making authority for all decisions related to (1) [***] (excluding [***] or [***] pursuant to Section [***]), (2) [***], or (3) [***], and

(ii) [***] Chief Executive Officer shall have the final decision-making authority for all decisions related to (1) [***]; (2) [***] or [***] pursuant to Section [***], provided that [***] shall consult with [***] with respect to [***] or [***] and shall consider in good faith any comments or suggestions provided by [***] regarding [***] and (3) [***].

ARTICLE 4.
DEVELOPMENT

4.1 **Development Plan**. As soon as practical, but in no event later than [***] days after the Effective Date, the Parties shall agree on a Development plan for the Product (the "*Development Plan*"). The Development Plan shall cover the Development of Product in the Territory by Ascletis, and the portion of the Phase 2 Global Multi-Center Trial of the Product to be conducted in the Territory by 3-V. If the Development Plan is not agreed to by both Parties within such 90-day period, the JSC shall finalize the Development Plan.

4.2 **Clinical Development Plan Designs**. Ascletis may submit to the JSC for review and approval any changes to the Development Plan as it relates to the Territory specific Development of Product. 3-V may submit to the JSC for review and approval any changes to the Development Plan as it relates to the portion of the Phase 2 Global Multi-Center Trial to be conducted in the Territory. Both parties should attempt to harmonize Development Plans to leverage global clinical data. Changes to the Development Plan shall become effective upon approval by the JSC in accordance with Section 3.5(b).

4.3 **Phase 2 Global Multi-Center Trial**. 3-V shall, at its sole cost and expense and in compliance with the Development Plan, be solely responsible for, and shall use Diligent Efforts to conduct, all Development activities in connection with Phase 2 Global Multi-Center Trial to be conducted [***]. The Phase 2 Global Multi-Center Trial shall be conducted [***]. If after using Diligent Efforts to include sites for the Phase 2 Global Multi-Center Trial in the Territory, the Regulatory Authorities deny inclusion of sites in the Territory or the first patient in the Territory has not been enrolled within [***] of the date of the IND submission in the Territory, the Parties shall discuss in good faith adjustments or alternatives to the Phase 2 Global Multi-Center Trial, in which case, such adjusted or alternative clinical trial shall be deemed to be a Phase 2 Global Multi-Center Trial. Ascletis and 3V shall jointly apply for an IND in the Territory for centers located in the Territory ("*Joint IND*"). 3-V agrees that the proceeds from the Series E Financing will be used to complete the Phase 2 Global Multi-Center Trial [***]. [***] any other clinical trials (other than Phase 2 Global Multi-Center Trial) in the Territory, [***]. Notwithstanding the foregoing, Ascletis is responsible for the following in-kind contributions to centers located in the Territory with respect to the Phase 2 Global Multi-Center Trial:

(a) Ascletis shall provide clinical staff at its sole cost and expense to supervise CROs hired by 3-V in the Territory for the Phase 2 Global Multi-Center Trial.

(b) Ascletis shall provide regulatory staff at its sole cost and expense to support regulatory affairs required in the Territory for the Phase 2 Global Multi-Center Trial.

4.4 **Conduct of Development by Ascletis**. Except as otherwise set forth in Section 4.3, Ascletis shall be solely responsible for and at its sole expense, and shall use Diligent Efforts to conduct, all Development activities in connection with obtaining and maintaining all Regulatory Approvals for Product in the Field in the Territory. Ascletis shall perform or have performed the Development activities, including the conduct of any clinical trials included in such Development activities, in compliance with the Development Plan, this Agreement, and all Applicable Law. Should 3-V wish to conduct a Phase 3 Clinical Trial in the Territory [***]. If Ascletis decides to be part of such Phase 3 Clinical Trial, then Ascletis shall be responsible for the portion of the cost of the Phase 3 Clinical Trial that is conducted in the Territory. If Ascletis elects not to participate in such Phase 3 Clinical Trial [***], then [***].

4.5 **Records; Progress**.

(a) **Records**. Both Parties shall maintain complete, current and accurate records of all Development work conducted by or on behalf of itself, and all Data resulting from such work. Such records shall fully and properly reflect all work done and results achieved in the performance of the Development activities in a good scientific manner appropriate for regulatory and patent purposes. The Parties shall document all clinical trials and other studies and research in formal written study reports according to applicable guidelines (*e.g.*, ICH, cGCP, cGLP, and cGMP) and all other Applicable Law. Each Party shall make all Data, records and reports available, within a reasonable period following their creation, to the other Party for inspection and review through appropriate electronic data room facilities.

(b) **Progress Reports**. Each Party shall regularly inform the other Party, and shall formally provide written progress reports to the JSC [***], summarizing the Development activities conducted by the Parties, its Affiliates, Sublicensees and 3-V Collaborators, including any issues relating to meeting the goals, objectives or timelines relating thereto and any ongoing and planned clinical trials and other studies and testing by or on behalf of such Parties, its Affiliates, Sublicensees and 3-V Collaborators (each a "*Progress Report*").

4.6 **Regulatory Responsibilities**.

(a) Except for the Joint IND, which shall be jointly owned, Ascletis shall own all Regulatory Approvals for Product in the Field in the Territory. Ascletis shall have sole responsibility for:

(i) obtaining and maintaining Regulatory Approvals for Products in the Field in the Territory, and shall use Diligent Efforts to obtain Regulatory Approval of the Product and, upon obtaining Regulatory Approvals for the Product in the Field in the Territory, maintain such Regulatory Approvals; and

(ii) other communications with applicable Regulatory Authorities in the Territory relating to the Development and Commercialization of Compound and Product, including (i) all correspondence submitted to Regulatory Authorities in the Territory related to the design, conduct or results of non-clinical studies and clinical trials; (ii) all pricing and reimbursement approval proceedings in the Territory; and (iii) all proposed product labeling for the Product in the Field in the Territory.

(b) Ascletis shall provide 3-V with synopsis of all regulatory submissions and reasonable time prior to submission for review and comment if possible, and shall consider in good faith any comments received from 3-V. In addition, Ascletis shall notify 3-V of any regulatory material submitted to or received from any Regulatory Authority in the Territory and shall provide 3-V with copies thereof ([***]) within [***] days after submission or receipt.

(c) Ascletis shall provide 3-V with reasonable advance notice of any meeting or discussion with any Regulatory Authority in the Territory related to Phase 2 Global Multi-Center Trial or any Phase 2 Clinical Trials or Phase 3 Clinical Trials conducted by Ascletis in the Territory. Ascletis shall lead such meeting or discussion, provided however that 3-V or its designee shall have the right, but not the obligation, to attend and participate in such meeting or discussion. If 3-V elects not to attend such meeting or discussion, Ascletis shall promptly provide 3-V with a written [***] summary of such meeting or discussion. Regarding subsequent clinical trials (other Phase 2 Clinical Trials or Phase 3 Clinical Trials conducted by Ascletis) in the Territory, Ascletis shall provide 3-V with regular updates and summaries of such meetings.

(d) Each Party hereby grants to the other Party the right of reference to all regulatory submissions pertaining to the Product submitted by or on behalf of such Party. Ascletis may use such right of reference to 3-V's regulatory submissions solely for the purpose of seeking, obtaining and maintaining Regulatory Approval of the Product in Field in the Territory. 3-V may use the right of reference to Ascletis' regulatory submissions solely for the purpose of seeking, obtaining and maintaining Regulatory Approval of the Product outside the Territory. For global clinical trials conducted by 3-V for the Product in the Territory, 3-V shall be entitled to conduct clinical audits (including on-site audits) as would be customary for global clinical trials and consistent with monitoring by sponsor of such trials.

4.7 **Technology Transfer.** Without limiting the generality of Section 2.7(b), within [***] days after the Effective Date, 3-V shall transfer in electronic format to Ascletis all technical and regulatory documents possessed by 3-V that are necessary or useful for the conduct of the Development and Manufacturing activities by Ascletis. Upon Ascletis written request, 3-V will provide Ascletis within [***] days after the Effective Date with [***] documents by the applicable Authority covering (i) 3-V's incorporation and business in good standing certificates, (ii) Data authenticity documents relevant to the Product, (iii) authorization to use Data provided by 3-V, (iv) documentation perfecting the patent license provisions of this Agreement, and (v) cGLP documents (certificates).

4.8 **Reporting Adverse Events**. Ascletis shall maintain, at its own cost, a common safety database for both clinical and post-marketing Adverse Events for the Products in the Territory in the Field, which database shall be managed by Ascletis and Ascletis shall ensure that 3-V, its Affiliates and any 3-V Collaborator is able to access the Safety Data from such database in order to comply with Applicable Law and obligations by Regulatory Authorities in their respective territories. 3-V shall maintain, at its own cost, a global safety database for both clinical and post-marketing Adverse Events for the Products, which database shall be managed by 3-V and 3-V shall ensure that Ascletis, its Affiliates and Sublicensees are able to access the Safety Data from such database in order to comply with Applicable Law and obligations by Regulatory Authorities in their respective territories. Ascletis will be responsible for reporting all Adverse Events to the appropriate Regulatory Authorities in the Territory, including the *NMPA*, in accordance with Applicable Law. In addition, Ascletis shall report all Adverse Events to 3-V in a timely manner in order for 3-V to comply with its reporting obligations to Regulatory Authorities outside the Territory (including FDA). 3-V shall report all Adverse Events to Ascletis in a timely manner in order for Ascletis to comply with reporting obligations in the Territory. 3-V will be responsible for reporting all Adverse Events to the appropriate Regulatory Authorities outside the Territory in accordance with Applicable Law. 3-V shall provide Ascletis through the JSC with the name of a contact at each 3-V Collaborator's pharmacovigilance department so that Ascletis may coordinate with such 3-V Collaborator regarding the allocation of responsibilities and determination of any procedures between them with respect to the collecting, sharing and reporting to applicable Regulatory Authorities regarding Adverse Events and other safety information, including providing Ascletis with access to Safety Data in accordance with Section 2.7(c).

4.9 **Remedial Actions.** Each Party shall notify the other immediately, and promptly confirm such notice in writing, if it obtains information indicating that any Product may be subject to any recall, corrective action or other regulatory action by any Regulatory Authority (a "***Remedial Action***"). The Parties shall assist each other in gathering and evaluating such information as is necessary to determine the necessity of conducting a Remedial Action. Ascletis shall have sole discretion with respect to any matters relating to any Remedial Action in the Territory, including the decision to commence such Remedial Action and the control over such Remedial Action. The cost and expenses of any Remedial Action in the Territory shall be borne solely by Ascletis, except to the extent the Remedial Action is caused by a breach of this Agreement by 3-V. Ascletis shall, and shall ensure that its Affiliates and Sublicensees will, maintain adequate records to permit the Parties to trace the distribution, sale and use of the Product in the Territory.

ARTICLE 5.
COMMERCIALIZATION

5.1 **Diligent Efforts**. Ascletis shall use Diligent Efforts to conduct all Commercialization activities that are required to Commercialize Products in the Field in the Territory upon obtaining necessary Regulatory Approvals with respect thereto. Such Commercialization efforts may include obtaining pricing and reimbursement approvals, establishing and developing appropriate opinion leaders, promoting Products with managed care organizations and establishing Products with formularies.

5.2 **Commercialization Report**. Beginning [***] days after [***], Ascletis shall prepare and deliver [***] a report of its Commercialization activities (each a "*Commercialization Report*"). Each such Commercialization Report shall include, with respect to each Region in which Commercialization is planned: [***] period.

5.3 **Territory Restrictions**. 3-V agrees, on behalf of itself, its 3-V Collaborators and their respective Affiliates, to not sell or offer to sell or otherwise distribute, directly or indirectly, Product in the Field in the Territory, and shall not sell, offer to sell or otherwise distribute, directly or indirectly, Product to a Third Party who 3-V, its 3-V Collaborators or their respective Affiliates knows or has reason to know will use, sell, offer to sell or otherwise distribute Product in the Field in the Territory. Ascletis agrees, on behalf of itself, its Sublicensees and their respective Affiliates, to not sell or offer to sell or otherwise distribute, directly or indirectly, Product outside the Field or outside the Territory, and shall not sell, offer to sell or otherwise distribute, directly or indirectly, Product to a Third Party who Ascletis, its Sublicensees or their respective Affiliates knows or has reason to know will use, sell, offer to sell or otherwise distribute Product outside the Field or outside the Territory.

ARTICLE 6.
MANUFACTURE

6.1 **Product for the Territory**. Ascletis shall be responsible, at its sole cost and expense, to Manufacture or have Manufactured Product for use in the Territory for both Development (excluding material for the Phase 2 Global Multi-Center Trial in China which shall use existing Product) and Commercialization in the Territory, including the payment for facility expansion, equipment purchase, API process optimization, formulation development required for the future commercial supply of Product inside the Territory. In addition to providing Data in accordance with Sections 2.7(b) and 4.7, 3-V shall, [***] within [***] of the Effective Date, transfer or make available all currently available 3-V Know-How to support the Manufacture of the Product, including CMC documents. Promptly after the Effective Date, each Party shall designate a representative familiar with the Manufacture of the Product to plan and coordinate the manufacture technology transfer. Upon Ascletis' request, 3-V shall provide Ascletis with reasonable quantities of reference standard materials for the Manufacture of the Product, and Ascletis shall reimburse 3-V for the cost of providing such materials, including the cost to qualify such materials. If Ascletis requires any technical assistance with respect to the technical transfer of the Manufacturing process to Ascletis or its designee, 3-V shall introduce Ascletis to 3-V's contract manufacturer for the Product so that Ascletis may obtain such technical support directly from 3-V's contract manufacturer at Ascletis' cost and expense.

6.2 **Supply to 3-V**. Upon 3-V's written request, the Parties will discuss in good faith the terms upon which Ascletis (or its designee) would supply Compound and/or Product to 3-V for use outside the Territory.

ARTICLE 7.
PAYMENT

7.1 **Development Milestones**. Ascletis shall pay to 3-V the non-refundable, non-creditable amounts set forth below opposite such Development milestone (each a "*Development Milestone Event*"):

Development Milestone Event	**Payment (in US Million Dollars)**
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

7.2 **Sales Milestones**. Ascletis shall pay to 3-V the non-refundable, non-creditable amounts set forth below opposite such sales milestone (each a "*Sales Milestone Events*"):

Sales Milestone Event	**Payment (in US Million Dollars)**
Upon first achievement of calendar year Net Sales in Territory of [***]	[***]
Upon first achievement of calendar year Net Sales in Territory of [***]	[***]
Upon first achievement of calendar year Net Sales in Territory of [***]	[***]
Total sales milestones:	[***]

Only Net Sales on a Product in a Region during the applicable Royalty Term shall be included in determining whether the Net Sales thresholds set forth in this Section 7.2 have been achieved.

7.3 **Milestone Event Payments**. Ascletis shall provide written notice to 3-V within [***] days of the achievement of a Milestone Event. 3-V shall invoice Ascletis for the applicable Milestone Event payment, and Ascletis shall pay such Milestone Event payment within [***] days of receipt of invoice. For the avoidance of doubt, each of the Milestone Event payments shall become due and payable, if at all, only one time, upon the first occurrence of such an event.

7.4 **Royalty Payments**.

(a) Ascletis shall pay 3-V royalties ("*Royalties*") based on the Net Sales of the Products in the Territory as set forth below:

Annual Net Sales of Product in millions of United States Dollars in the Territory in a Calendar Year	**Royalty Rate**
< [***]	[***]
[***] to < [***]	[***]
[***] to < [***]	[***]
[***] or more	[***]

For example, if aggregate Net Sales of Products in the Territory for a given calendar year are [***] million, then the aggregate Royalty payable on such Net Sales of such Products for that year shall be calculated as follows: [***].

(b) Combination Products. In the case of Combination Products, for purposes of determining Royalties payable with respect to the Combination Products and determining the sales thresholds set forth in Section 7.2, the Net Sales of the Combination Product will be [***], in which A is the gross selling price (in the applicable Region) of the Product portion of the Combination Product when such Product is sold separately during the applicable accounting period in which the sales of the Combination Product were made, and B is the gross selling price (in the applicable Region) of the other products of the Combination Product sold separately during the accounting period in question. All gross selling prices of the components of the Combination Product will be calculated as the average gross selling price of the components during the applicable accounting period for which the Net Sales are being calculated.

In any Region, if no separate sale of either such above-designated Product or such above designated other product of the end-user Combination Product are made during the accounting period in which the sale was made, Net Sales allocable to the Product in each such Region will be determined by mutual agreement reached in good faith by the Parties prior to the end of the accounting period in question based on an equitable method of determining same that takes into account, on a Region-by-Region basis, variations in potency, the relative contribution of each active component in the combination, and relative value to the end user of each active component.

(c) Only Net Sales of a Product in a Region during the applicable Royalty Term shall be Royalty bearing and included in determining the Net Sales thresholds set forth in this Section 7.3.

(d) Royalty Reduction. Subject to Section 7.4(f), if during an applicable Royalty Term, [***], then the royalty rates set forth above shall be reduced by [***].

(e) Third-Party Royalties. Subject to Section 7.4(f), in the event that Third-Party Royalties are owed, then Ascletis shall be responsible for such Third-Party Royalties and may deduct an amount equal to [***] of any Third-Party Royalties from any Royalty due to 3-V hereunder.

(f) Royalty Floor. Notwithstanding the foregoing, during any calendar quarter in the Royalty Term for a Product in a particular Region in the Territory, the operation of Sections 7.4(d) or 7.4(e) individually or in combination shall not reduce the royalty payment on Net Sales of the Product in such Region during such calendar quarter to less than [***] of the royalties that would otherwise have been due under Section 7.4(a).

(g) Royalty Term Expiration. Following the expiration of the Royalty Term in respect of a Product in a Region in the Territory, the license grants to Ascletis in Section 2.1 in respect of such Product shall become fully paid-up and irrevocable with respect to such Region and the Net Sales of Products in such country shall be excluded from the Royalty calculations.

7.5 **Royalty Reports; Payments.** Royalty payments shall be paid within [***] days after the last day of each calendar quarter following the First Commercial Sale of a Product in a Region in the Territory and shall include a written report with respect to the preceding quarter stating: (a) [***]; (c) currency exchange rates used in determining the Royalties; and (d) a calculation of the amounts due to 3-V.

7.6 **General Payment Terms; Audit Rights**.

(a) Payment Method. All amounts payable and calculations hereunder will be in United States dollars. Net Sales will be translated into United States dollars, based on the daily average closing conversion rate as reported by *the Wall Street Journal* for the applicable quarter in which such Net Sales were made.

(b) Withholding Taxes. Ascletis may deduct the amount of any taxes imposed on 3-V that are required to be withheld or collected by Ascletis or its Sublicensees under the Applicable Law of any country on amounts owing from Ascletis to 3-V hereunder to the extent Ascletis or its Sublicensees pay such withholding taxes to the appropriate governmental authority on behalf of 3-V. Ascletis shall promptly deliver to 3-V proof of payment of such taxes together with copies of all communications from or with such governmental authority with respect thereto.

(c) Late Payments. Any late payments shall bear annual interest, of [***].

(d) Audit Rights. Ascletis will keep and maintain accurate and complete records regarding its payment obligations during the three preceding years. Upon at least [***] days' prior written notice from 3-V, Ascletis will permit an independent certified public accounting firm of internationally recognized standing, selected by 3-V and reasonably acceptable to Ascletis, to examine the relevant books and records of Ascletis as may be reasonably necessary to verify the payments due under this ARTICLE 7. An examination by 3-V under this Section 7.6(d) will occur not more than [***]. The accounting firm will be provided access to such books and records at Ascletis' facility or facilities where such books and records are normally kept and such examination will be conducted during Ascletis' normal business hours. Ascletis may require the accounting firm to sign a standard non-disclosure agreement before providing the accounting firm access to Ascletis' facilities or records. Upon completion of the audit, the accounting firm will provide both Parties a written report disclosing whether the reports submitted or payments made by Ascletis are correct or incorrect and the specific details concerning any discrepancies. No other information will be provided to 3-V. If the accountant determines that the report submitted or payments made by Ascletis understated the amount due to 3-V, then Ascletis will promptly pay such understated amount, and, if, during any year, the understated amount is more than [***] of the amount that was owed to 3-V, Ascletis shall reimburse 3-V for the reasonable expenses incurred by 3-V in connection with the audit; otherwise, 3-V shall bear the cost of such audit. Any overpayment discovered by such audit shall be credited against future payments owed by Ascletis (or reimbursed to Ascletis if no future payment are expected). Ascletis shall include in its sublicense agreements with its applicable Sublicensees an audit provision no less stringent than this provision and that permits 3-V to verify the accuracy of the amounts paid by Ascletis under this Article 7.

ARTICLE 8.
INTELLECTUAL PROPERTY

8.1 **Ownership.**

(a) Existing IP. Each Party shall remain the sole owner of, and have sole and exclusive title to, any and all intellectual property rights owned by it as of the Effective Date.

(b) Ownership of Inventions. As among the Parties, (i) Ascletis shall own all Inventions discovered, developed, reduced to practice or otherwise made solely by or on behalf of Ascletis (or its Affiliates or Sublicensees) in the course of conducting Ascletis' activities under this Agreement; and (ii) 3-V shall own all Inventions discovered, developed, reduced to practice or otherwise made solely by or on behalf of 3-V (or its Affiliates) in the course of conducting its activities under this Agreement (collectively, "*Sole Inventions*"), and any and all Patent rights and other intellectual property rights thereto. As between the Parties, each of Ascletis and 3-V shall own an equal, undivided interest in all Inventions that are discovered, developed, reduced to practice or otherwise made jointly by or on behalf of Ascletis and 3-V, as applicable (or their respective Affiliates, Sublicensees or 3-V Collaborators) in the course of performing activities under this Agreement ("*Joint Inventions*"), whether or not patentable, and all Patents ("*Joint Patents*") and other intellectual property rights thereto. Each of 3-V and Ascletis shall have full rights to license, assign and exploit such Joint Inventions (and any Joint Patents arising therefrom) anywhere in the world, without any requirement of gaining the consent of, or accounting to, the other Party, subject to the licenses granted herein and subject to any other intellectual property held by such other Party.

(c) Disclosure. Each Party shall promptly disclose to the other Party all Sole Inventions and all Joint Inventions, in each case including all invention disclosures or other similar documents submitted to such Party by its, or its Sublicensees' or 3-V Collaborators, directors, officers, employees, representatives or agents describing such Sole Inventions or Joint Inventions, as applicable.

(d) Patent Assignment. The Parties agree to execute the patent assignment agreement set forth in Exhibit A after [***], and [***]. To facilitate the assignment back to 3-V pursuant to Section 4 of such assignment agreement in the event of the early termination of this Agreement for any reason other than in the event that Ascletis maintains its license in accordance with Section 12.5(b) of this Agreement, if applicable, the Parties shall, upon the assignment of the Assigned Patents to Ascletis, agree upon, and place in escrow, a signed assignment back to 3-V. The escrow agent to be appointed by the Parties may not release the assignment without the written consent of both Parties.

8.2 **Inventorship.**

(a) The determination of whether any Invention is conceived or developed by a Person for the purpose of allocating proprietary rights (including Patent, copyright or other intellectual property rights) therein, shall be made in accordance with Applicable Law in the United States.

(b) In the event that, notwithstanding the provisions of Section 8.2(a), United States law does not apply to allocate proprietary rights in a particular Invention, each Party shall, and does hereby, assign, and shall cause its Affiliates and licensees and sublicensees to so assign, to the other Party, without additional compensation, such right, title and interest in and to any such Invention, as well as any intellectual property rights with respect thereto, as is necessary to fully effect ownership of such Invention as contemplated by Section 8.1 following the application of Section 8.2(a).

8.3 **Patent Prosecution.**

(a) 3-V shall be responsible for the preparation, filing, prosecution, and maintenance of the 3-V Patents anywhere in the world, Patents claiming 3-V Sole Inventions ("*3-V Sole Invention Patents*") anywhere in the world, and Joint Patents outside the Territory, in each case at 3-V's cost except that Ascletis shall be responsible for and shall reimburse 3-V for the cost incurred for the preparation, filing, prosecution, and maintenance of the 3-V Patents and 3-V Sole Invention Patents in the Territory as long as such cost is reasonable for the Territory. If 3-V proposes to abandon any 3-V Patents or 3-V Sole Invention Patents in any Region in the Territory or any Joint Patents in any country outside the Territory or this Agreement is terminated pursuant to Section 12.2(a) or Section 12.3 so long as Ascletis maintains its license in accordance with Section 12.5(b), 3-V shall allow Ascletis a reasonable time to take over prosecution and maintenance of those Patents in such Region or country at Ascletis' cost.

(b) Ascletis shall be solely responsible for the preparation, filing, prosecution, and maintenance of Patents claiming Ascletis Sole Inventions anywhere in the world, and Joint Patents in the Territory, in each case at Ascletis' cost. If Ascletis proposes to abandon any Joint Patents in the Territory, Ascletis shall allow 3-V a reasonable time to take over prosecution and maintenance of those Patents in the Territory at 3-V's cost.

(c) The Parties shall work in good faith to develop and execute a prosecution strategy for the 3-V Patents, Joint Patents, and 3-V Sole Invention Patents worldwide. The Party prosecuting Patents pursuant to this Section 8.3 (the "*Prosecuting Party*") shall keep the other Party informed of progress with regard to the Prosecuting Party's activities related to the preparation, filing, prosecution, and maintenance of such Patents, and shall consider comments provided by the other Party regarding the same in good faith. The Prosecuting Party shall provide the other Party with a reasonable amount of time prior to each filing for the other Party to review and comment on each such filing.

8.4 **Infringement Claims by Third Parties**. If any Product becomes the subject of a Third Party's claim or assertion of infringement of any Patents with respect to the manufacture, use, sale, offer for sale or importation of a Product in the Territory in the Field, the Party first having notice of the claim or assertion shall promptly notify the other Party, and the Parties shall promptly confer to consider the claim or assertion and the appropriate course of action. Each Party shall have the first right to defend against any such infringement claims asserted against such Party at its own cost and expense subject, however, to either Party's indemnification obligations set forth in Section 11. Neither Party shall enter into any settlement of any claim described in this Section 8.4 without such other Party's written consent, which consent shall not be unreasonably conditioned, withheld or delayed. In any event, each Party shall reasonably assist the other Party and cooperate in any such litigation at the first Party's request and expense, subject, however, to any indemnification obligations set forth in Section 11.

8.5 **Enforcement.** Ascletis, at its sole expense, shall have the first right to determine the appropriate course of action to enforce any 3-V Patents with respect to the Exploitation of a Product in the Field in the Territory. In furtherance of the foregoing, Ascletis shall have the right (i) to take (or refrain from taking) appropriate action to enforce such Patent(s), (ii) to defend any declaratory judgments seeking to invalidate or hold such Patents unenforceable or not infringed, (iii) to control any litigation or other enforcement action set forth above and to enter into, or permit, the settlement of any such litigation, declaratory judgments or other enforcement action with respect to such Patents, in each case in Ascletis' own name and, if necessary for standing purposes, in the name of 3-V. Ascletis shall provide prior written notice to 3-V in advance of instituting any formal legal action under this Section 8.5, and shall consider in good faith 3-V's comments with respect to any such legal action. All monies recovered upon the final judgment or settlement of any such suit shall be shall be first applied against payment of each Party's cost and expense in connection with such enforcement action, and any excess amount shall be [***]. If Ascletis does not to bring a legal action to enforce the 3-V Patent within [***] days after becoming aware of any infringement of such Patents, 3-V shall have the right (but not the obligation) to bring and control any enforcement action in connection with such infringement at its own expense as it reasonably determines appropriate and any recoveries therefrom shall be first applied against payment of each Party's cost and expense in connection with such enforcement action, and any excess amount shall be [***]. 3-V shall have the exclusive right to bring and control any legal action to enforce the 3-V Patents against any infringement outside the Field or outside the Territory, at its own expense and as it reasonably determines appropriate, and to retain all recoveries therefrom.

8.6 **Trademarks.**

(a) Ascletis shall have the right to select, and shall register and maintain, at its expense, such Product Trademark(s) as shall be used for the promotion, marketing and sale of the Product in the Territory. Ascletis shall own such Product Trademark(s) and all goodwill associated therewith.

(b) Upon Ascletis' request, Ascletis and 3-V shall discuss in good faith the terms upon which 3-V would license a trademark used by 3-V for a Product outside the Territory for Ascletis' use in the Territory; provided, however, that such terms shall not include any requirement to make any additional payment for the use of such trademark(s). Ascletis may submit a request to 3-V as to whether it can license a 3-V Collaborator's trademark for a Product in the Territory, and 3-V shall facilitate a conversation between such 3-V Collaborator and Ascletis with regard to such trademark license.

8.7 **Trademark Registrations**. 3-V shall not file any registrations or other filings in respect of any such Product Trademark(s) in the Territory without Ascletis' prior written consent.

8.8 **Unauthorized Third-Party Use of Trademarks**. 3-V agrees to notify Ascletis of any unauthorized use of the Product Trademarks by Third Parties promptly as such use comes to their attention. Ascletis will have the sole right and discretion to bring infringement or unfair competition proceedings involving the Product Trademarks at Ascletis' expense.

ARTICLE 9.
REPRESENTATIONS AND WARRANTIES

9.1 **Mutual Representations**. Each of the Parties represents and warrants to the other Parties that, as of the Effective Date:

(a) It is duly organized and validly existing under the Applicable Law of its jurisdiction of incorporation, and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof;

(b) It is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder, and the person(s) executing this Agreement on its behalf has been duly authorized to do so by all requisite corporate action;

(c) This Agreement is legally binding upon it and enforceable in accordance with its terms. The execution, delivery and performance of this Agreement by it does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound;

(d) It is aware of no action, suit or inquiry or investigation instituted by any Applicable Law or Regulatory Authority that questions or threatens the validity of this Agreement; and

(e) None of the execution and delivery of this Agreement, the consummation of the transactions provided for herein or contemplated hereby, or the fulfillment by it of the terms hereof or thereof, will (with or without notice or passage of time or both) (i) conflict with or result in a breach of any provision of the certificate or articles of incorporation or formation, by-laws, statutes, operating agreement or other governing documents of it, (ii) result in a default, constitute a default under, give rise to any right of termination, cancellation or acceleration, or require any consent or approval (other than approvals that have heretofore been obtained) of any governmental authority or under any of the terms, conditions or provisions of any material note, bond, mortgage, indenture, loan, arrangement, license, agreement, lease or other instrument or obligation to which it is a party or by which its assets may be bound, or (iii) violate any Applicable Law.

9.2 **3-V Representations**. 3-V represents and warrants to Ascletis that, as of the Effective Date:

(a) 3-V is the sole owner of the entire right, title, and interest in and to, or otherwise Controls, all 3-V Patents, the 3-V Know-How and other intellectual property rights within the 3-V IP, free and clear from any mortgages, pledges, liens, security interests, conditional and installment sale agreements, encumbrances, charges, or claims of any kind, other than the Existing Lien;

(b) Schedule 1.6 is an accurate listing of all 3-V Patents owned or Controlled by 3-V or its Affiliate as of the Effective Date;

(c) None of the issued Patents in the 3-V Patents is invalid or unenforceable;

(d) to 3-V's knowledge, (i) the Exploitation of Products does not infringe or misappropriate any intellectual property rights of a Third Party, and (ii) there are no pending Third-Party patent applications that, if issued would be infringed by the Exploitation of Products;

(e) to 3-V's knowledge, no Third Party is infringing or has infringed any 3-V Patents or has misappropriated any 3-V Know-How;

(f) There are no pending, and to 3-V's knowledge, no threatened adverse actions, suits, or proceedings (including interferences, reissues, reexaminations, cancellations, oppositions, nullity actions, invalidation actions, or post-grant reviews) against 3-V, its Affiliates or 3-V Collaborators involving the 3-V IP, Compounds or Products;

(g) all Development activities conducted by or on behalf of 3-V, its Affiliates or 3-V Collaborators prior to the Effective Date have been conducted in accordance with all Applicable Laws;

(h) neither 3-V, its Affiliates nor 3-V Collaborators, have ever been and none of their respective employees, agents or contractors have been (i) threatened by any Regulatory Authority to be debarred, or (ii) to 3-V's knowledge, indicted for a crime or otherwise engaged in conduct for which a Person can be debarred, under any Applicable Laws;

(i) 3-V has disclosed to Ascletis all material written information in the possession or Control of 3-V or its Affiliates as of the Effective Date relating to efficacy and safety of Compounds and Products, and all such information disclosed by 3-V, its Affiliates and 3-V Collaborators is true and correct;

(j) The Exploitation of the Compound or Product in the Territory by or on behalf of Ascletis and/or its Affiliates or sublicensees as contemplated by the Effective Date does not require a sublicense under any agreements entered into by 3-V or its Affiliates prior to the Effective Date under which 3-V or its Affiliates have obtained a license under any Patents or Know-How of such Third Party, provided that, in the event such sublicense is required after the Effective Date, 3-V shall grant such sublicense to Ascletis at no additional cost to Ascletis and 3-V shall be deemed to have cured any breach of this Section 9.2(j) by granting such sublicense.

(k) 3-V does not engage in the design, fabrication, development, testing, production or manufacture of critical technologies within the meaning of the Defense Production Act of 1950, as amended, including all implementing regulations thereof (the "***DPA***") and has no current intention of engaging in such activities in the future.

9.3 **Disclaimer.** EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, WHETHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT IS MADE OR GIVEN BY OR ON BEHALF OF A PARTY.

ARTICLE 10.
CONFIDENTIALITY

10.1 **Nondisclosure and Non-Use**. Each Party agrees that it will keep confidential and not disclose, and will cause its employees, agent, consultants and licensees to keep confidential and not disclose, all Confidential Information of the disclosing Party that is disclosed to or observed by it, or to or by any of its employees, agents, consultants or licensees pursuant to or in connection with this Agreement, whether before or after the Effective Date, except to the extent that disclosure or use is required or permitted in accordance with the performance of this Agreement. None of the Parties or any of their respective employees, agents, consultants or licensees shall use Confidential Information of any of the other Party for any purpose except as expressly permitted in this Agreement or except as expressly authorized by the disclosing Party. Each Party represents that each of its employees and any consultants and licensees to such Party, who shall have access to Confidential Information of either Party are bound by obligations to maintain such information in confidence and not to disclose or use such information except as expressly permitted herein.

10.2 **Permitted Disclosures**. The confidentiality, nondisclosure and nonuse obligations set forth in Section 10.1 above shall not apply to the extent that any receiving Party is required to disclose the information by Applicable Law or by a court of competent jurisdiction; *provided* that, in each such case, the receiving Party shall give written notice thereof to the disclosing Party and sufficient opportunity to prevent or limit any such disclosure or to request confidential treatment thereof; and *provided, further*, that the receiving Party shall give reasonable assistance to the disclosing Party, at the disclosing Party's expense, to preserve the information as confidential.

10.3 **Terms of this Agreement**. Except as otherwise specifically set forth in this Article 10, without the prior consent of the other Party, no Party shall disclose any terms or conditions of this Agreement (including any Schedule) to any Third Party nor make any statement to the public regarding the execution or any other aspect of the subject matter of this Agreement, except: (a) to the extent such disclosure is required by Applicable Law or stock exchange rules or regulations and, to the extent practical, the other Party is provided with the opportunity sufficiently in advance of disclosure to review such information and seek confidential treatment therefor; (b) for customary discussions and other disclosures with and to shareholders, current or prospective investors, potential acquirers, potential licensees, merger partners or potential providers of financing and their advisors; or (c) either Party may use the text of a statement previously approved by the other Party. With respect to any disclosures made pursuant to subsection (b) above, each such Third-Party recipient of Confidential Information shall be subject to obligations of confidentiality, nondisclosure and non-use with respect to such Confidential Information substantially similar, and no less stringent, to the obligations of confidentiality, nondisclosure and non-use of the receiving Party pursuant to this ARTICLE 10.

10.4 **Press Releases**. The Parties shall agree upon a press release to be issued upon the First Closing. All additional press releases or other similar public communication by a Party relating to this Agreement, including upon expiration or termination of this Agreement under Article 12, shall be approved in advance by the other Parties, which approval shall not be unreasonably withheld or delayed beyond 48 hours, except for those communications required by Applicable Law (*provided* that the other Parties are given a reasonable opportunity to review and comment on any such press release or public communication in advance thereof), disclosures of information for which consent has previously been obtained, disclosures of achievement of major development or regulatory progress, information that has been previously disclosed publicly or as otherwise set forth in this Agreement.

10.5 The rights and obligations of the Parties under this Article 10 shall survive the expiration or earlier termination of the Term for a period of [***] years.

ARTICLE 11.
INDEMNIFICATION

11.1 **Indemnification of 3-V by Ascletis**. Ascletis, at its own cost and expense, shall defend, indemnify and hold harmless 3-V, its Affiliates and 3-V Collaborators and their respective directors, officers, employees, agents and representatives (collectively, the "*3-V Indemnitees*") from and against any and all liabilities, losses, costs, damages, penalties, fees or expenses (including reasonable legal expenses and attorney's fees) incurred or claimed by a Third Party (collectively, "*Losses*") arising out of any claim, action, lawsuit, or other proceeding (collectively, "*Claims*") against any 3-V Indemnitee by a Third Party to the extent resulting directly or indirectly from:

(a) the negligence, recklessness or willful misconduct of Ascletis or its Affiliates or Sublicensees, or their respective directors, officers, employees, agents or representatives, in performing any activities in connection with this Agreement;

(b) any breach by Ascletis of any representation, warranty or covenant set forth in this Agreement;

(c) the Exploitation of any Compounds or Products in the Territory by or on behalf of Ascletis and/or its Affiliates or Sublicensees; and

(d) any violation of Applicable Law by Ascletis or its Affiliates or Sublicensees;

except, in each case ((a)-(d) above), for those Losses for which 3-V has an obligation to indemnify Ascletis pursuant to Section 11.2 hereof, as to which Losses each Party shall indemnify the other to the extent of their respective responsibility for the Losses.

11.2 **Indemnification of Ascletis by 3-V**. 3-V, at its own cost and expense, shall defend, hold harmless and indemnify Ascletis and Ascletis' Affiliates and Sublicensees and their respective directors, officers, employees, agents and representatives (collectively, the "*Ascletis Indemnitees*") from and against any and all Losses arising out of any Claims against any Ascletis Indemnitee by a Third Party to the extent resulting directly or indirectly from:

(a) the negligence, recklessness or willful misconduct of 3-V, 3-V Affiliates, 3-V Collaborators, or their respective directors, officers, employees, agents or representatives in performing any activities in connection with this Agreement;

(b) any breach by 3-V of any representation, warranty or covenant set forth in this Agreement;

(c) the Exploitation of any Compounds or Products outside the Territory by or on behalf of 3-V, its Affiliates or 3-V Collaborators; and

(d) any violation of Applicable Law by 3-V, its Affiliates or 3-V Collaborators;

except, in each case ((a)) - (d) above), for those Losses for which Ascletis has an obligation to indemnify 3-V pursuant to Section 11.1 hereof, as to which Losses each of 3-V and Ascletis shall indemnify the other to the extent of their respective responsibility for the Losses.

11.3 **Indemnification Procedure**.

(a) **Notice**. An Indemnitee shall promptly notify the indemnifying Party (the "*Indemnitor*") in writing of any Claim in respect of which the Indemnitee intends to seek such indemnification. No delay on the part of the Indemnitee in notifying the Indemnitor shall relieve the Indemnitor from any obligation hereunder unless (and then only to the extent that) the Indemnitor is prejudiced thereby.

(b) **Control of Proceedings**. The Indemnitor shall have the right, exercisable by notice to the Indemnitee within [***] business days of receipt of notice from the Indemnitee of the commencement of or assertion of any Claim, to assume direction and control of the defense, litigation, appeal or other disposition of the Claim with counsel selected by the Indemnitor and reasonably acceptable to the Indemnitee. During such time as the Indemnitor is controlling the defense of such Claim, the 3-V Indemnitees or the Ascletis Indemnitees, as applicable, shall cooperate upon request of the Indemnitor, at the Indemnitor's expense, in the defense or prosecution of the Claim, including by furnishing such records, information and testimony and attending such conferences, discovery proceedings, hearings, trials or appeals as may reasonably be requested by the Indemnitor. If the Indemnitor does not notify the Indemnitee of the Indemnitor's intent to defend any Claim within [***] business days after notice thereof, the Indemnitee may undertake the defense thereof with counsel of its choice upon notice to the Indemnitor and at the Indemnitor's reasonable expense (including reasonable, out-of-pocket attorneys' fees and costs and expenses of enforcement or defense). The Indemnitor or the Indemnitee, as the case may be, shall have the right to join in at its own expense (including the right to conduct discovery, interview and examine witnesses and participate in all settlement conferences), but not control, at its own expense, the defense of any Claim that the other Party is defending as provided in this Agreement.

(c) **Settlement**. The Indemnitor shall obtain the prior written consent of any Indemnitee as to any settlement that would materially diminish or materially adversely affect the scope, exclusivity or duration of any Patents licensed under this Agreement, would require any payment by such Indemnitee, would require an admission of legal wrongdoing in any way on the part of an Indemnitee or would require an amendment of this Agreement. The Indemnitor may settle a Claim without the Indemnitee's consent if the settlement is solely monetary and the Indemnitor agrees in writing to pay such settlement. In no event may an Indemnitee settle or compromise any Claim for which it intends to seek indemnification from the Indemnitor hereunder and for which the Indemnitor is actively defending without the prior written consent of the Indemnitor (not to be unreasonably withheld or delayed), or the indemnification rights provided for under such this ARTICLE 11 as to such Claim shall be null and void.

(d) **Exclusive Remedies**. Except as otherwise expressly provided under this Agreement, the rights and remedies provided pursuant to this ARTICLE 11 are the sole and exclusive remedies of the Parties hereto with respect to the Losses subject to indemnification under this ARTICLE 11.

11.4 **Insurance**. Each Party shall procure and maintain insurance, including product liability insurance which are consistent with normal business practices of prudent companies similarly situated at all times during which any Compound or Product is being clinically tested in human subjects or commercially distributed or sold. It is understood that such insurance shall not be construed to create a limit a Party's liability with respect to its indemnification obligations under this Agreement. Ascletis shall provide 3-V with written evidence of such insurance upon request.

11.5 **No Consequential Damages**. NO PARTY NOR ANY OF ITS AFFILIATES SHALL BE LIABLE IN CONTRACT, TORT, NEGLIGENCE, BREACH OF STATUTORY DUTY OR OTHERWISE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF PROFITS, SUFFERED BY THE OTHER PARTY, EXCEPT TO THE EXTENT ANY SUCH DAMAGES ARE (A) REQUIRED TO BE PAID TO A THIRD PARTY AS PART OF A CLAIM FOR WHICH A PARTY PROVIDES INDEMNIFICATION UNDER THIS ARTICLE 11 OR (B) RESULTED FROM ANY BREACH OF SECTION 8 (INTELLECTUAL PROPERTY) OR SECTION 10 (CONFIDENTIALITY).

ARTICLE 12.
TERM; TERMINATION

12.1 **Term**. This Agreement shall take effect as of the Effective Date and, unless earlier terminated earlier pursuant to this Article 12, shall expire upon the last to expire Royalty Term (the "*Term*"). For clarity, this Agreement shall not be effective unless and until the First Closing of the Series E Financing is completed.

12.2 **Termination for Cause**.

(a) If 3-V materially breaches any of its obligations under this Agreement and has not remedied such breach within [***] days (or, in the case of a payment breach, [***] days) (the "*Cure Period*") after receipt of notice thereof from Ascletis (the "*Notice of Breach*"), Ascletis may terminate this Agreement in its entirety immediately upon expiration of such Cure Period; *provided* that such Notice of Breach shall specifically identify the provisions under this Agreement that Ascletis believes to have been breached and state the intent of the other Party to terminate this Agreement upon expiration of the Cure Period.

(b) If Ascletis materially breaches any of its obligations under this Agreement to 3-V and has not remedied such breach within the Cure Period after receipt of notice thereof from 3-V, as applicable, 3-V may terminate this Agreement in its entirety immediately upon expiration of such Cure Period; *provided* that such Notice of Breach shall specifically identify the provisions under this Agreement that 3-V believes to have been breached and state the intent of 3-V to terminate this Agreement upon expiration of the Cure Period. Notwithstanding the foregoing, if [***] and [***], then [***] the right under this Section 12.2(b) to terminate this Agreement for Ascletis material breach of this Agreement, [***] (i) [***]; (ii) [***], or (iii) [***].

12.3 **Termination for Insolvency or Bankruptcy**. Either 3-V or Ascletis may terminate this Agreement effective on written notice to the other Party (a) upon the liquidation, dissolution, winding up, insolvency, bankruptcy, or filing of any petition therefor, assignment for the benefit of its creditors, appointment of a receiver, custodian or trustee, or any other similar proceeding, by or of such other Party, where such petition, assignment or similar proceeding is not dismissed or vacated within [***] days, (b) if such other Party shall propose a written agreement of composition or extension of its debts outside the ordinary course of its business or (c) if such other Party shall admit in writing its inability generally to pay its debts as they fall due in the general course.

12.4 **Termination by Ascletis**. Ascletis may terminate this Agreement for any reason, or no reason at all, upon ninety (90) days written notice to 3-V.

12.5 **Effects of Termination**.

(a) **Termination of Licenses**. Upon early termination of this Agreement for any reason, all licenses granted by 3-V to Ascletis pursuant to this Agreement shall terminate except to the extent such license granted to Ascletis has become irrevocable pursuant to Section 7.4(g) or as set forth in Section 12.5(b).

(b) **Termination by Ascletis for Cause**. Upon termination of this Agreement by Ascletis in accordance with Section 12.2(a) or Section 12.3, [***]; provided that: (i) [***] if Ascletis terminates this Agreement for the uncured material breach by 3-V of [***]; and (ii) [***] if Ascletis terminates this Agreement for the uncured material breach by 3-V of [***]. In such event, Sections [***] shall survive.

(c) **License to 3-V outside the Territory.** The license granted by Ascletis to 3-V under Section 2.5 shall survive any termination of this Agreement, provided that, in the event Ascletis terminates this Agreement for the uncured material breach by 3-V of [***], then 3-V shall pay Ascletis royalties equal to [***] of the Net Sales of any Product outside the Territory if, but for such license, the Exploitation of such Product would infringe any Patent included in the Ascletis IP under the license granted to 3-V under Section 2.5, and Section 7.4, 7.5 and 7.6 (other than the royalty rate in 7.4(a)) and related definitions shall apply mutatis mutandis with respect to such royalty payment to Ascletis.

(d) Product Reversion. This Section 12.5(d) shall apply for any early termination of this Agreement other than in the event Ascletis maintains its license in accordance with Section 12.5(b).

(i) **License to 3-V in the Territory.** Ascletis hereby grants to 3-V and its Affiliates, effective only upon early termination of this Agreement, a sole and exclusive (even as to Ascletis, its Affiliates and Sublicensees and successors should Ascletis be sold), sub-licensable, license under the Ascletis IP to Develop, Manufacture, Commercialize and otherwise Exploit the Compounds and the Products in the Territory.

(ii) **Regulatory Materials; Data**. Ascletis shall promptly transfer and assign to 3-V, at no cost to 3-V, all regulatory materials and Regulatory Approvals for the Product. Ascletis shall also transfer and assign to 3-V all Data generated by or on behalf of Ascletis, its Affiliates and Sublicensees in their Exploitation of the Compound and Product.

(iii) **Product Trademarks**. Ascletis shall transfer and assign to 3-V, at no cost to 3-V, all Product Trademarks that have been used, or were intended to be used, in connection with any Product (excluding any such marks that include, in whole or part, any corporate name or logos of Ascletis or its Affiliates or Sublicensees).

(iv) **Inventory**. 3-V shall have the right to purchase from Ascletis any or all of the inventory of the Compound and Product held by Ascletis or its Affiliates as of the date of termination at a price equal to Ascletis' manufacturing costs, provided that such inventory complies with the applicable specifications.

(v) **Transition Assistance**. Ascletis shall reasonably cooperate with 3-V to facilitate orderly transition of the Exploitation of the Product in the Territory to 3-V, including (i) assigning or amending as appropriate, upon request of 3-V, any agreements or arrangements with Third Party vendors to Exploit the Product or, to the extent any such Third Party agreement or arrangement is not assignable to 3-V, reasonably cooperating with 3-V to arrange to continue to provide such services for a reasonable time after termination; (ii) to the extent that Ascletis or its Affiliate is performing any activities described above in (i), reasonably cooperating with 3-V to transfer such activities to 3-V and continuing to perform such activities on 3-V's behalf for a reasonable time after termination until such transfer is completed.

(vi) **Ongoing Clinical Trial**. If at the time of such termination, Ascletis is conducting any clinical trials for the Product, then, at 3-V's election on a trial-by-trial basis: (i) Ascletis shall fully cooperate with 3-V to transfer the conduct of all such clinical trials to 3-V and 3-V then assumes all future expense of such trial from the effective date of termination or the date of transfer, whichever is later; or (ii) Ascletis shall, at its expense, orderly wind down the conduct of any such clinical trial which is not assumed by Licensor under clause (i).

(e) 3-V Royalty. In consideration for Ascletis granting the license pursuant to Section 2.5(d)(i) and the transfer of assets pursuant to Section 2.5(d)(ii) and (iii), 3-V shall pay Ascletis a royalty of [***] (if such termination becomes effective after [***] but before [***]) or [***] (if such termination becomes effective after [***]) on the Net Sales of the Products sold by 3-V, its Affiliates and 3-V Collaborators in the Territory (Section 7.4, 7.5 and 7.6 (other than the royalty rate in 7.4(a)) and related definitions shall apply mutatis mutandis with respect to such royalty payment to Ascletis).

(f) **Return of Confidential Information**. Each Party shall promptly return to the other Party all Confidential Information of such other Party.

(g) **Accrued Obligations**. Termination or expiration of this Agreement for any reason shall not release any Party hereto from any payment or other liability which, at the time of such termination, has already accrued to another Party or which is attributable to a period prior to such termination nor preclude either Party from pursuing all rights and remedies it may have hereunder or at law or in equity with respect to any breach of this Agreement.

12.6 **Surviving Provisions**. The following Articles and Sections of this Agreement shall survive any expiration or termination of this Agreement for any reason: [***]**.**

ARTICLE 13.
MISCELLANEOUS

13.1 **Force Majeure**. No Party shall be liable to the other Parties for any failure or delay in performing any obligation under this Agreement (other than any payment or confidentiality obligations) when such failure or delay is caused by events beyond its reasonable control, including fire, flood, other natural disasters, acts of God, war, labor disturbances, interruption of transit, accident, explosion and civil commotion; *provided* that the Party so affected shall give prompt notice thereof to the other Parties and shall use reasonable efforts to mitigate the adverse consequences thereof. No such failure or delay shall terminate this Agreement, and each Party shall complete its obligations hereunder as promptly as reasonably practicable following cessation of the cause or circumstances of such failure or delay.

13.2 **Agency**. No Party is, nor will be deemed to be, an employee, agent or legal representative of another Party for any purpose. No Party will be entitled to enter into any contracts in the name of, or on behalf of the other Parties, nor will a Party be entitled to pledge the credit of the other Parties in any way or hold itself out as having authority to do so.

13.3 **Choice of Law**. This Agreement shall be governed by and construed in accordance with the laws of [***], without giving effect to its conflicts of law provisions. The Agreement of the United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement.

13.4 **Notices**. All notices, requests, demands, waivers, consents, approvals or other communications to any Party hereunder shall be in writing and shall be deemed to have been duly given if delivered personally to such Party or sent to such Party by email transmission (receipt confirmed) or by registered or certified mail, postage prepaid, or by internationally recognized commercial overnight delivery service to the addresses listed below, or to such other address as the addressee may have specified in notice duly given to the sender as provided herein.

If to Ascletis:

Ascletis BioScience Co., Ltd.
198 Qidi Road, HIPARK, Buildg D, Room 1102
Xiaoshan District, Hangzhou, China
Attention: Jinzi J. Wu
Email: jinzi.wu@ascletis.com

with copies (which will not constitute notice) to:

Hutchison PLLC
3110 Edwards Mill Road, Suite 300
Raleigh, NC 27612
Attention: Dan L. O'Korn
Email: dokorn@hutchlaw.com

and

If to 3-V

3-V Biosciences
3715 Haven Avenue, Suite 220
Menlo Park, CA 94025
Attention: George Kemble
Email: george.kemble@3vbio.com

with copies (which will not constitute notice) to:

Cooley LLP
3175 Hanover Street
Palo Alto, CA 94304-1130
Attention: Lila Hope, Ph.D.
Email: lhope@cooley.com

Such notice, request, demand, waiver, consent, approval or other communications will be deemed to have been given as of the date so delivered personally, on the next business day if sent by email transmission or by internationally recognized commercial overnight delivery service, or five (5) days after so mailed. This Section 13.4 is not intended to govern the day-to-day business communications necessary between the Parties in performing their obligations under this Agreement.

13.5 **Severability**. In the event that any provision of this Agreement shall be found in any jurisdiction to be in violation of public policy or illegal or unenforceable in law or equity, such finding shall not invalidate any other provision of this Agreement in that jurisdiction. If any provision hereof should be held invalid, illegal or unenforceable in any respect in any jurisdictions then, to the fullest extent permitted by Applicable Law:

(a) all other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to carry out the intentions of the Parties hereto as nearly as may be possible;

(b) such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of such provision in any other jurisdiction; and

(c) the Parties shall promptly negotiate in good faith a replacement provision to carry out the intention of the invalid, illegal or unenforceable provision to the fullest extent permitted by Applicable Law.

To the extent permitted by Applicable Law, each Party hereby waives any provision of Applicable Law that would render any provision hereof prohibited or unenforceable in any aspect.

13.6 **Entire Agreement**. This Agreement, along with any Schedules, states the entire agreement reached among the Parties hereto with respect to the transactions contemplated hereby. This Agreement replaces and supersedes any and all previous agreements and understandings between the Parties regarding the subject matter hereof, whether written or oral.

13.7 **Modifications; No Waiver**. No amendment, modification, release, waiver or discharge shall be binding upon the Parties unless in writing and duly executed by authorized representatives of both Parties. The failure of a Party hereto to enforce at any time, or for any period of time, any provision of this Agreement shall not be construed as a waiver of such provision or of the right of such Party thereafter to enforce each and every provision.

13.8 **Cumulative Remedies**. Except to the extent expressly stated in this Agreement, no remedy referred to in this Agreement is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to in this Agreement or otherwise available under equity or law.

13.9 **Assignment; Binding Effect**.

(a) Without the prior written consent of the other Party hereto, which consent shall not be unreasonably withheld, conditioned, or delayed, no Party shall sell, transfer, assign, pledge or otherwise dispose of, whether voluntarily, involuntarily, by operation of law or otherwise, this Agreement or any of its rights or duties hereunder; *provided*, *however*, that a Party hereto may assign or transfer this Agreement or any of its rights or obligations hereunder without the consent of the other Party (i) to any Affiliate; or (ii) to any Third Party with which it merges or consolidates, or to which it transfers all or substantially all of its stock, assets or business relating to this Agreement.

(b) This Agreement shall be binding upon and inure to the benefit of the Parties and each of their successors and permitted assigns.

13.10 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

13.11 **Executive Mediation**. If any dispute arises out of, in connection with, or relating to this Agreement, including any question regarding its existence, validity or termination (any such dispute, a "*Dispute*"), a Party shall first, by written notice to the other Party, have such Dispute referred to their respective chief executive officers for attempted resolution by good faith negotiations within [***] days after such notice is received. Such negotiations shall not be admissible in any subsequent dispute resolution proceeding. No Party may initiate an arbitration proceeding in accordance with Section 13.12 until the Parties have followed the procedures set forth in this Section 13.11.

13.12 **Arbitration.** If the Parties are unable to resolve such Dispute pursuant to Section 13.11, such Dispute shall be resolved through binding arbitration, which arbitration may be initiated by either Party at any time after the conclusion of such period, on the following basis:

(a) Any Dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration administered by [***] in accordance with its Arbitration Rules, which rules are deemed to be incorporated by reference in this clause.

(b) The seat of the arbitration shall be [***].

(c) The Tribunal shall consist of three arbitrator(s), with each Party selecting one arbitrator, and the two selected arbitrators choosing the third arbitrator.

(d) The language of the arbitration shall be English.

(e) Judgment upon the award rendered by such arbitrator shall be binding on the Parties and may be entered by any court or forum having jurisdiction.

13.13 **Equitable Relief; Confidentiality and other Limitations.** Nothing in this Agreement shall limit the right of either Party to apply to any court of competent jurisdiction for any equitable or interim relief or provisional remedy, including a temporary restraining order, declaratory judgment, preliminary injunction or other interim or conservatory relief.

13.14 **Interpretation**. The paragraph and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement. All references in this Agreement to an Article, Section, or Schedule shall refer to an Article, Section, or Schedule in or to this Agreement, unless otherwise stated. The word "including" and similar words shall mean "including without limitation" and "including, but not limited to," The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section, section or other subdivision. References in this Agreement to "provisions of this Agreement" refer to the terms, conditions and promises contained in this Agreement taken as a whole. All references to days, months, quarters or years are references to calendar days, calendar months, calendar quarters, or calendar years, unless otherwise stated. References to the singular include the plural and to the plural include the singular.

13.15 **Further Assurances**. Each Party shall execute and deliver, or cause to be executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such assignments, agreements, documents and instruments, as may be necessary or as another Party may reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes hereof, or to better assure and confirm unto such other Party its rights and remedies under this Agreement.

13.16 **Export Control**. This Agreement is made subject to any restrictions concerning the export of products or Know-How from the United States or other countries that may be imposed upon or related to 3-V or Ascletis from time to time. Each Party agrees that it will not export, directly or indirectly, any Know-How acquired from the other Parties under this Agreement or any products using such Know-How to a location or in a manner that at the time of export requires an export license or other governmental approval, without first obtaining the written consent to do so from the appropriate agency or other governmental entity in accordance with Applicable Law.

13.17 **No Benefit to Third Parties.** The representations, warranties, covenants and agreements set forth in this Agreement are for the sole benefit of the Parties hereto and their successors and permitted assigns, and, with the exception of the provisions of Sections 11.1 through 11.3, they shall not be construed as conferring any rights on any other parties.

{Signatures appear on next page.}

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed and delivered.

3-V Biosciences, Inc.

By: /s/ George Kemble
Name: George Kemble
Title: CEO

Ascletis BioScience Co. Ltd.

By: /s/ Jinzi Wu
Name: Jinzi Wu
Title: CEO and President

Schedule 1.6 – 3-V Patents Existing as of the Effective Date

[***]

Schedule 1.25 – Compound Structure

[***]

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Exhibit A

Patent Assignment Agreement

This Patent Assignment Agreement (this "**Agreement**"), effective as of [_____], 20[__], is signed by and between 3-V Biosciences, Inc., a corporation organized under the laws of Delaware, having a principal place of business at 3715 Haven Ave. Suite 220, Menlo Park, CA 94025 (hereinafter referred as "**Assignor**"); and Ascletis BioScience Co. Ltd., a corporation under the laws of China having a registered office at Room 1102 Building D 198 Qidi Road, HIPARK, Xiaoshan District, Hangzhou, China (hereinafter referred to as "**Assignee**").

WHEREAS, Assignors own all right, title and interest in and to the patent listed in Schedule A hereto (hereinafter referred to as the "Assigned Patent").

WHEREAS, Assignors and Assignees are parties to that certain Exclusive License and Development Agreement, dated January 18, 2019 (the "**License Agreement**"), pursuant to which Assignor would grant to Assignee certain exclusive license under 3-V IP, including the Assigned Patent, in the Territory;

WHEREAS, in order to facilitate Assignee's activities under the License Agreement, Assignee desires to acquire Assigned Patent from Assignor, and Assignor is willing to assign the Assigned Patent to Assignee in accordance with this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Capitalized terms used but not defined herein shall have the meanings set forth in the License Agreement. "**Assigned Patents**" shall mean the patents and patent applications listed on Schedule A, together with all continuations and divisionals of such applications and the patents issuing therefrom, and reexaminations, reissues and foreign counterparts of the patents listed on Appendix A and/or issued as described above.

2. Subject to the terms and conditions of this Agreement, Assignors hereby sell, assign and transfer to Assignee, its successors and assigns, Assignors' and its Affiliates' entire right, title and interest in and to the Assigned Patent in the Territory. Assignee agrees that the Assigned Patents shall remain included in the definition of 3-V Patents for the purpose of the License Agreement, notwithstanding the assignment of the Assigned Patents to Assignee. Without limiting the foregoing:

(a) the assignment of the Assigned Patents shall not change any economic terms of the License Agreement, including without limitation the Royalty Term;

(b) Assignee shall not use or practice the Assigned Patents for any purpose other than to Develop, Manufacture, Commercialize and otherwise Exploit the Compounds and the Products in the Field in the Territory as permitted under the license granted to Assignee as of the effective date of the License Agreement;

(c) Assignor retains the right to use and practice the Assigned Patents for the purposes set forth in Sections 2.1(a) and (b) of the License Agreement;

(d) Except as set forth in Section 2.3(a) of the License Agreement, Assignee shall not grant any licenses under the Assigned Patents to Third Parties without prior written consent of 3-V, such consent not to be unreasonably withheld. For the avoidance of doubt, Assignee may grant licenses to its Affiliates without the consent of 3-V. Each license granted by Assignee under the Assigned Patents shall be deemed a sublicense granted under the License Agreement, and Assignee shall comply the requirements of Sections 2.3(b)(i), (ii), (iii) and (iv) of the License Agreement for any license granted under the Assigned Patents; and

(e) Assignor shall retain the first right to prosecute and maintain, and the backup right to enforce, the Assigned Patents in accordance with Sections 8.3 and 8.5 of the License Agreement during the Term of the License Agreement, even though Assignor no longer owns the Assigned Patents.

Assignor shall perform such further action (including by executing any and all necessary documents or revising this Agreement) for Assignee to record such transfer with the patent offices in the Territory.

3. During the remaining Term of the License Agreement, Assignee shall maintain its ownership of the Assigned Patents free and clear of all liens and encumbrances of any kind and shall not sell, assign or transfer the Assigned Patents to any other person or entity.

4. Upon any early termination of the License Agreement for any reason other than in the event that Assignor maintains its license in accordance with Section 12.5(b) of the License Agreement, in addition to complying with Section 12.5(d) of the License Agreement, Assignee shall (and hereby does, but effective only upon such early termination of the License Agreement) sell, assign and transfer back to Assignor, its successors and assigns, Assignee's and its Affiliates' entire right, title and interest in and to the Assigned Patent, and Assignee shall perform such further action (including by executing any and all necessary documents) for Assignor to record such transfer with the patent office.

5. The validity, performance, construction, and effect of this Agreement shall be governed by and construed under the substantive laws of Hong Kong, without giving effect to its conflicts of law provisions. This Agreement may be executed in counterparts, all of which taken together shall be regarded as one and the same instrument.

IN WITNESS WHEREOF, each party has caused its authorized representative to execute this Agreement.

3-V Biosciences, Inc.	Ascletis BioScience Co., Ltd.
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

Schedule A of the Patent Assignment Agreement

[***]

Exhibit 10.15

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

Patent Assignment Agreement

This Patent Assignment Agreement (this "**Agreement**"), effective as of October 25, 2019, is signed by and between Sagimet Biosciences Inc. (formerly known as 3-V Biosciences, Inc.), a corporation organized under the laws of Delaware, having a principal place of business at 155 Bovet Road Suite 303, San Mateo, CA 94402 (hereinafter referred as "**Assignor**" or "**Sagimet**"); and Gannex Pharma Co., Ltd. ( ), an affiliate of Ascletis BioScience Co., Ltd. (both wholly-owned subsidiaries of Ascletis Pharma Inc.) and a corporation under the laws of China having a registered office at No. 665 Zhangjiang Road, 3rd Floor, Shanghai Pilot Free Trade Zone, Shanghai, China (hereinafter referred to as "**Assignee**").

WHEREAS, Assignors own all right, title and interest in and to the patent listed in Schedule A hereto (hereinafter referred to as the "Assigned Patent").

WHEREAS, Assignor and Assignee's affiliate Ascletis BioScience Co. Ltd. are parties to that certain Exclusive License and Development Agreement, dated January 18, 2019 (the "**License Agreement**"), pursuant to which Assignor would grant to Assignee certain exclusive license under Sagimet IP, including the Assigned Patent, in the Territory;

WHEREAS, in order to facilitate Assignee's activities under the License Agreement, Assignee desires to acquire Assigned Patent from Assignor, and Assignor is willing to assign the Assigned Patent to Assignee in accordance with this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Capitalized terms used but not defined herein shall have the meanings set forth in the License Agreement. "**Assigned Patents**" shall mean the patents and patent applications listed on Schedule A, together with all continuations and divisionals of such applications and the patents issuing therefrom, and reexaminations, reissues and foreign counterparts of the patents listed on Appendix A and/or issued as described above.

2. Subject to the terms and conditions of this Agreement, Assignors hereby sell, assign and transfer to Assignee, its successors and assigns, Assignors' and its Affiliates' entire right, title and interest in and to the Assigned Patent in the Territory. Assignee agrees that the Assigned Patents shall remain included in the definition of Sagimet Patents for the purpose of the License Agreement, notwithstanding the assignment of the Assigned Patents to Assignee. Without limiting the foregoing:

(a) the assignment of the Assigned Patents shall not change any economic terms of the License Agreement, including without limitation the Royalty Term;

(b) Assignee shall not use or practice the Assigned Patents for any purpose other than to Develop, Manufacture, Commercialize and otherwise Exploit the Compounds and the Products in the Field in the Territory as permitted under the license granted to Assignee as of the effective date of the License Agreement;

(c) Assignor retains the right to use and practice the Assigned Patents for the purposes set forth in Sections 2.1(a) and (b) of the License Agreement;

(d) Except as set forth in Section 2.3(a) of the License Agreement, Assignee shall not grant any licenses under the Assigned Patents to Third Parties without prior written consent of Sagimet, such consent not to be unreasonably withheld. For the avoidance of doubt, Assignee may grant licenses to its Affiliates without the consent of Sagimet. Each license granted by Assignee under the Assigned Patents shall be deemed a sublicense granted under the License Agreement, and Assignee shall comply the requirements of Sections 2.3(b)(i), (ii), (iii) and (iv) of the License Agreement for any license granted under the Assigned Patents; and

(e) Assignor shall retain the first right to prosecute and maintain, and the backup right to enforce, the Assigned Patents in accordance with Sections 8.3 and 8.5 of the License Agreement during the Term of the License Agreement, even though Assignor no longer owns the Assigned Patents.

Assignor shall perform such further action (including by executing any and all necessary documents or revising this Agreement) for Assignee to record such transfer with the patent offices in the Territory.

3. During the remaining Term of the License Agreement, Assignee shall maintain its ownership of the Assigned Patents free and clear of all liens and encumbrances of any kind and shall not sell, assign or transfer the Assigned Patents to any other person or entity.

4. Upon any early termination of the License Agreement for any reason other than in the event that Assignor maintains its license in accordance with Section 12.5(b) of the License Agreement, in addition to complying with Section 12.5(d) of the License Agreement, Assignee shall (and hereby does, but effective only upon such early termination of the License Agreement) sell, assign and transfer back to Assignor, its successors and assigns, Assignee's and its Affiliates' entire right, title and interest in and to the Assigned Patent, and Assignee shall perform such further action (including by executing any and all necessary documents) for Assignor to record such transfer with the patent office.

5. The validity, performance, construction, and effect of this Agreement shall be governed by and construed under the substantive laws of Hong Kong, without giving effect to its conflicts of law provisions. This Agreement may be executed in counterparts, all of which taken together shall be regarded as one and the same instrument.

IN WITNESS WHEREOF, each party has caused its authorized representative to execute this Agreement.

Sagimet Biosciences Inc.	Gannex Pharma, Co.,Ltd.
By: /s/ George Kemble	By:/s/ Jinzi J. Wu
Name: George Kemble	Name: Jinzi J. Wu
Title: CEO	Title: President and CEO
Date: 10/28/2019	Date: 10/30/2019

Schedule A / Patent list

[***]

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Exhibit 10.16

LEASE AGREEMENT

between

Casiopea Bovet, LLC

"Landlord"

and

3-V Biosciences, Inc., a Delaware corporation

"Tenant"

TABLE OF CONTENTS

BASIC LEASE INFORMATION

Lease Date:	For identification purposes only, the date of this Lease is March 1, 2019
Landlord:	Casiopea Bovet, LLC
Tenant:	3-V Biosciences, Inc., a Delaware corporation
Project:	Bovet Office Centre
Building Address:	155 Bovet Road San Mateo, CA 94402
Rentable Area of Building:	131,532 square feet
Premises:	Floor: Third Suite Number: 303 Rentable Area: 3,030 square feet
Commencement Date:	The Lease shall commence upon the later of substantial completion of the Tenant Improvements by Landlord or April 1, 2019.
Lease Term:	The term of the Lease shall be thirty-six (38) months. In the event the Commencement Date is not the first day of a month, the termination date shall be on the last day of the month following the 38th month anniversary of the Commencement Date. Rent for any partial month shall be prorated.
Early Access:	For the purpose of Tenant's installation of furniture and communication equipment, Landlord shall allow Tenant access to the Premises immediately upon Landlord's substantial completion of Landlord's work for a period of five (5) full business days prior to the Lease Commencement Date subject to all terms and conditions contained in the Lease including evidence of insurance. No rent shall be charged during this early access period.

Base Rent:

Months 1 – 2	ABATED
Months 3 – 12	$12,423.00
Months 13 – 24	$12,795.69
Months 25 – 36	$13,179.56
Months 37 – 38	$13,574.95

_____ Landlord's initials

_____ Tenant's initials

Base Year:	Base Operating Expense Year – 2019 Base Tax Year - Fiscal Year 2018/2019
Tenant's Share:	2.3036%
Security Deposit:	Upon Lease execution, Tenant shall pay the first month's Base Monthly Rent and an additional amount of $27,149.90 as Security Deposit.
Tenant Improvements:	Landlord, at its sole cost, shall improve the Premises utilizing building standard materials, based upon a mutually acceptable space plan. Improvements shall include the following: Paint throughout including one accent wall Install new flooring (carpet throughout with VCT in kitchen) Install new building standard light fixtures
Use of Premises:	Tenant shall use and occupy the Premises for general office purposes only. Tenant shall not permit the occupancy of the Premises to exceed one person per one hundred seventy-five (175) square feet.
Landlord's Address for Payment of Rent:	Casiopea Bovet, LLC P.O. Box 740411 Los Angeles, CA 90074-0411
Business Hours:	8:00 a.m. to 6:00 p.m. Monday through Friday, excluding Holidays.
After Hours HVAC:	After hours HVAC is available through contacting the onsite management office. The current charge for this service is $81.00 per hour with a 2-hour minimum. Landlord reserves the right to adjust the charge for this service.
Dedicated HVAC:	Tenant shall be responsible for the maintenance of any dedicated HVAC units in the Premises. Any such units shall be metered and tenant shall pay for the above-standard electrical use required to operate the unit(s).
Landlord's Address for Notices:	Casiopea Bovet, LLC c/o Access Property Services, Inc. 155 Bovet Road, Suite 460 San Mateo, CA 94402 Attn: Property Manager


Landlord's initials

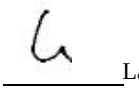

Tenant's initials

Tenant's Address For Notices:	3-V Biosciences, Inc. Attn: Chief Financial Officer 155 Bovet Road, Suite 303 San Mateo, CA 94402
With a copy to:	Dalsin Law 1655 N. Main Street, Suite 270 Walnut Creek, CA 94596
Broker(s):	Kidder Mathews representing the Landlord and the Tenant
Property Manager:	Access Property Services, Inc.
Additional Provisions:	EXHIBIT D - Additional Provisions

Exhibits:

Exhibit A:	The Premises
Exhibit B:	Construction Rider
Exhibit C:	Building Rules
Exhibit D:	Additional Provisions Rider
Exhibit E:	Asbestos Notification
Exhibit F:	Acknowledgement of Lease Commencement

The Basic Lease Information set forth above is part of the Lease. In the event of any conflict between any provision in the Basic Lease Information and the Lease, the Lease shall control.


Landlord's initials


Tenant's initials

THIS LEASE is made as of the Lease Date set forth in the Basic Lease Information, by and between the Landlord identified in the Basic Lease Information ("**Landlord**"), and the Tenant identified in the Basic Lease Information ("**Tenant**"). Landlord and Tenant hereby agree as follows:

1. PREMISES. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, upon the terms and subject to the conditions of this Lease, the office space identified in the Basic Lease Information as the Premises (the "**Premises**"), in the Building located at the address specified in the Basic Lease Information (the "**Building**"). The approximate configuration and location of the Premises is shown on Exhibit A. Landlord and Tenant agree that the rentable area of the Premises for all purposes under this Lease shall be the Rentable Area specified in the Basic Lease Information. The Building, together with the parking facilities serving the Building (the "**Parking Facility**"), and the parcel(s) of land on which the Building and the Parking Facility are situated (collectively, the "**Property**"), is part of the Project identified in the Basic Lease Information (the "**Project**").

2. TERM; POSSESSION. The term of this Lease (the "**Term**") shall commence on the Commencement Date as described below and, unless sooner terminated, shall expire on the Expiration Date set forth in the Basic Lease Information (the "**Expiration Date**"). The "**Commencement Date**" shall be the date set forth in the Basic Lease Information. The parties anticipate that the Commencement Date will occur on or about the Scheduled Commencement Date set forth in the Basic Lease Information (the **"Scheduled Commencement Date"**); provided, however, that Landlord shall not be liable for any claims, damages or liabilities if the Premises are not ready for occupancy by the Scheduled Commencement Date. When the Commencement Date has been established, Landlord and Tenant shall at the request of either party confirm the Commencement Date and Expiration Date in writing. Notwithstanding the foregoing, except as resulting from any Tenant-caused delay, in the event Landlord does not deliver possession of the Premises to Tenant by May 1, 2019, Tenant shall have the right to terminate this Lease by written notice to Landlord and Landlord shall return all funds paid by Tenant in respect of the Lease.

3. RENT.

3.1 Base Rent. Tenant agrees to pay to Landlord the Base Rent set forth in the Basic Lease Information, without prior notice or demand, on the first day of each and every calendar month during the Term, except that Base Rent for the first full calendar month in which Base Rent is payable shall be paid upon Tenant's execution of this Lease and Base Rent for any partial month at the beginning of the Term shall be paid on the Commencement Date. Base Rent for any partial month at the beginning or end of the Term shall be prorated based on the actual number of days in the month. Any increases in Base Rent will take effect on the first day of the month; if any increase in Base Rent is due to occur on an anniversary of the Commencement Date and the Commencement Date is not the first day of a month, then the increase will take effect on the first day of the month after the month in which the anniversary occurs.

 Landlord's initials

 Tenant's initials

3.2 Additional Rent: Increases in Operating Costs and Taxes.

(a) Definitions.

(1) **"Base Operating Costs"** means Operating Costs for the calendar year specified as the Base Year in the Basic Lease Information (excluding therefrom, however, any Operating Costs of a nature that would not ordinarily be incurred on an annual, recurring basis).

(2) **"Base Taxes"** means Taxes for the fiscal year specified as the Base Year in the Basic Lease Information.

(3) **"Operating Costs"** means all costs of managing, operating, maintaining and repairing the Property, including all costs, expenditures, fees and charges for: (A) operation, maintenance and repair of the Property (including maintenance, repair and replacement of glass, the roof covering or membrane, and landscaping); (B) utilities and services (including telecommunications facilities and equipment, recycling programs and trash removal), and associated supplies and materials; (C) compensation (including employment taxes and fringe benefits) not to exceed commercially reasonable rates for persons who perform duties in connection with the operation, management, maintenance and repair of the Building, such compensation to be appropriately allocated for persons who also perform duties unrelated to the Building; (D) property (including coverage for earthquake and flood if carried by Landlord), liability, rental income and other insurance relating to the Property, and expenditures for deductible amounts paid under such insurance; (E) licenses, permits and inspections; (F) complying with the requirements of any law, statute, ordinance or governmental rule or regulation or any orders pursuant thereto (collectively **"Laws"**); (G) amortization of capital improvements required to comply with Laws, or which are intended to reduce Operating Costs or improve the utility, efficiency or capacity of any Building System, with interest on the unamortized balance at the rate paid by Landlord on funds borrowed to finance such capital improvements (or, if Landlord finances such improvements out of Landlord's funds without borrowing, the rate that Landlord would have paid to borrow such funds, as reasonably determined by Landlord), over such useful life as Landlord shall reasonably determine; (H) an office in the Project for the management of the Property, including expenses of furnishing and equipping such office and rental value of any space occupied for such purposes, not to exceed fair market value; (I) property management fees not to exceed commercially reasonable rates; (J) reasonable accounting, legal and other professional services incurred in connection with the operation of the Property and the calculation of Operating Costs and Taxes; (K) a reasonable allowance for depreciation on machinery and equipment used to maintain the Property and on other personal property owned by Landlord in the Property (including window coverings and carpeting in common areas); (L) contesting the validity or applicability of any Laws that may affect the Property; (M) the Building's share of any shared or common area maintenance fees and expenses (including costs and expenses of operating, managing, owning and maintaining the Parking Facility and the common areas of the Project and any fitness center or conference center in the Project); and (N) any other costs, expenditure, fee or charge, whether or not hereinbefore described, which in accordance with generally accepted property management practices would be considered an expense of managing, operating, maintaining and repairing the Property. Operating Costs for any calendar year during which average occupancy of the Building is less than one hundred percent (100%) shall be calculated based upon the Operating Costs that would have been incurred if the Building had an average occupancy of one hundred percent (100%) during the entire calendar year.


Landlord's initials


Tenant's initials

Operating Costs shall not include (i) capital improvements (except as otherwise provided above), (ii) costs of special services rendered to individual tenants (including Tenant) for which a special charge is made; (iii) interest and principal payments on loans or indebtedness secured by the Building; (iv) costs of improvements for Tenant or other tenants of the Building; (v) costs of services or other benefits of a type which are not available to Tenant but which are available to other tenants or occupants, and costs for which Landlord has a right to be reimbursed by other tenants of the Building other than through payment of tenants' shares of increases in Operating Costs and Taxes; (vi) leasing commissions, attorneys' fees and other expenses incurred in connection with leasing space in the Building or enforcing such leases; (vii) depreciation or amortization, other than as specifically enumerated in the definition of Operating Costs above; and (viii) costs, fines or penalties incurred due to Landlord's default of any terms or conditions of this Lease or Landlord's violation of leases for other premises in the Project, or Landlord's violation of any Law; (ix) costs incurred by Landlord to remove asbestos and asbestos-containing materials from the Building that are in the Building on the date of this Lease, (x) any depreciation on the Building or Project and any fixed assets thereon excluding any amortization of capital improvements as referenced in (G) above, or (xi) costs for which Landlord is entitled to reimbursement under warranties or by insurance companies, other tenants or other third parties.

(4) **"Taxes"** means: all real property taxes and general, special or district assessments or other governmental impositions, of whatever kind, nature or origin, imposed on or by reason of the ownership or use of the Property; governmental charges, fees or assessments for transit or traffic mitigation (including area-wide traffic improvement assessments and transportation system management fees), housing, police, fire or other governmental service or purported benefits to the Property; personal property taxes assessed on the personal property of Landlord used in the operation of the Property; service payments in lieu of taxes and taxes and assessments of every kind and nature whatsoever levied or assessed in addition to, in lieu of or in substitution for existing or additional real or personal property taxes on the Property or the personal property described above; any increases in the foregoing caused by changes in assessed valuation, tax rate or other factors or circumstances; and the reasonable cost of contesting by appropriate proceedings the amount or validity of any taxes, assessments or charges described above. To the extent paid by Tenant or other tenants as "Tenant's Taxes" (as defined in Section 8 - *Tenant's Taxes*), "Tenant's Taxes" shall be excluded from Taxes.

"Taxes" shall not include (i) any franchise, rental, income, inheritance or profit tax, capital levy or excise tax payable by Landlord (ii) any tax levy, assessment, charge or surcharge resulting from the contamination of real property by hazardous materials except unless caused by the acts or omissions by the Tenant, its agents or contractors (iii) interest or penalties for the late payment or failure to pay any real property taxes (iv) any estate inheritance taxes; or (v) any City or County transfer taxes.

(5) **"Tenant's Share"** means the Rentable Area of the Premises divided by the total Rentable Area of the Building, as set forth in the Basic Lease Information. If the Rentable Area of the Building is changed or the Rentable Area of the Premises is changed by Tenant's leasing of additional space hereunder or for any other reason, Tenant's Share shall be adjusted accordingly.


Landlord's initials


Tenant's initials

(b) Additional Rent.

(1) Tenant shall pay Landlord as **"Additional Rent"** for each calendar year or portion thereof during the Term Tenant's Share of the sum of (x) the amount (if any) by which Operating Costs for such period exceed Base Operating Costs, and (y) the amount (if any) by which Taxes for such period exceed Base Taxes.

(2) Within ninety (90) days following the end of the Base Year and each calendar year thereafter, Landlord shall notify Tenant of Landlord's estimate of Operating Costs, Taxes and Tenant's Additional Rent for the following twelve (12) month period. Commencing on the first day of April of each calendar year and continuing on the first day of every month thereafter in such twelve (12) month period, Tenant shall pay to Landlord one-twelfth (1/12th) of the estimated Additional Rent. If Landlord thereafter estimates that Operating Costs or Taxes for such twelve (12) month period will vary from Landlord's prior estimate, Landlord may, by notice to Tenant, revise the estimate for such twelve (12) month period (and Additional Rent shall thereafter be payable based on the revised estimate).

(3) As soon as reasonably practicable after the end of the Base Year and each calendar year thereafter, Landlord shall furnish Tenant a statement with respect to such year, showing Operating Costs, Taxes and Additional Rent for the year, and the total payments made by Tenant with respect thereto. Unless Tenant raises any objections to Landlord's statement within one hundred twenty (120) days after receipt of the same, such statement shall conclusively be deemed correct and Tenant shall have no right thereafter to dispute such statement or any item therein or the computation of Additional Rent based thereon. If Tenant does object to such statement, then Landlord shall provide Tenant or its designated agent with reasonable verification of the figures shown on the statement and the parties shall negotiate in good faith to resolve any disputes. In the event such dispute cannot be resolved by the parties, then Tenant shall have the right to retain an independent certified public accountant which is not paid on a contingency basis and which is mutually approved by Landlord and Tenant (the "Accountant") to complete an audit of Landlord's books and records to determine the proper amount of the Operating Costs, Taxes and Additional Rent incurred and amounts payable by Tenant for the year which is the subject of such dispute. Such audit by the Accountant shall be final and binding upon Landlord and Tenant. If Landlord and Tenant cannot mutually agree as to the identity of the Accountant within thirty (30) days after Tenant notifies Landlord that Tenant desires an audit to be performed, then the Accountant shall be one of the "Big 4" accounting firms selected by Tenant, which is not paid on a contingency basis. If such audit reveals that Landlord has over-charged Tenant, then within thirty (30) days after the results of such audit are made available to Landlord, Landlord shall reimburse to Tenant the amount of such over-charge. If the audit reveals that the Tenant was under-charged, then within thirty (30) days after the results of such audit are made available to Tenant, Tenant shall reimburse to Landlord the amount of such under-charge. Tenant agrees to pay the cost of such audit unless it is subsequently determined that Landlord's original statement which was the subject of such audit was in error to Tenant's disadvantage by ten percent (10%) or more of the total Operating Costs, Taxes and Additional Rent which was the subject of such audit. Any objection of Tenant to Landlord's statement and resolution of any dispute shall not postpone the time for payment of any amounts due Tenant or Landlord based on Landlord's statement, nor shall any failure of Landlord to deliver Landlord's statement in a timely manner relieve Tenant of Tenant's obligation to pay any amounts due Landlord based on Landlord's statement.

 Landlord's initials

 Tenant's initials

(4) If Tenant's Additional Rent as finally determined for any calendar year exceeds the total payments made by Tenant on account thereof, Tenant shall pay Landlord the deficiency within ten (10) business days of Tenant's receipt of Landlord's statement. If the total payments made by Tenant on account thereof exceed Tenant's Additional Rent as finally determined for such year, Tenant's excess payment shall be credited toward the rent next due from Tenant under this lease. For any partial calendar year at the beginning or end of the Term, Additional Rent shall be prorated on the basis of a 365-day year by computing Tenant's Share of the increases in Operating Costs and Taxes for the entire year and then prorating such amount for the number of days during such year included in the Term. Notwithstanding the termination of this Lease, Landlord shall pay to Tenant or Tenant shall pay to Landlord, as the case may be, within ten (10) days after Tenant's receipt of Landlord's final statement for the calendar year in which this Lease terminates, the difference between Tenant's Additional Rent for that year, as finally determined by Landlord, and the total amount previously paid by Tenant on account thereof.

If for any reason Base Taxes or Taxes for any year during the Term are reduced, refunded or otherwise changed, Tenant's Additional Rent shall be adjusted accordingly. If Taxes are temporarily reduced as a result of space in the Building being leased to a tenant that is entitled to an exemption from property taxes or other taxes, then for purposes of determining Additional Rent for each year in which Taxes are reduced by any such exemption, Taxes for such year shall be calculated on the basis of the amount the Taxes for the year would have been in the absence of the exemption. The obligations of Landlord to refund any overpayment of Additional Rent and of Tenant to pay any Additional Rent not previously paid shall survive the expiration of the Term. Notwithstanding anything to the contrary in this Lease, if there is at any time a decrease in Taxes below the amount of the Taxes for the Base Year, then for purposes of calculating Additional Rent for the year in which such decrease occurs and all subsequent periods, Base Taxes shall be reduced to equal the Taxes for the year in which the decrease occurs.

3.3 Payment of Rent. All amounts payable or reimbursable by Tenant under this Lease, including late charges and interest (collectively, **"Rent"**), shall constitute rent and shall be payable and recoverable as rent in the manner provided in the Lease. All sums payable to Landlord on demand under the terms of this Lease shall be payable within ten (10) days after notice from Landlord of the amounts due. All rent shall be paid without offset, recoupment or deduction in lawful money of the United States of America to Landlord at Landlord's Address for Payment of Rent as set forth in the Basic Lease Information, or to such other person or at such other place as Landlord may from time to time designate.


Landlord's initials


Tenant's initials

4. SECURITY DEPOSIT. On execution of this Lease, Tenant shall deposit with Landlord the Security Deposit (the **"**Security Deposit"), as security for the performance of Tenant's obligations under this Lease. Landlord may (but shall have no obligation to) use the Security Deposit or any portion thereof to cure any breach or default by Tenant under this Lease, to fulfill any of Tenant's obligations under the Lease, or to compensate Landlord for any damage it incurs as a result of Tenant's failure to perform any of Tenant's obligations hereunder. In such event, Tenant shall pay to Landlord on demand an amount sufficient to replenish the Security Deposit. If at the expiration or termination of this Lease, Tenant is not in default, has otherwise fully performed all of Tenant's obligations under this Lease, and there are no outstanding Claims (defined in Section 10.1 below, and including all existing and potential Claims) for which Tenant is responsible, Landlord shall return to Tenant the Security Deposit or the balance thereof then held by Landlord and not applied as provided above. Landlord may commingle the Security Deposit with Landlord's general and other funds. Landlord shall not be required to pay interest on the Security Deposit to Tenant.

5. USE AND COMPLIANCE WITH LAWS.

5.1 Use. The Premises shall be used and occupied for general business office purposes in connection with its operations and for no other use or purpose. Tenant shall comply with all present and future Laws relating to Tenant's use or occupancy of the Premises (and make any repairs, alterations or improvements as required to comply with all such Laws), and shall observe the "Building Rules" (as defined in Section 27 - Rules and Regulations). Tenant shall not do, bring, keep or sell anything in or about the Premises that is prohibited by, or that will cause a cancellation of or an increase in the existing premium for, any insurance policy covering the Property or any part thereof. Tenant shall not permit the Premises to be occupied or used in any manner that will constitute waste or a nuisance, or disturb the quiet enjoyment of or otherwise annoy other tenants in the Building. Without limiting the foregoing, the Premises shall not be used for educational activities, practice of medicine or any of the healing arts, providing social services, for any governmental use (including embassy or consulate use), or for personnel agency, customer service office, studios for radio, television or other media, travel agency or reservation center operations or uses. Tenant shall not permit the occupancy of the Premises to exceed one person (including Visitors) per one hundred seventy-five (175) square feet. Tenant shall not, without the prior consent of Landlord (i) bring into the Building or the Premises anything that may cause substantial noise, odor or vibration, overload the floors in the Premises or the Building or any of the heating, ventilating and air-conditioning (**"HVAC"**), mechanical, elevator, plumbing, electrical, fire protection, life safety, security or other systems in the Building (**"Building System"**), or jeopardize the structural integrity of the Building or any part thereof; (ii) connect to the utility systems of the Building any apparatus, machinery or other than typical office equipment; or (iii) connect to any electrical circuit in the Premises any equipment or other load that either (A) imposes aggregate electrical power requirements in excess of 80% of the rated capacity of the circuit or (B) in the aggregate, on a monthly basis, has an electrical load in excess of four (4) watts per square foot of the Premises.


Landlord's initials


Tenant's initials

5.2 Hazardous Materials.

(a) Definitions.

(1) **"Hazardous Materials"** shall mean any substance: (A) that now or in the future is regulated or governed by, requires investigation or remediation under, or is defined as a hazardous waste, hazardous substance, pollutant or contaminant under any governmental statute, code, ordinance, regulation, rule or order, and any amendment thereto, including the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. §9601 et seq., and the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq., or (B) that is toxic, explosive, corrosive, flammable, radioactive, carcinogenic, dangerous or otherwise hazardous, including gasoline, diesel fuel, petroleum hydrocarbons, polychlorinated biphenyls (PCBs), asbestos, radon and urea formaldehyde foam insulation.

(2) **"Environmental Requirements"** shall mean all present and future Laws, orders, permits, licenses, approvals, authorizations and other requirements of any kind applicable to Hazardous Materials.

(3) **"Handled by Tenant"** and **"Handling by Tenant"** shall mean and refer to any installation, handling, generation, storage, use, disposal, discharge, release, abatement, removal, transportation, or any other activity of any type by Tenant or its agents employees, contractors, licensees, assignees, sublessees, transferees or representatives (collectively, **"Representative"**) or its guests, customers, invitees, or visitors (collectively, **"Visitors"**), at or about the Premises in connection with or involving Hazardous Materials.

(4) **"Environmental Losses"** shall mean all costs and expenses of any kind, damages, including foreseeable and unforeseeable consequential damages, fines and penalties incurred in connection with any violation of and compliance with Environmental Requirements and all losses of any kind attributable to the diminution of value, loss of use or adverse effects on marketability or use of any portion of the Premises or Property.

(b) Tenant's Covenants. No Hazardous Materials shall be Handled by Tenant at or about the Premises or Property without Landlord's prior written consent, which consent may be granted, denied, or conditioned upon compliance with Landlord's requirements, all in Landlord's absolute discretion. Notwithstanding the foregoing, normal quantities and use of those Hazardous Materials customarily used in the conduct of general office activities, such as copier fluids and cleaning supplies (**"Permitted Hazardous Materials"**), may be used and stored at the Premises without Landlord's prior written consent, provided that Tenant's activities at or about the Premises and Property and the Handling by Tenant of all Hazardous Materials shall comply at all times with all Environmental Requirements. At the expiration or termination of the Lease, Tenant shall promptly remove from the Premises and property all Hazardous Materials Handled by Tenant at the Premises or the Property. Tenant shall keep Landlord fully and promptly informed of all Handling by Tenant of Hazardous Materials other than Permitted Hazardous Materials. Tenant shall be responsible and liable for the compliance with all of the provisions of this Section by all of Tenant's Representatives and Visitors, and all of Tenant's obligations under this Section (including its indemnification obligations under paragraph (e) below) shall survive the expiration or termination of this Lease.


Landlord's initials


Tenant's initials

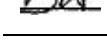
(c) Compliance. Tenant shall at Tenant's expense promptly take all actions required by any governmental agency or entity in connection with or as a result of the Handling by Tenant of Hazardous Materials at or about the Premises or Property, including inspection and testing, performing all cleanup, removal and remediation work required with respect to those Hazardous Materials, complying with all closure requirements and post-closure monitoring, and filing all required reports or plans. All of the foregoing work and all Handling by Tenant of all Hazardous Materials shall be performed in a good, safe and workmanlike manner by consultants qualified and licensed to undertake such work and in a manner that will not interfere with any other tenant's quiet enjoyment of the Property or Landlord's use, operation, leasing and sale of the Property. Tenant shall deliver to Landlord prior to delivery to any governmental agency, or promptly after receipt from any such agency, copies of all permits, manifests, closure or remedial action plans, notices, and all other documents relating to the Handling by Tenant of Hazardous Materials at or about the Premises or Property. If any lien attaches to the Premises or the Property in connection with or as a result of the Handling by Tenant of Hazardous Materials, and Tenant does not cause the same to be released, by payment, bonding or otherwise, within ten (10) days after the attachment thereof, Landlord shall have the right but not the obligation to cause the same to be released and any sums expended by Landlord (plus Landlord's administrative costs) in connection therewith shall be payable by Tenant on demand.

(d) Landlord's Rights. Landlord shall have the right, but not the obligation, to enter the Premises at any reasonable time after giving oral notice to the Tenant, absent an emergency, (i) to confirm Tenant's compliance with the provisions of this Section 5.2, and (ii) to perform Tenant's obligations under this Section if Tenant has failed to do so after reasonable notice to Tenant. Landlord shall also have the right to engage qualified Hazardous Materials consultants to inspect the Premises and review the Handling by Tenant of Hazardous Materials, including review of all permits, reports, plans, and other documents regarding same. Tenant shall pay to Landlord on demand the costs of Landlord's consultants' fees and all costs incurred by Landlord in performing Tenant's obligations under this Section. Landlord shall use reasonable efforts to minimize any interference with Tenant's business caused by Landlord's entry into the Premises, but Landlord shall not be responsible for any interference caused thereby.

(e) Tenant's Indemnification. Tenant agrees to indemnify, defend, protect and hold harmless Landlord and its partners or members and its or their partners, members, directors, officers, shareholders, employees and agents from all Environmental Losses and all other claims, actions, losses, damages, liabilities, costs and expenses of every kind, including reasonable attorneys', experts' and consultants' fees and costs, incurred at any time and arising from or in connection with the Handling by Tenant of Hazardous Materials at or about the Property or Tenant's failure to comply in full with all Environmental Requirements with respect to the Premises.

(f) Asbestos. Tenant acknowledges that Tenant has received the asbestos notification letter attached as Exhibit E hereto pursuant to California Health and Safety Code Sections 25915 et seq. (as amended from time to time, the **"Connelly Act**"), disclosing the existence of asbestos in the Building. As part of Tenant's obligations under paragraph (c) of this Section, Tenant agrees to comply with the Connelly Act, including providing copies of Landlord's asbestos notification letter to all of Tenant's "employees" and "owners," as those terms are defined in the Connelly Act.

 Landlord's initials

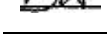
 Tenant's initials

6. TENANT IMPROVEMENTS & ALTERATIONS.

6.1 Landlord and Tenant shall perform their respective obligations with respect to design and construction of any improvements to be constructed and installed in the Premises (the **"Tenant Improvements"**), as provided in the Construction Rider. Except for any Tenant Improvements to be constructed by Tenant as provided in the Construction Rider, Tenant shall not make any alterations, improvements or changes to the Premises, including installation of any security system or telephone or data communication wiring (**"Alterations"**), without Landlord's prior written consent. Any such Alterations shall be completed by Tenant at Tenant's sole cost and expense: (i) with due diligence, in a good and workmanlike manner, using new materials; (ii) in compliance with plans and specifications approved by Landlord; (iii) in compliance with the construction rules and regulations promulgated by Landlord from time to time; (iv) in accordance with all applicable Laws (including all work, whether structural or non-structural, inside or outside the Premises, required to comply fully with all applicable Laws and necessitated by Tenant's work); and (v) subject to all reasonable conditions which Landlord may in Landlord's discretion impose. Such conditions may include requirements for Tenant to: (i) provide payment or performance bonds or additional insurance (from Tenant or Tenant's contractors, subcontractors or design professionals); (ii) use contractors or subcontractors designated by Landlord; and (iii) remove all or part of the Alterations prior to or upon expiration or termination of the Term, as designated by Landlord, and Landlord shall make such designation at the time of approval. If any work outside the Premises or any work on or adjustment to any of the Building Systems, is required in connection with or as a result of Tenant's work, such work shall be performed at Tenant's expense by contractors designated by Landlord. Landlord's right to review and approve (or withhold approval of) Tenant's plans, drawings, specifications, contractor(s) and other aspects of construction work proposed by Tenant is intended solely to protect Landlord, the Property and Landlord's interests. No approval or consent by Landlord shall be deemed or construed to be a representation or warranty by Landlord as to the adequacy, sufficiency, fitness or suitability thereof or compliance thereof with applicable Laws or other requirements. Except as otherwise provided in Landlord's consent, all Alterations shall upon installation become part of the realty and be the property of Landlord.

6.2 Before making any Alteration, Tenant shall submit to Landlord, in writing, for Landlord's prior approval reasonably detailed final plans and specifications prepared by a licensed architect or engineer, a copy of the construction contract, including the name of the contractor and all subcontractors proposed by Tenant to make the Alterations and a copy of the contractor's license. Tenant shall reimburse Landlord upon demand for any expenses incurred by Landlord in connection with any Alterations made by Tenant, including reasonable fees charged by Landlord's contractors or consultants to review plans and specifications prepared by Tenant and to update the existing as-built plans and specifications of the Building to reflect the Alterations. Tenant shall obtain all applicable permits, authorizations and governmental approvals and deliver copies of the same to Landlord before commencement of any Alterations Notwithstanding anything above to the contrary, Tenant may from time to time during the Lease Term, at its own expense and after giving Landlord written notice of its intention to do so, make cosmetic alterations, additions and changes in and to the non-structural, non-mechanical portions of the interior of the Premises (except those of a structural nature) as it may find necessary or convenient for its purposes with Landlord's prior written approval, which shall not be unreasonably withheld.


Landlord's initials


Tenant's initials

6.3 Tenant shall keep the Premises and the Property free and clear of all liens arising out of any work performed, materials furnished or obligations incurred by Tenant. If any such lien attaches to the Premises or the Property, and Tenant does not cause the same to be released by payment, bonding or otherwise within ten (10) days after the attachment thereof, Landlord shall have the right but not the obligation to cause the same to be released, and any sums expended by Landlord (plus Landlord's administrative costs) in connection therewith shall be payable by Tenant on demand with interest thereon from the date of expenditure by Landlord at the Interest Rate (as defined in Section 16.2 - *Interest*). Tenant shall give Landlord at least ten (10) days' notice prior to the commencement of any Alterations and cooperate with Landlord in posting and maintaining notices of non-responsibility in connection therewith.

6.4 Subject to the provisions of Section 5 - *Use and Compliance with Laws* and the foregoing provisions of this Section, Tenant may install and maintain furnishings, equipment, movable partitions, business equipment and other trade fixtures (**"Trade Fixtures"**) in the Premises, provided that the Trade Fixtures do not become an integral part of the Premises or the Building. Tenant shall promptly repair any damage to the Premises or the Building caused by any installation or removal of such Trade Fixtures.

7. MAINTENANCE AND REPAIRS

7.1 By taking possession of the Premises Tenant agrees that the Premises are then in a good and tenantable condition. To Landlord's knowledge, the Premises have not undergone inspection by a Certified Access Specialist. During the Term, Tenant at Tenant's expense but under the direction of Landlord, shall repair and maintain the Premises, including the interior walls, floor coverings, ceiling (excluding ceiling tiles and grid), Tenant Improvements, Alterations, fire extinguishers, outlets and fixtures, and any appliances (including dishwashers, hot water heaters and garbage disposers) in the Premises, in a first-class condition, and keep the Premises in a clean, safe and orderly condition.

7.2 Landlord shall maintain or cause to be maintained in reasonably good order, condition and repair, the structural portions of the roof, foundations, floors and exterior walls of the Building, the Building Systems, and the public and common areas of the Property, such as elevators, stairs, corridors and restrooms; provided, however, that Tenant shall pay the cost of repairs for any damage occasioned by Tenant's use of the Premises or the Property or any act or omission of Tenant or Tenant's Representatives or Visitors, to the extent (if any) not covered by Landlord's property insurance. Landlord shall be under no obligation to inspect the Premises. Tenant shall promptly report in writing to Landlord any defective condition known to Tenant that Landlord is required to repair. As a material part of the consideration for the Lease, Tenant hereby waives any benefits of any applicable existing or future Law, including the provisions of California Civil Code Sections 1932(1), 1941 and 1942, that allows a tenant to make repairs at its landlord's expense.


Landlord's initials


Tenant's initials

7.3 Landlord hereby reserves the right, at any time and from time to time, without liability to Tenant, and without constituting an eviction, constructive or otherwise, or entitling Tenant to any abatement of rent or to terminate this Lease or otherwise releasing Tenant from any of Tenant's obligations under this Lease, to perform any of the acts set forth in subparagraphs (a) through (d), below.

(a) To make alterations, additions, repairs, improvements to or in or to decrease the size of area of, all or any part of the Project and property adjacent to the Project, the Building, the fixtures and equipment therein, and the Building Systems; provided that in doing so, Landlord shall use commercially reasonable efforts to minimize disruption to Tenant's business. Tenant acknowledges that such alterations, additions, repairs and improvements may generate noise and vibrations and may temporarily interfere with access to the Premises, although they will not prevent access;

(b) To change the Building's name or street address;

(c) To install and maintain any and all signs on the exterior and interior of the Building;

(d) To reduce, increase, enclose or otherwise change at any time and from time to time the size, number, location, lay-out and nature of the common areas (including the Parking Facility) and other tenancies and premises in the Property and to create additional rentable areas through use or enclosure of common areas; and

(e) If any governmental authority promulgates or revises any Law or imposes mandatory or voluntary controls or guidelines on Landlord or the Property relating to the use or conservation of energy or utilities or the reduction of automobile or other emissions or reduction or management of traffic or parking on the Property (collectively **"Controls"**), to comply with such Controls, whether mandatory or voluntary, or make any alterations to the Property related thereto.

8. TENANT'S TAXES. **"Tenant's Taxes"** shall mean (a) all taxes, assessments, license fees and other governmental charges or impositions levied or assessed against or with respect to Tenant's personal property or Trade Fixtures in the Premises, whether any such imposition is levied directly against Tenant or levied against Landlord or the Property, (b) all rental, excise, sales or transaction privilege taxes arising out of this Lease (excluding, however, state and federal personal or corporate income taxes measured by the income of Landlord from all sources) imposed by any taxing authority upon Landlord or upon Landlord's receipt of any rent payable by Tenant pursuant to the terms of this Lease (**"Rental Tax"**), and (c) any increase in Taxes attributable to inclusion of a value placed on Tenant's personal property, Trade Fixtures or Alterations. Tenant shall pay any Rental Tax to Landlord in addition to and at the same time as Base Rent is payable under this Lease, and shall pay all other Tenant's Taxes before delinquency (and, at Landlord's request, shall furnish Landlord satisfactory evidence thereof). If Landlord pays Tenant's Taxes or any portion thereof, Tenant shall reimburse Landlord upon demand for the amount of such payment, together with interest at the Interest Rate from the date of Landlord's payment to the date of Tenant's reimbursement.


Landlord's initials


Tenant's initials

9. UTILITIES AND SERVICES.

9.1 Description of Services. Landlord shall furnish to the Premises: reasonable amounts of heat, ventilation and air-conditioning during the Business Hours specified in the Basic Lease Information (**"Business Hours"**) on weekdays except public holidays (**"Business Days"**); reasonable amounts of electricity; and janitorial services five days a week (except public holidays). Landlord shall also provide the Building with normal fluorescent tube replacement, window washing, elevator service, and common area toilet room supplies. Any additional utilities or services that Landlord may agree to provide (including lamp or tube replacement for other than Building Standard lighting fixtures) shall be at Tenant's sole expense.

9.2 Payment for Additional Utilities and Services.

(a) Upon request by Tenant in accordance with the procedures established by Landlord from time to time for furnishing HVAC service at times other than Business Hours on Business Days, Landlord shall furnish such service to Tenant and Tenant shall pay for such services on an hourly basis at the then prevailing rate established for the Building by Landlord.

(b) If the temperature otherwise maintained in any portion of the Premises by the HVAC systems of the Building is affected as a result of (i) any lights, machines or equipment used by Tenant in the Premises, or (ii) the occupancy of the Premises by more than one person per 175 square feet of rentable area, then Landlord shall have the right to install any machinery or equipment reasonably necessary to restore the temperature, including modifications to the standard air-conditioning equipment. The cost of any such equipment and modifications, including the cost of installation and any additional cost of operation and maintenance of the same, shall be paid by Tenant to Landlord upon demand.

(c) If Tenant's usage of electricity, water or any other utility service exceeds the use of such utility Landlord determines to be typical, normal and customary for the Building (which amount is not in excess of four (4) watts per month per square foot of the Premises), Landlord may determine the amount of such excess use by any reasonable means (including the installation at Landlord's request but at Tenant's expense of a separate meter or other measuring device) and charge Tenant for the cost of such excess usage. In addition, Landlord may impose a reasonable charge for the use of any additional or unusual janitorial services required by Tenant because of any unusual Tenant Improvements or Alterations, the carelessness of Tenant or the nature of Tenant's business (including hours of operations).

 Landlord's initials

 Tenant's initials

9.3 Interruption of Services. In the event of an interruption in or failure or inability to provide any services or utilities to the Premises or Building for any reason (a **"Service Failure"**), such Service Failure shall not, regardless of its duration, impose upon Landlord any liability whatsoever, constitute an eviction of Tenant, constructive or otherwise, entitle Tenant to an abatement of rent or to terminate this Lease or otherwise release Tenant from any of Tenant's obligations under this Lease. Notwithstanding anything to the contrary herein, except as occasioned by events outside the reasonable control of Landlord, in the event that Tenant is prevented from using, and does not use, the Premises or any portion thereof, for five (5) consecutive business days (the "Eligibility Period") as a result of (i) any repair, maintenance or alteration performed by Landlord after the Lease Commencement Date, or (ii) any failure by Landlord to provide to the Premises any of the facilities for essential utilities and services required to be provided under this Lease, or (iii) any failure by Landlord to provide access to the Premises, then Tenant's obligation to pay base Rent shall be abated or reduced, as the case may be, from and after the first (1st) day following the Eligibility Period and continuing until such time that Tenant continues to be so prevented from using, and does not use, the Premises or a portion thereof, in the proportion that the rentable square feet of the portion of the Premises that Tenant is prevented from using, and does not use, bears to the total rentable square feet of the Premises. To the extent Tenant shall be entitled to abatement of Rent because of a damage or destruction pursuant to Article 12 or a Condemnation pursuant to Article 13, then the Eligibility Period shall not be applicable. Tenant hereby waives any benefits of any applicable existing or future Law, including the provisions of California Civil Code Section 1932(1), permitting the termination of this Lease due to such interruption, failure or inability.

10. EXCULPATION AND INDEMNIFICATION

10.1 Landlord's Indemnification of Tenant. Landlord shall indemnify, protect, defend and hold Tenant harmless from and against any claims, actions, liabilities, damages, costs or expenses, including reasonable attorneys' fees and costs incurred in defending against the same (**"Claims"**) asserted by any third party against Tenant for loss, injury or damage, to the extent such loss, injury or damage is caused by (a) the willful misconduct or negligent acts or omissions of Landlord or its authorized representatives, or (b) any breach or default under this Lease by Landlord.

10.2 Tenant's Indemnification of Landlord. Tenant shall indemnify, protect, defend and hold Landlord and Landlord's authorized representatives harmless from and against Claims arising from (a) the acts or omissions of Tenant or Tenant's Representatives or Visitors in or about the Property, or (b) any construction or other work undertaken by Tenant on the Premises (including any design defects), or (c) any breach or default under this Lease by Tenant, or (d) any loss, injury or damage, howsoever and by whomsoever caused, to any person or property, occurring in or about the Premises during the Term, excepting only Claims described in this clause (d) to the extent they are caused by the willful misconduct or negligent acts or omissions of Landlord or its authorized representatives.

 Landlord's initials

 Tenant's initials

10.3 Damage to Tenant and Tenant's Property. Landlord shall not be liable to Tenant for any loss, injury or other damage to Tenant or to Tenant's property in or about the Premises or the Property from any cause (including defects in the Property or in any equipment in the Property; fire, explosion or other casualty; bursting, rupture, leakage or overflow of any plumbing or other pipes or lines, sprinklers, tanks, drains, drinking fountains or washstands in, above the Premises or Property; or acts of other tenants in the Property). Tenant hereby waives all claims against Landlord for any such loss, injury or damage caused by Landlord's negligence (active or passive) or willful misconduct. Notwithstanding any other provision of this Lease to the contrary, in no event shall Landlord be liable to Tenant for any punitive or consequential damages or damages for loss of business by Tenant.

10.4 Survival. The obligations of the parties under this Section 10 shall survive the expiration or termination of this Lease.

11. INSURANCE

11.1 Tenant's Insurance.

(a) Liability Insurance. Tenant shall maintain in full force throughout the Term, commercial general liability insurance providing coverage on an occurrence form basis with limits of not less than Two Million Dollars ($2,000,000.00) each occurrence for bodily injury and property damage combined, Two Million Dollars ($2,000,000.00) annual general aggregate, such limits may be met though any combination of primary and excess liability policies. At such time, if any, that Tenant has a product liability risk to ensure, then tenant shall maintain in force throughout the term products and completed operations insurance coverage with the aforementioned annual aggregate. Tenant's liability insurance policy or policies shall: (i) include premises and operations liability coverage, products and completed operations liability coverage, broad form property damage coverage including completed operations, blanket contractual liability coverage including, to the maximum extent possible, coverage for the indemnification obligations of Tenant under this Lease, and personal and advertising injury coverage; (ii) provide that the insurance company has the duty to defend all insureds under the policy; (iii) except with respect to any product liability coverage, provide that defense costs are paid in addition to and to not deplete any of the policy limits; (iv) cover liabilities arising out of or incurred in connection with Tenant's use or occupancy of the Premises or the Property; (v) extend coverage to cover Tenant's liability for the actions of Tenant's representatives and Visitors; and (vi) designate separate limits for the Property. Each policy of liability insurance required by this Section shall: (1) contain a cross liability endorsement or separation of insureds clause; (2) provide that any waiver of subrogation rights or release prior to a loss does not void coverage; (3) provide that it is primary to and not contributing with, any policy of insurance carried by Landlord covering the same loss; and (4) except with respect to product /completed operations liability policies , name Casiopea Bovet, LLC and Access Property Services, Inc., as additional insureds. Such additional insureds shall be provided at least the same extent of coverage as is provided to Tenant under such policies with respect to liability arising out of the ownership maintenance or use of the Premises by Tenant. All endorsements effecting such additional insured status shall be on policy forms reasonably acceptable to Landlord.


Landlord's initials


Tenant's initials

(b) Property Insurance. Tenant shall at all times maintain in effect with respect to any Alterations and Tenant's trade Fixtures and personal property, commercial property insurance providing coverage, on an "all risk" or "special form" basis, in an amount equal to at least 90% of the full replacement cost of the covered property. Tenant may carry such insurance under a blanket policy, provided that such policy provides coverage equivalent to a separate policy. During the Term, the proceeds from any such policies of insurance shall be used for the repair or replacement of the Alterations, Trade Fixtures and personal property so insured. Landlord shall be provided coverage under such insurance to the extent of its insurable interest and, if requested by Landlord, both landlord and Tenants shall sign all documents reasonably necessary or proper in connection with the settlement of any claim or loss under such insurance. Landlord will have no obligation to carry insurance on any Alterations or on Tenant's Trade Fixtures or personal property.

(c) Worker's Compensation Insurance. Tenant shall carry and maintain Workers Compensation and Employer's Liability Insurance as required by applicable Laws.

(d) Requirements For All Policies. Each policy of insurance required under this Section 11.1 shall: (i) be in a form, and written by an insurer, reasonably acceptable to Landlord, (ii) be maintained at Tenant's sole cost and expense, and (iii) in the event Tenant receives notice of cancellation from the insurer of any of the insurance required under this Lease, Tenant will provide Landlord written notice of such pending cancellation within five (5) business days of receipt of such notice from the insurer. Tenant shall use all reasonable efforts to remedy the cause of such cancellation notice, or will find replacement insurance meeting the requirements of this Lease, and shall provide Landlord with written notice that such cancellation has been rescinded, or shall provide a new Certificate of Insurance evidencing the replacement insurance, prior to the date the pending cancellation was to become effective, such that no lapse in the required insurance shall occur. Insurance companies issuing such policies shall have rating classifications of "A" or better and financial size category ratings of "VII" or better according to the latest edition of the A.M. Best Key Rating Guide. All insurance companies issuing such policies shall be authorized to do business in the state where the property is located. Any deductible amount under such insurance, other than Products Liability and Completed Operations coverage, shall not exceed $5,000. Tenant shall provide to Landlord, upon request, evidence that the insurance required to be carried by Tenant pursuant to this Section, including any endorsement affecting the additional insured status, is in full force and effect.

(e) Updating Coverage. Tenant shall increase the amounts of insurance as required by any Mortgagee, and, not more frequently than once every three (3) years, as recommended by Landlord's insurance broker, if, in the reasonable opinion of either of them, the amount of insurance then required under this Lease is not adequate. Any limits set forth in this Lease on the amount or type of coverage required by Tenant's insurance shall not limit the liability of Tenant under this Lease.

 Landlord's initials

 Tenant's initials

(f) Certificates of Insurance. Prior to occupancy of the Premises by tenant, and not less than thirty (30) days prior to expiration of any policy thereafter, Tenant shall furnish to Landlord a certificate of insurance reflecting that the insurance required by this Section is in force, accompanied by an endorsement showing the required additional insureds satisfactory to Landlord in substance and form. Notwithstanding the requirements of this paragraph, Tenant shall at Landlord's request provide to Landlord a certified copy of each insurance policy required to be in force at any time pursuant to the requirements of this Lease or its Exhibits. If (i) Tenant fails to provide a certified copy of its insurance policies then in force or (ii) if the policies or certificates of insurance provided by Tenant pursuant to this paragraph (e) or pursuant to paragraph (c) indicate that the insurance coverage maintained by Tenant does not satisfy the requirements of this Article 11, then Landlord, at its option and in addition to its other remedies, but without obligation so to do, many procure such insurance, and any sums expended by it to procure any such insurance shall be repaid upon demand, with interest as provided in Section 16.2. Nothing in this paragraph is intended to relieve Tenant of its obligation to maintain insurance or to impose any obligation on Landlord to obtain insurance for the benefit of Tenant or to notify Tenant that Tenant is not complying with the provisions of this Article 11.

11.2 Landlord's Insurance. During the Term, to the extent such coverages are available at a commercially reasonable cost, Landlord shall maintain in effect insurance on the Building with responsible insurers, on an "all risk" or "special form" basis, insuring the Building and the Tenant Improvements in an amount equal to at least 90% of the replacement cost thereof, excluding land, foundations, footings and underground installations. Landlord may, but shall not be obligated to, carry insurance against additional perils and/or in greater amounts.

11.3 Mutual Waiver of Right of Recovery and Waiver of Subrogation. Landlord and Tenant each hereby waive any right of recovery against each other and the partners, managers, members shareholders, officers, directors and authorized representatives of each other for any loss or damage that is covered by any policy of property insurance maintained by either party (or required by this Lease to be maintained) with respect to the Premises or the Property or any operation therein, regardless of cause, including negligence (active or passive) of the party benefiting from the waiver. If any such policy of insurance relating to this Lease or to the Premises or the Property does not permit the foregoing waiver or if the coverage under any such policy would be invalidated as a result of such waiver, the party maintaining such policy shall obtain from the insurer under such policy a waiver of all right of recovery by way of subrogation against either party in connection with any claim, loss or damage covered by such policy.

12. DAMAGE OR DESTRUCTION.

12.1 Landlord's Duty to Repair.

(a) If all or a substantial part of the Premises are rendered untenantable or inaccessible by damage to all or any part of the Property from fire or other casualty then, unless either party is entitled to and elects to terminate this Lease pursuant to Sections 12.2 - *Landlord's Right to Terminate* and 12.3 - *Tenant's Right to Terminate*, Landlord shall, at its expense, use reasonable efforts to repair and restore the Premises and/or the Property, as the case may be, to substantially their former condition to the extent permitted by then applicable Laws; provided, however, that in no event shall Landlord have any obligation for repair or restoration beyond the extent of insurance proceeds received by Landlord for such repair or restoration, or for any of Tenant's personal property, Trade Fixture or Alterations.


Landlord's initials


Tenant's initials

(b) If Landlord is required or elects to repair damage to the Premises and/or the Property, this Lease shall continue in effect, but Tenant's base Rent and Additional Rent shall be abated with regard to any portion of the Premises that Tenant is prevented from using by reason of such damage or its repair from the date of the casualty until substantial completion of Landlord's repair of the affected portion of the Premises as required under this Lease. In no event shall Landlord be liable to Tenant by reason of any injury to or interference with Tenant's business or property arising from fire or other casualty or by reason of any repairs to any part of the Property necessitated by such casualty.

12.2 Landlord's Right to Terminate. Landlord may elect to terminate this Lease following damage by fire or other casualty under the following circumstances:

(a) If, in the reasonable judgment of Landlord, the Premises and the Property cannot be substantially repaired and restored under applicable Laws within one (1) year from the date of the casualty;

(b) If, in the reasonable judgment of Landlord, adequate proceeds are not, for any reason, made available to Landlord from Landlord's insurance policies (and/or from Landlord's funds made available for such purpose, at Landlord's sole option) to make the required repairs;

(c) If the Building is damaged or destroyed to the extent that, in the reasonable judgment of Landlord, the cost to repair and restore the Building would exceed twenty-five percent (25%) of the full replacement cost of the Building, whether or not the Premises are at all damaged or destroyed; or

(d) If the fire or other casualty occurs during the last year of the Term.

If any of the circumstances described in subparagraphs (a), (b), (c) or (d) of this Section 12.2 occur or arise, Landlord shall give Tenant notice within one hundred and twenty (120) days after the date of the casualty, specifying whether Landlord elects to terminate this Lease as provided above and, if not, Landlord's estimate of the time required to complete Landlord's repair obligations under this Lease.

12.3 Tenant's Right to Terminate. If all or a substantial part of the Premises are rendered untenantable or inaccessible by damage to all or any part of the Property from fire or other casualty, and Landlord does not elect to terminate as provided above, then Tenant may elect to terminate this Lease if Landlord's reasonable estimate of the time required to complete Landlord's repair obligations under this Lease is greater than one (1) year, in which event Tenant may elect to terminate this Lease by giving Landlord notice of such election to terminate within thirty (30) days after Landlord's notice to Tenant pursuant to Section 12.2 - *Landlord's Right to Terminate*.


Landlord's initials


Tenant's initials

12.4 Waiver. Landlord and Tenant each hereby waive the provisions of California Civil Code Sections 1932(2), 1933(4) and any other applicable existing or future Law permitting the termination of a lease agreement in the event of damage or destruction under any circumstances other than as provided in Sections 12.2 - *Landlord's Right to Terminate* and 12.3 - *Tenant's Right to Terminate*.

13. CONDEMNATION.

13.1 Definitions.

(a) "**Award**" shall mean all compensation, sum, or anything of value awarded, paid or received on a total or partial Condemnation.

(b) "**Condemnation**" shall mean (i) a permanent taking (or a temporary taking for a period extending beyond the end of the Term) pursuant to the exercise of the power of condemnation or eminent domain by any public or quasi-public authority, private corporation or individual having such power ("**Condemnor**"), whether by legal proceedings or otherwise, or (ii) a voluntary sale or transfer by Landlord to any such authority, either under threat of condemnation or while legal proceedings for condemnation are pending.

(c) "**Date of Condemnation**" shall mean the earlier of the date that title to the property taken is vested in the Condemnor or the date the Condemnor has the right to possession of the property being condemned.

13.2 Effect on Lease.

(a) If the Premises are totally taken by Condemnation, this Lease shall terminate as of the Date of Condemnation. If a portion but not all of the Premises is taken by Condemnation, this Lease shall remain in effect; provided, however, that if the portion of the Premises remaining after the Condemnation will be unsuitable for Tenant's continued use, then upon notice to Landlord within thirty (30) days after Landlord notifies Tenant of the Condemnation, Tenant may terminate this Lease effective as of the Date of Condemnation.

(b) If twenty-five percent (25%) or more of the Project or of the parcel(s) of land on which the Building is situated or of the Parking Facility or of the floor area of the Building is taken by Condemnation, or if as a result of any Condemnation the Building is no longer reasonably suited for use as an office building, whether or not any portion of the Premises is taken, Landlord may elect to terminate this Lease, effective as of the Date of Condemnation, by notice to Tenant within thirty (30) days after the Date of Condemnation.

(c) If all or a portion of the Premises is temporarily taken by a Condemnor for al period not extending beyond the end of the Term, this Lease shall remain in full force and effect.


Landlord's initials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13.3 Restoration. If this Lease is not terminated as provided in Section 13.2 - *Effect on Lease*, Landlord, at its expense, shall diligently proceed to repair and restore the Premises to substantially its former condition (to the extent permitted by then applicable Laws) and/or repair and restore the Building to an architecturally complete office building; provided, however, that Landlord's obligations to so repair and restore shall be limited to the amount of any Award received by Landlord and not required to be paid to any Mortgagee (as defined in Section 20.2 below). In no event shall Landlord have any obligation to repair or replace any improvements in the Premises beyond the amount of any Award received by Landlord for such repair or to repair or replace any of Tenant's personal property, Trade Fixtures, or Alterations.

13.4 Abatement and Reduction of Rent. If any portion of the Premises is taken in a Condemnation or is rendered permanently untenantable by repairs necessitated by the Condemnation, and this Lease is not terminated, the Base Rent and Additional Rent payable under this Lease shall be proportionately reduced as of the Date of Condemnation based upon the percentage of rentable square feet in the Premises so taken or rendered permanently untenantable. In addition, if this Lease remains in effect following a Condemnation, and Landlord proceeds to repair and restore the Premises, the Base Rent and Additional Rent payable under this Lease shall be abated during the period of such repair or restoration to the extent such repairs prevent Tenant's use of the Premises.

13.5 Awards. Any Award made shall be paid to Landlord, and Tenant hereby assigns to Landlord, and waives all interest in or claim to, any such Award, including any claim for the value of the unexpired Term; provided, however, that Tenant shall be entitled to receive, or to prosecute a separate claim for, an Award for a temporary taking of the Premises or a portion thereof by a Condemnor where this Lease is not terminated (to the extent such Award relates to the unexpired Term), or an Award or portion thereof separately designated for relocation expenses or the interruption of or damage to Tenant's business or as compensation for Tenant's personal property, Trade Fixtures or Alterations.

13.6 Waiver. Landlord and Tenant each hereby waive the provisions of California Code of Civil Procedure Section 1265.130 and any other applicable existing or future Law allowing either party to petition for a termination of this Lease upon a partial taking of the Premises and/or the Property.

14. ASSIGNMENT AND SUBLETTING

14.1 Landlord's Consent Required. Tenant shall not assign this Lease or any interest therein, or sublet or license or permit the use or occupancy of the Premises or any part thereof by or for the benefit of anyone other than Tenant, or in any other manner transfer all or any part of Tenant's interest under this Lease (each and all a "**Transfer**"), without the prior written consent of Landlord, which consent (subject to the other provisions of this Section 14) shall not be unreasonably withheld, conditioned or delayed. If Tenant is a business entity, any direct or indirect transfer of fifty percent (50%) or more of the ownership interest of the entity (whether in a single transaction or in the aggregate through more than one transaction) shall be deemed a Transfer provided however, a private equity financing of the Tenant in which more than an aggregate of fifty (50%) of the voting shares of Tenant or a transfer between or among current shareholders of Tenant of more than an aggregate of fifty percent (50%) of the voting shares of Tenant shall not be deemed a transfer under this Article 14 provided that any such sale or transfer was not consummated as a subterfuge to avoid the obligations of this Article 14. Notwithstanding any provision in this Lease to the contrary, Tenant shall not mortgage, pledge, hypothecate or otherwise encumber this Lease or all or any part of Tenant's interest under this Lease.


Landlord's initials


Tenant's initials

Notwithstanding anything to the contrary in this Section, Tenant may assign this Lease or sublease the Premises to an affiliate of Tenant (as defined below) provided that Landlord determines in its reasonable discretion that, at the time of the assignment or sublease, the affiliate has a net worth no less than Five Million Dollars ($5,000,000). Tenant will provide to Landlord information to enable Landlord to make the determination of the net worth of Tenant and the affiliate. For purposes of this paragraph, an "affiliate" is an entity that (a) is majority owned by Tenant, owns a majority of Tenant or is majority owned by an entity that owns all the outstanding capital stock of Tenant; (b) is an entity that merges with Tenant to create a new entity or that results from a consolidation or non-bankruptcy reorganization; (c) acquires all or substantially all the assets or stock of Tenant; or (d) Tenant is merged into, with the result that Tenant ceases to exist after the merger.

14.2 Reasonable Consent.

(a) Prior to any proposed Transfer, Tenant shall submit in writing to Landlord (i) the name and legal composition of the proposed assignee, subtenant, user or other transferee (each a "**Proposed Transferee**"); (ii) the nature of the business proposed to be carried on in the Premises; (iii) a current balance sheet, income statements for the last two years and such other reasonable financial and other information concerning the Proposed Transferee as Landlord may request; and (iv) a copy of the proposed assignment, sublease or other agreement governing the proposed Transfer. Within fifteen (15) Business Days after Landlord receives all such information it shall notify Tenant whether it approves or disapproves such Transfer or if it elects to proceed under Section 14.7 - *Landlord's Right to Space*.

(b) Tenant acknowledges and agrees that, among other circumstances for which Landlord could reasonably withhold consent to a proposed Transfer, it shall be reasonable for Landlord to withhold consent where (i) the Proposed Transferee does not intend itself to occupy the entire portion of the Premises assigned or sublet, (ii) Landlord reasonably disapproves of the Proposed Transferee's business operating ability or history, reputation and creditworthiness or the character of the business to be conducted by the Proposed Transferee at the Premises is not consistent with the character and nature of other tenants and uses in the Building or is prohibited by this Lease or any laws, covenants, or restrictions applicable to the Building, (iii) the Proposed Transferee is a governmental agency or unit or an existing tenant in the Project, (iv) the proposed transfer would violate any "exclusive" rights of any tenants in the Project, (v) Landlord or Landlord's agent has shown space in the Building to the Proposed Transferee or responded to any written inquiries from the Proposed Transferee or the Proposed Transferee's agent concerning availability of space in the Building, at any time within the preceding nine months, or (vi) Landlord otherwise determines that the proposed Transfer would have the effect of decreasing the value of the Building or increasing the expenses associated with operating, maintaining and repairing the Property.

 Landlord's initials

 Tenant's initials

14.3 Excess Consideration. If Landlord consents to the Transfer, Tenant shall pay to Landlord as additional rent, within ten (10) days after receipt by Tenant, fifty percent (50%) of any consideration paid by any transfer (the "**Transferee**") for the Transfer, including, in the case of a sublease, the excess of the rent and other consideration payable by the subtenant over the amount of Base Rent and Additional Rent payable hereunder applicable to the subleased space, after first deducting Tenant's actual out-of-pocket costs incurred in subleasing or assigning such space including without limitation, rent concessions, attorney fees, brokerage commissions and tenant improvements.

14.4 No Release of Tenant. No consent by Landlord to any Transfer shall relieve Tenant of any obligation to be performed by Tenant under this Lease, whether occurring before or after such consent, assignment, subletting or other Transfer. Each Transferee shall be jointly and severally liable with Tenant (and Tenant shall be jointly and severally liable with each Transferee) for the payment of rent (or, in the case of a sublease, rent in the amount set forth in the sublease) and for the performance of all other terms and provisions of this Lease. The consent by Landlord to any Transfer shall not relieve Tenant or any such Transferee from the obligation to obtain Landlord's express prior written consent to any subsequent Transfer by Tenant or any Transferee. The acceptance of rent by Landlord from any other person (whether or not such person is an occupant of the Premises) shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any Transfer.

14.5 Expenses and Attorneys' Fees. Tenant shall pay to Landlord on demand all costs and expenses (including reasonable attorneys' fees) incurred by Landlord in connection with reviewing or consenting to any proposed Transfer (including any request for consent to, or any waiver of Landlord's rights in connection with, any security interest in any of Tenant's property at the Premises).

14.6 Effectiveness of Transfer. Prior to the date on which any permitted Transfer (whether or not requiring Landlord's consent) becomes effective, Tenant shall deliver to Landlord a counterpart of the fully executed Transfer document and Landlord's standard form of Consent to Assignment or Consent to Sublease executed by Tenant and the Transferee in which each of Tenant and the Transferee confirms its obligations pursuant to this Lease. Failure or refusal of a Transferee to execute any such instrument shall not release or discharge the Transferee from liability as provided herein. The voluntary, involuntary or other surrender of this Lease by Tenant, or a mutual cancellation by Landlord and Tenant, shall not work a merger, and any such surrender or cancellation shall, at the option of the Landlord, either terminate all or any existing subleases or operate as an assignment to Landlord of any or all of such subleases.

14.7 Landlord's Right to Space. Notwithstanding any of the above provisions of this Section to the contrary, if Tenant notifies Landlord that it desires to enter into a Transfer, Landlord, in lieu of consenting to such Transfer, may elect (x) in the case of an assignment or a sublease of the entire Premises, to terminate this Lease, or (y) in the case of a sublease of 50% or more of the entire Premises, to terminate this Lease as it relates to the space proposed to be subleased by Tenant. In such event, this Lease will terminate (or the space proposed to be subleased will be removed from the Premises subject to this Lease and the Base Rent and Tenant's Share under this Lease shall be proportionately reduced) on the date the Transfer was proposed to be effective, and Landlord may lease such space to any party, including the prospective Transferee identified by Tenant.


Landlord's initials


Tenant's initials

14.8 Assignment of Sublease Rents. Tenant hereby absolutely and irrevocably assigns to Landlord any and all rights to receive rent and other consideration from any sublease and agrees that Landlord, as assignee or as attorney-in-fact for Tenant for purposes hereof, or a receiver for Tenant appointed on Landlord's application may (but shall not be obligated to) collect such rents and other consideration and apply the same toward Tenant's obligations to Landlord under this Lease; provided, however, that Landlord grants to Tenant at all times prior to occurrence of any breach or default by Tenant a revocable license to collect such rents (which license shall automatically and without notice be and be deemed to have been revoked and terminated immediately upon any Event of Default).

15. DEFAULT AND REMEDIES.

15.1 Events of Default. The occurrence of any of the following shall constitute an "**Event of Default**" by Tenant:

(a) Tenant fails to make any payment of rent when due, or any amount required to replenish the security deposit as provided in Section 4 above, if payment in full is not received by Landlord within three (3) business days after written notice that it is due.

(b) Tenant abandons the Premises.

(c) Tenant fails timely to deliver any subordination document, estoppel certificate or financial statement requested by Landlord within the applicable time period specified in Sections 20 - *Encumbrances* - and 21 - *Estoppel Certificates and Financial Statements* - below.

(d) Tenant violates the restrictions on Transfer set forth in Section 14 - *Assignment and Subletting*.

(e) Tenant ceases doing business as a going concern; makes an assignment for the benefit of creditors; is adjudicated an insolvent, files a petition (or files an answer admitting the material allegations of a petition) seeking relief under any state or federal bankruptcy or other statute, law or regulation affecting creditors' rights; all or substantially all of Tenant's assets are subject to judicial seizure or attachment and are not released within 30 days, or Tenant consents to or acquiesces in the appointment of a trustee, receiver or liquidator for Tenant or for all or any substantial part of Tenant's assets.

(f) Tenant fails, within ninety (90) days after the commencement of any proceedings against Tenant seeking relief under any state or federal bankruptcy or other statute, law or regulation affecting creditors' rights, to have such proceedings dismissed, or Tenant fails, within ninety (90) days after an appointment, without Tenant's consent or acquiescence, of any trustee, receiver or liquidator for Tenant or for all or any substantial part of Tenant's assets, to have such appointment vacated.

(g) Tenant fails to perform or comply with any provisions of this Lease other than those described in (a) through (f) above, and does not fully cure such failure within thirty (30) days after notice to Tenant or, if such failure cannot be cured within such thirty (30)-day period, Tenant fails within such thirty (30)-day period to commence, and thereafter diligently proceed with, all actions necessary to cure such failure as soon as reasonably possible but in all events within ninety (90) days of such notice; provided, however, that if Landlord in Landlord's reasonable judgment determines that such failure cannot or will not be cured by Tenant within such ninety (90) days, then such failure shall constitute an Event of Default immediately upon such notice to Tenant.

(h) The occurrence of any Event of Default under any other lease agreement between Tenant and Landlord [if there are any related entities who lease property to Tenant, they should be listed here as well].


Landlord's initials


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15.2 Remedies. Upon the occurrence of an Event of Default, Landlord shall have the following remedies, which shall not be exclusive but shall be cumulative and shall be in addition to any other remedies now or hereafter allowed by law:

(a) Landlord may terminate Tenant's rights to possession of the Premises at any time by written notice to Tenant. Tenant expressly acknowledges that in the absence of such written notice from Landlord, no other act of Landlord, including re-entry into the Premises, efforts to relet the Premises, reletting of the Premises for Tenant's account, storage of Tenant's personal property and Trade Fixtures, acceptance of keys to the Premises from Tenant or exercise of any other rights and remedies under this Section, shall constitute an acceptance of Tenant's surrender of the Premises or constitute a termination of this Lease or of Tenant's right to possession of the Premises. Upon such termination in writing of Tenant's right to possession of the Premises, as herein provided, this Lease shall terminate and Landlord shall be entitled to recover damages from Tenant as provided in California Civil Code Section 1951.2 and any other applicable existing or future Law providing for recovery of damages for such breach, including the worth at the time of award of the amount by which the rent which would be payable by Tenant hereunder for the remainder of the Term after the date of the award of damages, including Additional Rent as reasonably estimated by Landlord, exceeds the amount of such rental loss as Tenant proves could have been reasonably avoided, discounted at the discount rate published by the Federal Reserve Bank of San Francisco for member banks at the time of the award plus one percent (1%).

(b) Landlord shall have the remedy described in California Civil Code Section 1951.4 (Landlord may continue this Lease in effect after Tenant's breach and abandonment and recover rent as it becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations).


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(c) Landlord may cure the Event of Default at Tenant's expense. If Landlord pays any sum or incurs any expense in curing the Event of Default, Tenant shall reimburse Landlord upon demand for the amount of such payment or expense with interest at the Interest Rate from the date the sum is paid or the expense is incurred until Landlord is reimbursed by Tenant.

(d) Landlord may remove all Tenant's property from the Premises, and such property may be stored by Landlord in a public warehouse or elsewhere at the sole cost and for the account of Tenant. If Landlord does not elect to store any or all of Tenant's property left in the Premises, Landlord may consider such property to be abandoned by Tenant, and landlord may thereupon dispose of such property in any manner deemed appropriate by Landlord. Any proceeds realized by Landlord on the disposal of any such property shall be applied first to offset all expenses of storage and sale, and then credited against Tenant's outstanding obligations to Landlord under this Lease, and any balance remaining after satisfaction of all obligations of Tenant under this Lease shall be delivered to Tenant.

16. LATE CHARGE AND INTEREST.

16.1 Late Charge. If more than once per Lease Year, any payment of rent is not received by Landlord when due, Tenant shall pay to Landlord on demand as a late charge an additional amount equal to ten percent (10%) of the overdue payment. Tenant acknowledges that late payment by Tenant to Landlord of rental or other amounts due hereunder will cause Landlord to incur costs not contemplated by this Lease, including, without limitation, processing and accounting charges and late charges which may be imposed on Landlord by the terms of any loan relating to the Project. Tenant further acknowledges that it is extremely difficult and impractical to fix the exact amount of such costs and that the late charge set forth in this Section 16.1 represents a fair and reasonable estimate thereof. Acceptance of any late charge by Landlord shall not constitute a waiver of Tenant's default with respect to overdue rental or other amounts, nor shall such acceptance prevent Landlord from exercising any other rights and remedies available to it. Acceptance of rent or other payments by Landlord shall not constitute a waiver of late charges or interest accrued with respect to such rent or other payments or any prior installments thereof, nor of any other defaults by Tenant, whether monetary or non-monetary in nature, remaining uncured at the time of such acceptance of rent or other payments. A late charge shall not be imposed more than once on any particular installment not paid when due, but imposition of a late charge on any payment not made when due does not eliminate or supersede late charges imposed on other (prior) payments not made when due or preclude imposition of a late charge on other installments or payments not made when due.

16.2 Interest. In addition to the late charges referred to above, which are intended to defray Landlord's costs resulting from late payments, any payment from Tenant to Landlord not paid when due shall at Landlord's option bear interest from the date due until paid to Landlord by Tenant at the rate of fifteen percent (15%) per annum or the maximum lawful rate that Landlord may charge to Tenant under applicable laws, whichever is less (the "**Interest Rate**"). Acceptance of any late charge and/or interest shall not constitute a waiver of Tenant's default with respect to the overdue sum of prevent Landlord from exercising any of its other rights and remedies under this Lease.

17. WAIVER. No provisions of this Lease shall be deemed waived by Landlord unless such waiver is in a writing signed by Landlord. The waiver by Landlord of any breach of any provision of this Lease shall not be deemed a waiver of such provision or of any subsequent breach of the same or any other provision of this Lease. No delay or omission in the exercise of any right or remedy of Landlord upon any default by Tenant shall impair such right or remedy or be construed as a waiver. Landlord's acceptance of any payments of rent due under this Lease shall not be deemed a waiver of any default by Tenant under this Lease (including Tenant's recurrent failure to timely pay rent) other than Tenant's nonpayment of the accepted sums, and no endorsement or statement on any check or payment or in any letter or document accompanying any check or payment shall be deemed an accord and satisfaction. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act by Tenant.


Landlord's initials


Tenant's initials

18. ENTRY, INSPECTION AND CLOSURE. Upon reasonable oral or written notice to Tenant of not less than 24 hours (and without notice in emergencies), Landlord and its authorized representatives may enter the Premises during the Building's business hours to: (a) determine whether the Premises are in good condition, (b) determine whether Tenant is complying with its obligations under this Lease, (c) perform any maintenance or repair of the Premises or the Building that Landlord has the right or obligation to perform, (d) install or repair improvements for other tenants where access to the Premises is required for such installation or repair, (e) serve, post or keep posted any noticed required or allowed under the provisions of this Lease, (f) show the Premises to prospective brokers, agents, buyers, transferees, Mortgagees or tenants during the last 6 months of the Term, or (g) do any other act or thing necessary for the safety or preservation of the Premises or the Building. When reasonably necessary Landlord may temporarily close entrances, doors, corridors, elevators or other facilities in the Building without liability to Tenant by reason of such closure. Landlord shall conduct its activities under this Section in a manner that will minimize inconvenience to Tenant without incurring additional expense to Landlord. Except as otherwise specifically stated in this Lease, in no event shall Tenant be entitled to an abatement of rent on account of any entry by Landlord, and Landlord shall not be liable in any manner for any inconvenience, loss of business or other damage to Tenant or other persons arising out of Landlord's entry on the Premises in accordance with this Section. No action by Landlord pursuant to this paragraph shall constitute an eviction of Tenant, constructive otherwise, entitle Tenant to an abatement of rent or to terminate this Lease or otherwise release Tenant from any of Tenant's obligations under this Lease.

19. SURRENDER AND HOLDING OVER.

19.1 Surrender. Upon the expiration or termination of this Lease, Tenant shall surrender the Premises and all Tenant Improvements and Alterations to Landlord broom-clean and in their original condition, except for reasonable wear and tear, damage from casualty or condemnation and any changes resulting from approved Alterations; provided, however, that prior to the expiration or termination of this Lease Tenant shall remove all telephone and other cabling installed in the Building by Tenant and remove from the Premises all Tenant's personal property and any Trade Fixtures and all Alterations that Landlord has elected to require Tenant to remove as provided in Section 6.1 - *Tenant Improvements & Alterations*, and repair any damage caused by such removal. If such removal is not completed before the expiration or termination of the Term, Landlord shall have the right (but no obligation) to remove the same, and Tenant shall pay Landlord on demand for all costs of removal and storage thereof and for the rental value of the Premises for the period from the end of the Term through the end of the time reasonably required for such removal. Landlord shall also have the right to retain or dispose of all or any portion of such property if Tenant does not pay all such costs and retrieve the property within ten (10) days after notice from Landlord (in which event title to all such property described in Landlord's notice shall be transferred and vest in Landlord). Tenant waives all Claims against Landlord for any damage or loss to Tenant resulting from Landlord's removal,storage, retention, or disposition of any such property. Upon expiration or termination of this Lease or of Tenant's possession, whichever is earliest, Tenant shall surrender all keys to the Premises or any other part of the Building and shall deliver to Landlord all keys for or make known to Landlord the combination of locks on all safes, cabinets, and vaults that may be located in the Premises. Tenant's obligations under this Section shall survive the expiration or termination of this Lease.


Landlord's initials


Tenant's initials

19.2 Holding Over. If Tenant (directly or through any Transferee or other successor-in-interest of Tenant) remains in possession of the Premises after the expiration or termination of this Lease, Tenant's continued possession shall be on the basis of a tenancy at the sufferance of Landlord. No act or omission by Landlord, other than its specific written consent, shall constitute permission for Tenant to continue in possession of the Premises, and if such consent is given or declared to have been given by a court judgment, Landlord may terminate Tenant's holdover tenancy at any time upon seven (7) days written notice. In such event, Tenant shall continue to comply with or perform all the terms and obligations of Tenant under this Lease, except that the monthly Base Rent during Tenant's holding over shall be 150% of the Base Rent payable in the last full month prior to the termination hereof. Acceptance by Landlord of rent after such termination shall not constitute a renewal or extension of this Lease; and nothing contained in this provision shall be deemed to waive Landlord's right of re-entry or any other right hereunder or at law. Tenant shall indemnify, defend and hold Landlord harmless from and against all Claims arising or resulting directly or indirectly from Tenant's failure to timely surrender the Premises, including (i) any rent payable by or any loss, cost, or damages claimed by any prospective tenant of the Premises, and (ii) Landlord's damages as a result of such prospective tenant rescinding or refusing to enter into the prospective lease of the Premises by reason of such failure to timely surrender the Premises.

20. ENCUMBRANCES.

20.1 Subordination. This Lease is expressly made subject and subordinate to any mortgage lien, deed of trust, ground lease, underlying lease or like encumbrance affecting any part of the Property or any interest of Landlord therein which is now existing or hereafter executed or recorded ("**Encumbrance**"); provided, however, that such subordination shall only be effective, as to future Encumbrances, if the holder of the Encumbrance agrees that this Lease shall survive the termination of the Encumbrance by lapse of time, foreclosure or otherwise so long as Tenant is not in default under this Lease. Provided the conditions of the preceding sentence are satisfied, Tenant shall execute and deliver to Landlord, within ten (10) days after written request therefore by Landlord and in a form reasonably requested by Landlord, any additional documents evidencing the subordination of this Lease with respect to any such Encumbrance and the nondisturbance agreement of the holder of any such Encumbrance. If the interest of Landlord in the Property is transferred pursuant to or in lieu of proceedings for enforcement of any Encumbrance, Tenant shall immediately and automatically attorn to the new owner, and this Lease shall continue in full force and effect as a direct lease between the transferee and Tenant on the terms and conditions set forth in this Lease

 Landlord's initials

 Tenant's initials

20.2 Mortgagee Protection. Tenant agrees to give any holder of any Encumbrance covering any part of the Property ("**Mortgagee**"), by registered mail, a copy of any notice of default served upon Landlord, provided that prior to such notice Tenant has been notified in writing (by way of notice of assignment of rents and leases, or otherwise) of the address of such Mortgagee. If Landlord shall have failed to cure such default within thirty (30) days from the effective date of such notice of default, the Mortgagee shall have an additional thirty (30) days within which to cure such default or if such default cannot be cured within that time, then such additional time as may be necessary to cure such default (including the time necessary to foreclose or otherwise terminate its Encumbrance, if necessary to effect such cure), and this Lease shall not be terminated so long as such remedies are being diligently pursued.

21. ESTOPPEL CERTIFICATES AND FINANCIAL STATEMENTS

21.1 Estoppel Certificates. Within ten (10) days after written request therefor, Tenant shall execute and deliver to Landlord, in a form provided by or satisfactory to Landlord, a certificate stating that this Lease is in full force and effect, describing any amendments or modifications hereto, acknowledging that this Lease is subordinate or prior, as the case may be, to any Encumbrance and stating any other information Landlord may reasonably request, including the Term, the monthly Base Rent, the date to which Rent has been paid, the amount of any security deposit or prepaid rent, whether either party hereto is in default under the terms of the Lease, and whether Landlord has completed its construction obligations hereunder (if any). Tenant irrevocably constitutes, appoints and authorizes Landlord as Tenant's special attorney-in-fact for such purpose to complete, execute and deliver such certificate if Tenant fails timely to execute and delivery such certificate as provided above. Any person or entity purchasing, acquiring an interest in or extending financing with respect to the Property shall be entitled to rely upon any such certificate. If Tenant fails to deliver such certificate within the time period noted above, Landlord shall sent a second written request therefore, with a copy to Tenant's counsel as noted in the notice section of this Lease. If Tenant fails to deliver such certificate within ten (10) days after Landlord's second written request therefor, Tenant shall be liable to Landlord for any damages incurred by Landlord including any profits or other benefits from any financing of the Property or any interest therein which are lost or made unavailable as a result, directly or indirectly, of Tenant's failure or refusal to timely execute or deliver such estoppel certificate.

21.2 Financial Statements. Within twenty (20) days after written request therefore, but not more than once a year, Tenant shall deliver to Landlord a copy of the financial statements (including at least a year end balance sheet and a statement of profit and loss) of Tenant (and of each guarantor of Tenant's obligations under this Lease) for each of the three most recently completed years, prepared in accordance with generally accepted accounting principles (and, if such is Tenant's normal practice, audited by an independent certified public accountant), all then available subsequent interim statements, and such other financial information as may reasonably be requested by Landlord or required by any Mortgagee. Landlord shall use good faith efforts to keep such information received from Tenant confidential, except that Landlord may disclose such financial information received from Tenant to any Government Agency, any Mortgagee, lender or prospective lender for, or purchaser or prospective purchaser of, the Building, as necessary in the course of any litigation arising out of or concerning this Lease, or as required by applicable law, and provided however that the foregoing confidentiality requirement shall be inapplicable in the event the subject financial information is made publicly available by the Securities and Exchange Commission or any other governmental body.


Landlord's initials


Tenant's initials

22. NOTICES. Any notice, demand, request, consent or approval that either party desires or is required to give to the other party under this Lease shall be in writing and shall be served personally, delivered by messenger or courier service, or sent by U.S. certified mail, return receipt requested, postage prepaid, addressed to the other party at the party's address for notices set forth in the Basic Lease Information. Any notice required pursuant to any Laws may be incorporated into, given concurrently with or given separately from any notice required under this Lease. Notices shall be deemed to have been given and be effective on the earlier of (a) receipt (or refusal of delivery or receipt); or (b) one (1) day after acceptance by the independent service for delivery, if sent by independent messenger or courier service, or three (3) days after mailing if sent by mail in accordance with this Section. Either party may change its address for notices hereunder, effective fifteen (15) days after notice to the other party complying with this Section. If Tenant sublets the Premises, notices from Landlord shall be effective on the subtenant when given to Tenant pursuant to this Section.

23. ATTORNEYS' FEES. In the event of any dispute between Landlord and Tenant in any way related to this Lease, and whether involving contract and/or tort claims, the non-prevailing party shall pay to the prevailing party all reasonable attorneys' fees and costs and expenses of any type, without restriction by statute, court rule or otherwise, incurred by the prevailing party in connection with any action or proceeding (including any appeal and the enforcement of any judgment or award), whether or not the dispute is litigated or prosecuted to final judgment (collectively, "**Fees**"). The "prevailing party" shall be determined based upon an assessment of which party's major arguments or positions taken in the action or proceeding could fairly be said to have prevailed (whether by compromise, settlement, abandonment by the other party of its claim or defense, final decision, after any appeals, or otherwise) over the other party's major arguments or positions on major disputed issues. Any Fees incurred in enforcing a judgment shall be recoverable separately from any other amount included in the judgment and shall survive and not be merged in the judgment. The Fees shall be deemed an "actual pecuniary loss" within the meaning of the Bankruptcy Code Section 365(b)(1)(B), and notwithstanding the foregoing, all Fees incurred by either party in any bankruptcy case filed by or against the other party, from and after the order for relief until this Lease is rejected or assumed in such bankruptcy case, will be "obligations of the debtor" as that phrase is used in Bankruptcy Code Section 365(d)(3).

24. QUIET POSSESSION. Subject to Tenant's full and timely performance of all of Tenant's obligations under this Lease and subject to the terms of this Lease, including Section 20 - *Encumbrances*, Tenant shall have the quiet possession of the Premises throughout the Term as against any persons or entities lawfully claiming by, through or under Landlord.


Landlord's initials


Tenant's initials

25. SECURITY MEASURES. Landlord may, but shall be under no obligation to, implement security measures for the Property, such as the registration or search of all persons entering or leaving the Building, requiring identification for access to the Building, evacuation of the Building for cause, suspected cause, or for drill purposes, the issuance of magnetic pass cards or keys for Building or elevator access and other actions that Landlord deems necessary or appropriate to prevent any threat of property loss or damage, bodily injury or business interruption; provided, however, that such measures shall be implemented in a way as not to inconvenience tenants of the Building unreasonably. If Landlord uses an access card system, Landlord may require Tenant to pay Landlord a deposit for each after-hours Building access card issued to Tenant, in an amount specified by Landlord. Tenant shall be responsible for any loss, theft or breakage of any such cards, which must be returned by Tenant to Landlord upon expiration or earlier termination of the Lease. Landlord may retain the deposit for any card not so returned. Landlord shall at all times have the right to change, alter or reduce any such security services or measures. Tenant shall cooperate and comply with, and cause Tenant's Representatives and Visitors to cooperate and comply with, such security measures. Landlord, its agents and employees shall have no liability to Tenant or its Representatives or Visitors for the implementation or exercise of, or the failure to implement or exercise, any such security measures or for any resulting disturbance of Tenant's use or enjoyment of the Premises.

26. FORCE MAJEURE. If Landlord is delayed, interrupted or prevented from performing any of its obligations under this Lease, including its obligations under the Construction Rider (if any), and such delay, interruption or prevention is due to fire, act of God, governmental act or failure to act, labor dispute unavailability of materials or any cause outside the reasonable control of Landlord, then the time for performance of the affected obligations of Landlord shall be extended for a period equivalent to the period of such delay, interruption or prevention.

27. RULES AND REGULATIONS. Tenant shall be bound and shall comply with the rules and regulations attached to and made a part of this Lease as Exhibit C to the extent those rules and regulations are not in conflict with the terms of this Lease, as well as any reasonable rules and regulations hereafter adopted by Landlord for all tenants of the Building, upon notice to Tenant thereof (collectively, the "**Building Rules**"). Landlord shall not be responsible to Tenant or to any other person for any violation, or failure to observe, the Building Rules by any other tenant or other person. The Rules and Regulations shall be enforced and changed by Landlord in a reasonable and in a non-discriminatory manner.

28. LANDLORD'S LIABILITY. The term "Landlord," as used in this Lease, shall mean only the owner or owners of the Building at the time in question. In the event of any conveyance of title to the Building, then from and after the date of such conveyance, the transferor Landlord shall be relieved of all liability with respect to Landlord's obligations to be performed under this Lease after the date of such conveyance. Notwithstanding any other term or provision of this Lease, the liability of Landlord for its obligations under this Lease is limited solely to Landlord's interest in the Building as the same may from time to time be encumbered, and no personal liability shall at any time be asserted or enforceable against any other assets of Landlord or against Landlord's partners or members or its or their respective partners, shareholders, members, directors, officers or managers on account of any of Landlord's obligation or actions under this Lease.

 Landlord's initials

 Tenant's initials

29. CONSENTS AND APPROVALS.

29.1 Determination in Good Faith. Wherever the consent, approval, judgment or determination of Landlord is required or permitted under this Lease, Landlord may exercise its good faith business judgment in granting or withholding such consent or approval or in making such judgment or determination without reference to any extrinsic standard of reasonableness, unless the specific provision contained in this Lease providing for such consent, approval, judgment or determination specifies that Landlord's consent or approval is not to be unreasonably withheld, or that such judgment or determination is to be reasonable, or otherwise specifies the standards under which Landlord may withhold its consent. If it is determined that Landlord failed to give its consent where it was required to do so under this Lease, Tenant shall be entitled to injunctive relief but shall not to be entitled to monetary damages or to terminate this Lease for such failure.

29.2 No Liability Imposed on Landlord. The review and/or approval by Landlord of any item or matter to be reviewed or approved by Landlord under the terms of this Lease or any Exhibits or Addenda hereto shall not impose upon Landlord any liability for the accuracy of sufficiency of any such item or matter or the quality or suitability of such item for its intended use. Any such review or approval is for the sole purpose of protecting Landlord's interest in the Property, and no third parties, including Tenant or the Representatives and Visitors of Tenant or any person or entity claiming by, through or under Tenant, shall have any rights as a consequence thereof.

30. WAIVER OF RIGHT TO JURY TRIAL. Landlord and Tenant waive their respective rights to trial by jury of an contract or tort claim, counterclaim, cross-complaint, or cause of action in any action, proceeding, or hearing brought by either party against the other on any matter arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, or Tenant's use or occupancy of the Premises, including any claim of injury or damage or the enforcement of any remedy under any current or future law, statute, regulation, code, or ordinance.

31. BROKERS. Landlord shall pay the fee or commission of the broker or brokers identified in the Basic Lease Information (the "**Broker**") in accordance with Landlord's separate written agreement with the Broker, if any. Tenant warrants and represents to Landlord that in the negotiating or making of this Lease neither Tenant nor anyone acting on Tenant's behalf has dealt with any broker or finder who might be entitled to a fee or commission for this Lease other than the Broker. Tenant shall indemnify and hold Landlord harmless from any claim or claims, including costs, expenses and attorney's fees incurred by Landlord asserted by any other broker or finder for a fee or commission based upon any dealings with or statements made by Tenant or Tenant's Representatives.

32. RELOCATION OF PREMISES. Intentionally Omitted.


Landlord's initials


Tenant's initials

33. ENTIRE AGREEMENT. This Lease, including the Exhibits and any Addenda attached hereto, and the documents referred to herein, if any, constitutes the entire agreement between Landlord and Tenant with respect to the leasing of space by Tenant in the Building, and supersedes all prior or contemporaneous agreements, understandings, proposals and other representations by or between Landlord and Tenant, whether written or oral, all of which are merged herein. Neither Landlord nor Landlord's agents have made any representations or warranties with respect to the Premises, the Building, the Project or this Lease except as expressly set forth herein, and no rights, easements or licenses shall be acquired by Tenant by implication or otherwise unless expressly set forth herein. The submission of this Lease for examination does not constitute an option for the Premises and this Lease shall become effective as a binding agreement only upon execution and delivery thereof by Landlord to Tenant.

34. MISCELLANEOUS. This Lease may not be amended or modified except by a writing signed by Landlord and Tenant. Subject to Section 14 - *Assignment and Subletting* and Section 28 - *Landlord's Liability*, this Lease shall be binding on and shall inure to the benefit of the parties and their respective successors, assigns and legal representatives. The determination that any provisions hereof may be void, invalid, illegal or unenforceable shall not impair any other provisions hereof and all such other provisions of this Lease shall remain in full force and effect. The unenforceability, invalidity or illegality of any provision of this Lease under particular circumstances shall not render unenforceable, invalid or illegal other provisions of this Lease, or the same provisions under other circumstances. This Lease shall be construed and interpreted in accordance with the laws (excluding conflict of laws principles) of the State in which the Building is located. The provisions of this Lease shall be construed in accordance with the fair meaning of the language used and shall not be strictly construed against either party, even if such party drafted the provision in question. When required by the context of this Lease, the singular includes the plural. Wherever the term "including" is used in this Lease, it shall be interpreted as meaning "including, but not limited to" the matter or matters thereafter enumerated. The captions contained in this Lease are for purposes of convenience only and are not to be used to interpret or construe this Lease. If more than one person or entity is identified as Tenant hereunder, the obligations of each and all of them under this Lease shall be joint and several. Time is of the essence with respect to this Lease, except as to the conditions relating to the delivery of possession of the Premises to Tenant. Neither Landlord nor Tenant shall record this Lease.

35. AUTHORITY. If Tenant is a corporation, partnership, limited liability company or other form of business entity, each of the persons executing this Lease on behalf of Tenant warrants and represents that Tenant is a duly organized and validly existing entity, that Tenant has full right and authority to enter into this Lease and that the persons signing on behalf of Tenant are authorized to do so and have the power to bind Tenant to this Lease. Tenant shall provide Landlord upon request with evidence reasonably satisfactory to Landlord confirming the foregoing representations.

36. SIGNAGE. Landlord will provide building-standard **"Signage"** for Tenant on the building directory located in the lobby of the building. Landlord will also provide a building standard corridor suite sign and elevator lobby strip at no cost to Tenant.


Landlord's initials


Tenant's initials

IN WITNESS WHEREOF, Landlord and Tenant have entered into this Lease as of the date first above written.

LANDLORD
CASIOPEA BOVET, LLC

By: Access Property Services, Inc.
Its: Authorized Agent

/s/ Daniel T. Gray
By: Daniel T. Gray
Its: Senior Vice President
Date: 3-12-19

TENANT
3-V BIOSCIENCES, INC., a Delaware corporation

By: DENNIS HOM
Its: CFO

/s/ Dennis Hom
Date: MARCH 11, 2019

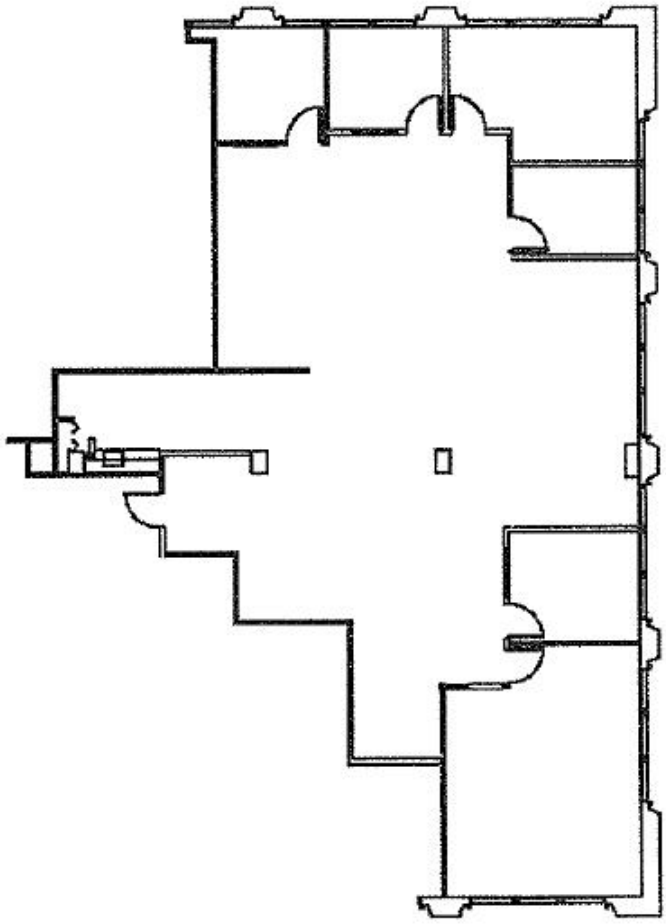
Landlord's initials

Tenant's initials

EXHIBIT A

ATTACHED TO AND FORMING A PART OF
LEASE AGREEMENT
DATED AS OF MARCH 1, 2019
BETWEEN
CASIOPEA BOVET, LLC, AS LANDLORD,
AND
3-V BIOSCIENCES, INC., AS TENANT
("LEASE")

THE PREMISES



Landlord's initials

Tenant's initials

EXHIBIT B

ATTACHED TO AND FORMING A PART OF
LEASE AGREEMENT
DATED AS OF MARCH 1, 2019
BETWEEN
CASIOPEA BOVET, LLC, AS LANDLORD,
AND
3-V BIOSCIENCES, INC., AS TENANT
("LEASE")

CONSTRUCTION RIDER

1. Tenant's Election to Lease Premises "**AS IS**". Tenant has thoroughly examined and inspected the Premises and has elected to lease the Premises on the terms set forth in the Lease on a strictly "**AS IS**", WHERE IS and WITH ALL FAULTS subject to Landlord's obligation to perform or to contribute toward the cost of any renovation or refurbishment or other work to prepare the Premises for use or occupancy by Tenant under this Lease.

Landlord, at its sole cost, shall improve the Premises utilizing building standard materials, based upon a mutually acceptable space plan attached hereto as Exhibit B-1. Said Improvements to consist of the following:

Paint throughout including one accent wall
Install new flooring (carpet throughout with VCT in kitchen)
Install new building standard light fixtures

2. Ownership of Tenant Improvements. All Tenant Improvements, whether installed by Landlord or Tenant, shall become a part of the Premises, shall be the property of Landlord and, subject to the provisions of the Lease, shall be surrendered by Tenant with the Premises, without any compensation to Tenant, at the expiration or termination of the Lease in accordance with the provisions of the Lease. At Landlord's request, Tenant will remove such Tenant Improvements designated by Landlord and restore the portion of the Premises affected by such removal to their condition before such Tenant Improvements were made.

_____ Landlord's initials

_____ Tenant's initials

EXHIBIT C

ATTACHED TO AND FORMING A PART OF
LEASE AGREEMENT
DATED AS OF MARCH 1, 2019
BETWEEN
CASIOPEA BOVET, LLC, AS LANDLORD,
AND
3-V BIOSCIENCES, INC., AS TENANT
("LEASE")

BUILDING RULES

The following Building Rules are additional provisions of the foregoing Lease to which they are attached. The capitalized terms used herein have the same meaning as these terms are given in the Lease.

1) Building HVAC Hours. Normal hours for the operation of building HVAC systems shall be 7:30 AM to 6:00 PM, Monday through Friday, excluding generally observed holidays and the Friday following Thanksgiving. HVAC service for additional hours shall be available at Landlord's then standard hourly rates (two-hour minimum).

2) Use of Common Areas. Tenant will not obstruct the sidewalks, halls, passages, exits, entrances, elevators or stairways of the Building ("Common Areas"), and Tenant will not use the Common Areas for any purpose other than ingress and egress to and from the Premises. The Common Area, except for the sidewalks, are not open to the general public and Landlord reserves the right to control and prevent access to the Common Areas of any person whose presence, in Landlord's opinion, would be prejudicial to the safety, reputation and interests of the Building and its tenants.

3) After-Hours Access. On weekends and holidays observed by the Bovet Office Centre, and between the hours of 6:00 PM and 7:30 AM, Monday through Friday, access to any building may be refused unless the person seeking access has the building security code or is properly identified by the person charged with responsibility for the safety and protection of such building. In no case shall Landlord be liable for any loss or damage for any error with respect to any person's admission to or exclusion from any building. Landlord reserves the right to lock the building entry doors on weekends and holidays and from 6:00 PM until 7:00 AM on business days and during such other hours as Landlord deems necessary for the safety and protection of the building or its tenants or contents. Further, in case of invasion, mob, riot, public excitement, or other commotion and at such times as Landlord deems necessary for the safety and protection of any building, its tenants, or the property located therein, Landlord may prohibit and prevent access to such building by all persons by any reasonable means Landlord deems appropriate.

_____ Landlord's initials

_____ Tenant's initials

4) Securing the Premises. Each tenant shall see that the exterior doors of its premises are closed and securely locked when not in use and at all times described in the first sentence of Rule and Regulation No. 2 above. Each tenant shall keep its corridor doors closed except for normal ingress and egress to and from its premises. Each tenant shall exercise extraordinary care and caution that all water faucets or water apparatus (if available) are entirely shut off each day before its premises are left unoccupied and that all electricity or gas shall likewise be carefully shut off so as to prevent waste of such utility or possible property damage or injury to Landlord's janitor or other employees or representatives or to other occupants of the building. Tenant will be liable for all damage or injuries sustained by other tenants or occupants of the Building or Landlord resulting from Tenant's carelessness in this regard or violation of this rule. Tenant will keep the doors to the Building corridors closed at all times except for ingress and egress.

5) Responsibility for Theft. Tenant assumes any and all responsibility for protecting the premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed.

6) Temperature Controls. No tenant shall tamper with or adjust temperature control thermostats in its premises or elsewhere in any building. Landlord shall adjust thermostats as required to maintain the building standard temperatures.

7) Signs. Except as provided or required by Landlord in accordance with Bovet Office Centre's building standards, no tenant shall inscribe, display, print, paint, or affix any sign, notice, placard, picture, advertisement, or name on or to any part of the building or exterior of such tenant's premises or to door thereof without the prior written consent of Landlord. Landlord shall have the right, without notice and at the expense of any tenant who violates the foregoing restriction, to remove any such sign, notice, placard, picture, advertisement, or name that does not comply herewith. All approved signage will be inscribed, painted or affixed at Tenant's expense by a person approved by Landlord, which approval will not be unreasonably withheld.

8) Use of Bovet Office Centre's Name. No tenant shall, without Landlord's prior written consent, use the name of the Bovet Office Centre in connection with any promotion or advertising of the tenant's business, except as such tenant's address.

9) Building Directories. The building directories shall be used primarily for display of the name and location of tenants. Landlord reserves the right to exclude any other names there from, to limit the number of names associated with tenants to be placed thereon, and to charge for names associated with tenants to be placed thereon at rates generally applicable to all tenants.

10) Building Address. Landlord, without notice and without liability to any tenant, may at any time change the name or the street address of any building or any premises therein.

11) Window Coverings. Except as provided or required by Landlord in accordance with Bovet Office Centre's building standards, no draperies, curtains, blinds, shades, screens, awnings, hangings, decorations, or other devices shall be attached to, hung at, placed in, or used in connection with any window or exterior door of any tenant's premises. Any articles placed or kept on the windowsills or next to the sills so as to be visible from the exterior of the building shall be immediately and permanently removed upon Landlord's written request. No doors, windows, light fixtures, or any lights or skylights that reflect or admit light into halls or other places or any building shall be covered or obstructed. Landlord shall have the right to control all lighting within the Premises that may be visible from the exterior the Building.


Landlord's initials


Tenant's initials

12) Wall Decorations. Except as expressly approved in writing by Landlord, no tenant shall mark, drive nails, screw, or drill into any brick or masonry walls or in any way deface any building or any premises for any purpose whatsoever, except that tenant may drive nails or screws into sheetrock or plaster walls as necessary for supporting pictures, paintings, and other similar decorative items, provided that the weight thereof does not exceed fifteen (15) pounds.

13) Ceiling Clearance. No tenant shall stock, pile, store, or place any objects closer than 18 inches to the ceiling of its premises. All costs or relocation or adding sprinkler heads (if any) due to walls or objects in a tenant area that project closer than 18 inches to the ceiling shall be at such tenant's cost. EXTREME CARE MUST BE TAKEN TO AVOID ANY AND ALL CONTACT WITH SPRINKLER HEADS.

14) Floor Coverings. Tenant will not lay or otherwise affix linoleum, tile, carpet or any other floor covering to the floor of the Premises in any manner except as approved in writing by Landlord. Tenant will be liable for the cost of repair of any damage resulting from the violation of this rule or the removal of any floor covering by Tenant or its contractors, employees or invitees.

15) Corrosion Damage; Chair Mats. Each tenant shall be responsible for any damage to carpeting and flooring as a result of rust or corrosion of such tenant's file cabinets, potholders, roller chairs, or other metal objects. Chair mats shall be placed under all non-stationary chairs.

16) Telecommunication Devices. No tenant shall install any radio or television antenna, loudspeaker, earth station, or any other device on the exterior walls or the roof of any building without Landlord's prior written approval. No tenant shall interfere with radio or television broadcasting or reception from or in any building in the Bovet Office Centre.

17) Telephone and Electric Wires. No boring or cutting for telephone or electric wires shall be allowed without the written consent of the Landlord and any such wires shall be introduced at the place and in the manner required by Landlord. The location of each tenant's call boxes, telephones, speakers, and all other office equipment affixes to it premises shall be subject to the approval of the Landlord. Each tenant shall pay all expenses incurred in connection with the installation of its equipment, including any telephone and electricity distribution equipment.

18) Burglar Alarms. No burglar alarm system may be installed without Landlord's prior written approval of such system, which approval shall not be unreasonably withheld.

19) Extension Cords. Landlord reserves the right to restrict the use of any electrical extension cords. At no time shall more that two electrical devices be connected to any one duplex outlet. Multiple adapters are prohibited. Any extension cord used shall be a two-wire cord with ground and shall be sized according to the power draw on the circuit.


Landlord’s initials


Tenant’s initials

20) Use of the Passageways and Roof. No tenant shall obstruct, or sweep or throw dirt or any other substance into, or temporarily or permanently store or dispose of any trash, garbage, waste, or refuse in, any hall, passage, exit, entrance, elevator, or stairway or on the sidewalk of any building or other area of the Bovet Office Centre or use the same for any purpose other than for ingress to and egress from such tenant's premises. The halls, passages, exits, entrances, elevators, and stairways of each building in the Bovet Office Centre are not for the use of the general public, and Landlord in all cases reserves the right to control the same and prevent access thereto by any person whose presence, in the judgment of Landlord, is or may be prejudicial to the safety, character, reputation, or interests of such building or its tenants; provided however, that Landlord shall not prevent such access to persons with whom tenants deal in the ordinary course of business unless such persons are engaged in illegal or disruptive activities. No person shall go up on or use the roof of any building unless expressly so authorized by Landlord.

21) Deliveries and Use of Elevators. No mail, furniture, packages, supplies, equipment, merchandise, or deliveries of any kind shall be received in any building or carried up or down in the elevators except between such hours and in such elevators as shall be designated by Landlord. All routine deliveries to any tenant's premises shall be made through the elevators designated for freight usage. Passenger elevators shall be used only for the movement of persons, except as otherwise approved in writing by Landlord.

22) Moving and Installation of Equipment. Furniture, freight, and equipment of every kind shall be moved into or out of buildings only at such times and in such manner, as Landlord shall designate. All hand-trucks used anywhere in any building shall be equipped with rubber tires and side guards. Landlord may prescribe and limit the weight, size, or position of any office equipment to be used by tenants, other than standard office desks, chairs, table, and portable office machines. Safes and other heavy equipment, if any, approved by Landlord shall stand on wood strips of such thickness, as Landlord deems necessary to distribute properly the weight thereof. If moving or maintaining any property of a tenant causes any damage to the premises or any other portion of the building, the damage shall be repaired at such tenant's expense. All removals, or the carrying in or out of any building or moving within any building, of any safe, freight, furniture, fixtures, or bulky matter of any description shall only take place during such hours as Landlord may determine from time to time. The moving of all such items shall only be made upon previous written notice to Landlord and under its supervision, and the persons employed by any tenant for such work must be acceptable to Landlord. Landlord reserves the right to inspect all safes, furniture, fixtures, freight, and other bulky matter to be brought into any building and to exclude there from any such item that violates any of these rules and regulations or the lease of the tenant responsible for such item.

23) Trash Disposal. No trash, garbage, waste, or refuse shall be stored or disposed of in any common area of the Bovet Office Centre, except in the dumpsters or trash containers provided by Landlord for that purpose. All cardboard and wooden boxes shall be broken down and flattened before they may be disposed of in such dumpsters and trash containers. Tenants shall only use such dumpsters and trash containers for disposal on non-hazardous trash or waste generated at the Bovet Office Centre in connection with the ordinary conduct of such tenants' business at the Bovet Office Centre in accordance with the terms and conditions of their respective leases. Any tenant desiring Landlord's services for removal or disposal of additional quantities of non-hazardous trash or waste generated by such tenant at the Bovet Office Centre shall so notify Landlord, and Landlord shall endeavor to provide such service at its then standard charges.

_____ Landlord's initials

_____ Tenant's initials

24) Tenant's Authorized Representative. Each tenant, by written notice to Landlord, shall appoint a person to act as such tenant's Authorized Representative. All tenant requests to Landlord or its management for services shall be made through the Authorized Representatives. Each tenant's Authorized Representative shall also serve as the tenant contact in the event of building emergencies, interruptions of services, or security problems.

25) Services. Except as may otherwise be agreed to in writing by Landlord, no tenant shall hire, employ, or contract with any person or firm for spring water, ice, towel, janitorial, maintenance, or other like service to be provided to such tenant's premises, and no person shall be permitted to enter any building for such purpose. Tenants shall not cause any unnecessary labor by carelessness or indifference to the preservation of good order and cleanliness in their premises or any other area of their building or the Bovet Office Centre. Landlord shall not be responsible to any tenant for loss of property in its premises or elsewhere in the Bovet Office Centre, however occurring, or for any damage to the property of any tenant caused by the employees or independent contractors of Landlord or by any other person. Regular janitor service provided by Landlord shall include ordinary dusting and cleaning, but shall not include cleaning of carpets or rugs (except normal vacuuming) or moving of furniture, file cabinets, or equipment. Window cleaning shall be done only at the times determined by Landlord, in accordance with its normal business practice, for such services.

26) Landlord's Employees. Special requirements of tenants shall be attended to only upon application to Landlord at its office in the Bovet Office Centre. Employees of Landlord shall not move any furniture or in any case perform any work for tenants outside such employees' regular duties unless under special instructions from Landlord, and no employee of Landlord shall be required to admit any person (tenant or otherwise) to any premises in any building.

27) Preparation for Maintenance/Repairs/Alterations. In the event Landlord shall elect, or be required, to perform any maintenance, repairs, alterations, improvements, or installations on a tenant's premises, such tenant shall, upon Landlord's request, move any file cabinets, furniture, or equipment as required by Landlord's workers in order for them to obtain full, unobstructed access to the area where their work is to be performed.

28) Lock and Keys Furnished by Landlord. Landlord shall at its expense provide a lock set and two keys for each corridor door entering the tenant's premises. No tenant shall make or cause to be made any copies of such keys, except through Landlord, who shall make additional keys available upon request at Landlord's then standard charges. Landlord shall endeavor to provide such additional keys within five (5) working days after the tenant's request. Upon a tenant's written request, Landlord shall re-key any lock sets, or install additional lock sets, on corridor or interior doors of such tenant's premises, and such tenant shall pay Landlord for such service at Landlord's then standard charge therefore. In emergencies only, a temporary lockset may be installed, and the same shall be replaced as soon as the permanent lockset is available. No tenant shall re-key or install, or cause to be re-keyed or installed, any lock set on any door except in the foregoing manner. All such locksets and keys shall be keyed to the building master lock system. Notwithstanding the foregoing, no tenant shall be required to provide Landlord with keys to such tenant's safes or vaults or to those areas of its premises appropriately designated by such tenant in writing to Landlord as "Restricted Areas".


Landlord's initials


Tenant's initials

29) Return of Keys. All door keys and locksets furnished to any tenant shall remain the property of Landlord. Upon termination of occupancy of it premises, each tenant shall deliver to Landlord all keys furnished by Landlord, and any reproductions thereof made by or at the direction of such tenant. In the event of loss of any keys so furnished, the affected tenant shall immediately report the loss to Landlord and such tenant shall reimburse Landlord, at Landlord's then standard rates, for (a) the cost of replacing such keys or (b) should Landlord decide that re-keying the locks is necessary for the security of such premises, the cost (including labor and materials) of re-keying all locks keyed to such lost keys. Upon termination of occupancy of its premises, each tenant shall also deliver to Landlord all keys to any other locks remaining in the premises and shall give Landlord written notice of the combinations of any locks to any safes, cabinets, vaults, or doors to "Restricted Areas", if the same are not removed by such tenant.

30) Hazardous Substances. The following rule concerns "Hazardous Substances", which term shall mean any kerosene, gasoline, oils, solvents, paint thinner, acids, caustics, insecticides, pesticides, herbicides, corrosives, flammable explosives, asbestos, PCB vinyl chloride, cyanide solutions, urea formaldehyde, waste chemicals, sludge, radioactive materials, infectious or medical waste, or other substance or material that, after release into the environment and upon exposure, ingestion, inhalation, or assimilation, either directly from the environment or indirectly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer, reproductive harm, or genetic abnormalities. No tenant shall cause or permit any Hazardous Substance to be brought upon or kept, used, or generated in or about its premises or any other area of its building or the Bovet Office Centre unless (a) such Hazardous Substance is necessary for the tenant's business (and business is a permitted use under its lease) and (b) the tenant first obtains the written consent of Landlord if such Hazardous Substance is other than an ordinary consumer product that is used at the premises in the same manner as an ordinary consumer use and is present in quantities that are not substantially greater quantities than may be present in an ordinary household and that would not require reporting under any federal, state, or local law or regulation if such quantities were released into the environment. Any tenant who at any time becomes aware, or has reasonable cause to believe, that any Hazardous Substance, other than those permitted under these rules and regulations, has come to be located in, on, or beneath its premises or any other area of its building or the Bovet Office Centre, such tenant shall, immediately upon discovering such presence or suspected presence of such Hazardous Substance, give Landlord written notice, in reasonable detail, of such condition.


_____Landlord’s initials


_____Tenant’s initials

31) Nuisance. No tenant shall, in or about its premises, (a) use or keep or permit to be used or kept any foul or noxious gas or substance, (b) engage in or permit any activities or uses offensive or objectionable to Landlord or other tenants or occupants by reason of noise, odors, or vibrations, (c) interfere in any way with other tenants or persons conducting business in any building in the Bovet Office Centre, or (d) without Landlord's prior written consent, bring or keep, or permit to be brought or kept, any pets or animal life form, other than human, except seeing eye dogs when in the company of their masters.

32) Certain Other Prohibited Uses. No cooking shall be done or permitted by tenants in their premises or elsewhere in the building or on the grounds of the Bovet Office Centre, except as otherwise specifically consented to in writing by Landlord. No premises shall be used for the storage of merchandise (except storage incidental to a use expressly permitted under tenant's lease), washing clothes, lodging, sleeping or any improper, objectionable, or immoral purpose. No tenant shall, without Landlord's prior written consent, use any method of heating or air-conditioning other than that supplied by Landlord.

33) No Smoking. Smoking of cigarettes, cigars, and pipes is prohibited in building lobbies, stairways, corridors, elevators, restrooms and other common areas in the buildings. All cigarettes, cigars, and pipes shall be extinguished before entering any building.

34) Intoxication. Landlord may exclude or expel from the Bovet Office Centre any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in material violation of any of the rules or regulations of the Bovet Office Centre.

35) No Soliciting. Canvassing, soliciting, peddling, and distribution of written material in any building or in the parking lots or grounds of the Bovet Office Centre are prohibited, and each tenant shall cooperate to prevent the same.

36) No Loitering. No one shall loiter in any entrances, exits, stairways, elevators, or corridors, or, except as otherwise consented to in writing by Landlord, in any way obstruct any sidewalk, driveway, lobby, stairway, or elevator.

37) No Shopping Carts. No shopping carts may be brought onto the grounds of the Bovet Office Centre or into any building.

38) No Vehicles in Premises. No bicycles or vehicles of any kind shall be brought into or kept in or about any tenant's premises or other area of any building.

39) Christmas Trees. Live/Cut Christmas trees, electrical decorative lights, candles, and open flames are strictly prohibited.

40) Vending Machines. No vending, arcade, game, or food or beverage dispensing machine of any description shall be installed, maintained, or operated in any tenant's premises or elsewhere in any building without the prior written consent of Landlord.

41) Toilet Fixtures. No toilet room, toilet, urinal, washbowl, or other apparatus shall be used for any purpose other than that for which it was constructed and no foreign substance of any kind whatsoever shall be thrown or placed therein. The expense of any breakage, stoppage, or damage resulting from the violation of this rule shall be borne by the tenants who, or whose employees or visitors, cause such breakage, stoppage, or damage.

 Landlord’s initials

 Tenant’s initials

42) Parking Rules and Regulations:

a) Landlord reserves the right to designate the use of parking spaces at the Bovet Office Centre, and parking shall be prohibited except in areas specifically marked for parking. All parked vehicles shall be parked within (and never across) the striped lanes designated or such purpose, and no portion of any marked vehicle may block any driveway.

b) Areas marked “visitor parking” shall be used solely for tenant’s clients and visitors. Tenant’s employees parking in “visitor parking” will be immediately towed, without notice and without warning, at owner’s expense.

c) Areas marked as "loading" zones shall be used solely for purposes of loading and unloading of equipment, personal property, or materials used at the Bovet Office Centre. Any vehicle being loaded or unloaded shall be properly parked in a parking space or stopped in such a marked "loading" zone. No vehicle stopped in a "loading" zone may be left unattended.

d) Only passenger vehicles may be parked at the Bovet Office Centre. The parking of trucks, trailers, recreational vehicles, and boats is specifically prohibited. Landlord may, in its sole discretion, designate separate areas for bicycles and motorcycles.

e) No "For Sale" or other advertising signs or signs referring to the Bovet Office Centre may be placed on or about any vehicle parked at the Bovet Office Centre.

f) No vehicles may be parked overnight at the Bovet Office Centre without Landlord's prior written consent.

g) No vehicle that exceeds thirty (30) feet in length may enter the Bovet Office Centre for any purpose.

h) While driving in the driveways and parking lots, drivers shall comply with all directional signs and arrows and shall not exceed the speed limit of 5 miles per hour.

i) Washing, waxing, cleaning, and servicing of vehicles in the Bovet Office Centre is prohibited

j) Upon Landlord's request to any tenant, such tenant shall provide Landlord with a list of license plate numbers of all automobiles used by its employees and agents who are authorized to park at the Bovet Office Centre.

k) Landlord reserves the right to have any vehicle that violates any provision of these parking rules and regulations towed at the vehicle owner's expense.

l) Parking stickers or any other device or form of identification supplied by Landlord shall remain the property of Landlord. Such parking identification device shall be displayed as requested and may not be mutilated in any manner. There shall be a replacement charge to the tenant, at Landlord's then standard rates, for loss of any such device. Loss or theft of any such device shall be reported to Landlord immediately. Any parking identification devices found on or used for an unauthorized car may be confiscated and the illegal holder shall be subject to prosecution. Lost or stolen devices previously reported and then found shall be reported found to the Landlord immediately

43) Responsibility for Employees and Guests. Each tenant shall be responsible for the observance of all the rules and regulations by such tenant's employees, agents, clients, customers, contractors, invites, visitors, and guests.


Landlord’s initials


Tenant’s initials

44) Sales and Auctions. Tenant will not conduct or permit to be conducted any sale by auction in, upon or from the Premises or elsewhere in the Property, whether said auction be voluntary, involuntary, pursuant to any assignment for the payment of creditors or pursuant to any bankruptcy or other insolvency proceeding.

45) Enforcement of Rules. Each tenant shall be liable to Landlord and to each other tenant of the Bovet Office Centre for any loss, cost, expense, damage, or liability, including attorneys' fees, caused or occasioned by the failure of such first named tenant to comply with these rules and regulations, but Landlord shall have no liability for such failure or for failing or being unable to enforce compliance therewith by any tenant and such failure by Landlord or non-compliance by any other tenant shall not be a ground for abatement of rent or termination of any lease.

46) Collection of Charges. Landlord's right to charge particular tenants for certain costs and expenses pursuant to these rules and regulations shall not impose any obligation upon Landlord to impose or collect such charges from any such particular tenant, and in the event Landlord, for whatever reason, is not reimbursed by any tenant for such costs and expenses, the same may be included in the calculation of building operating expenses for purposes of determining each tenant's percentage share of increases therein in accordance with the provisions of its lease.

47) Waivers. Landlord may waive any one or more of these rules and regulation for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall constitute a waiver of such rule or regulation in favor of any other tenant.

48) Plumbing Facilities. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be disposed of therein. Tenant will be liable for any breakage, stoppage or damage resulting from the violation of this rule by Tenant, its employees or invitees.

49) Changes to Rules. Landlord reserves the right to rescind any of these rules and regulations and to make such changes therein, and add such other and further rules and regulations as Landlord in its reasonable judgment shall, from time to time, deem appropriate. Such changed or additional rules and regulations shall be binding upon each tenant upon Landlord’s giving such tenant written notice thereof.

50) Non-Discriminatory Enforcement. Subject to the provisions of the Lease (and the provision of other leases with respect to other tenants), Landlord shall use reasonable efforts to enforce these Building Rules in a non-discriminatory manner, but in no event shall Landlord have any liability for any failure or refusal to do so (and Tenant’s sole and exclusive remedy for any such failure or refusal shall be injunctive relief preventing Landlord from enforcing any of the Building Rules against Tenant in a manner that discriminates against Tenant).

_____ Landlord’s initials

_____ Tenant’s initials

EXHIBIT D

ATTACHED TO AND FORMING A PART OF
LEASE AGREEMENT
DATED AS OF MARCH 1, 2019
BETWEEN
CASIOPEA BOVET, LLC, AS LANDLORD,
AND
3-V BIOSCIENCES, INC., AS TENANT
("LEASE")

ADDITIONAL PROVISIONS RIDER

37. PARKING.

(a) Tenant's Parking Rights. Landlord shall provide Tenant, on an unassigned and non-exclusive basis, for use by Tenant and Tenant's Representatives and Visitors, at the users' sole risk, ten (10) parking spaces in the Parking Facility. The parking spaces to be made available to Tenant hereunder may contain a reasonable mix of spaces for compact cars and up to ten percent (10%) of the unassigned spaces may also be designated by Landlord as Building visitors' parking.

(b) Availability of Parking Spaces. Landlord shall take reasonable actions to ensure the availability of the parking spaces leased by Tenant, but Landlord does not guarantee the availability of those spaces at all times against the actions of other tenants of the Building and user of the Parking Facility. Access to the Parking Facility may, at Landlord's option, be regulated by card, pass, bumper sticker, decal or other appropriate identification issued by Landlord. Landlord retains the right to revoke the parking privileges of any user of the Parking Facility who violates the rules and regulations governing use of the Parking Facility (and Tenant shall be responsible for causing any employee of Tenant or other person using parking spaces allocated to Tenant to comply with all parking rules and regulations).

(c) Assignment and Subletting. Notwithstanding any other provision of the Lease to the contrary, Tenant shall not assign its rights to the parking spaces or any interest therein, or sublease or otherwise allow the use of all or any part of the parking spaces to or by any other person, except with Landlord's prior written consent, which may be granted or withheld by Landlord in its sole discretion. In the event of any separate assignment or sublease of parking space rights that is approved by Landlord, Landlord shall be entitled to receive, as additional Rent hereunder, one hundred percent (100%) of any profit received by Tenant in connection with such assignment or sublease.

(d) Condemnation, Damage or Destruction. In the event the Parking Facility is the subject of a Condemnation, or is damaged or destroyed, and this Lease is not terminated, and if in such event the available number of parking spaces in the Parking Facility is permanently reduced, then Tenant's rights to use parking spaces hereunder may, at the election of the Landlord, thereafter be reduced in proportion to the reduction of the total number of parking spaces in the Parking Facility, and the Monthly Parking Rental payable hereunder shall be reduced proportionately. In such event, Landlord reserves the right to reduce the number of parking spaces to which Tenant is entitled or to relocate some or all of the parking spaces to which Tenant is entitled to other areas of the Parking Facility.


Landlord's initials


Tenant's initials

EXHIBIT E

ATTACHED TO AND FORMING A PART OF
LEASE AGREEMENT
DATED AS OF MARCH 1, 2019
BETWEEN
CASIOPEA BOVET, LLC, AS LANDLORD,
AND
3-V BIOSCIENCES, INC., AS TENANT
("LEASE")

ASBESTOS NOTIFICATION

In accordance with California law, we are providing you with information concerning the presence of asbestos containing materials (ACM's) and certain chemicals in Bovet Office Centre. California law also requires Tenants and Contractors to give their respective employees, contractors, subcontractors, agents, lessors and subtenants written notification regarding the presence of ACM's in the buildings within 15 days after receipt of such information.

Many building construction materials and furnishings, when new, tend to emit small amounts of gases, such as formaldehyde or urethane that the State of California has determined to be carcinogens and/or reproductive toxins. We have implemented a policy of requiring all contractors to minimize the use of hazardous chemicals in connection with work performed in the buildings. Nevertheless, detectable amounts of such gases may be present in the building air from time to time.

Accordingly, we are providing the following warning in accordance with Proposition 65 (Health and Safety Code Sections 25249.6 et seq.):

WARNING: This building may contain chemicals known to the State of California to cause cancer or reproductive harm.

ACM's pose no health risks unless they are broken up or disturbed so that asbestos fiber may become airborne and are inhaled. Inhalation of asbestos fibers has been associated with increased incidence of lung cancer, mesothelioma, and respiratory disease. Therefore, any activity that could disturb these materials must be taken with care and in accordance with applicable laws, lease provisions, and the rules and regulations of Bovet Office Centre.

EnviroGroup performed asbestos surveys of both buildings in the Bovet Office Centre in 1988-89, and in 1993 by H+GCL, both firms being highly regarded environmental consultants.

The 1988-89 surveys included inspections and samplings in certain areas believed to be representative. Samples were analyzed by a polarized light microscopy in accordance with procedures approved by the Environmental Protection Agency. The only ACM identified was vinyl flooring and the adhesive used to attach it to the floor. These materials are located throughout both buildings (sometimes under carpets). The asbestos fibers in these materials are believed to be fully bonded and encapsulated, so they are not likely to become airborne unless they are sanded, sawed, cored or broken up.

The 1993 asbestos survey included a review of the 1988-89 survey reports and inspections of representative areas, but no testing. The 1993 report states that additional asbestos testing of roofing materials, pipe elbow packing, acoustical ceiling tiles, gypsum board, and joint tape and joint compound may be advisable prior to engaging in renovation, maintenance or demolition activities affecting such materials. Accordingly, we require that any area scheduled for construction activities affecting such materials be evaluated for potential ACM's and that all-suspect material are tested for asbestos content. Only certified asbestos consultants or EPA-accredited asbestos inspectors are permitted to perform such evaluations.

Only properly trained and equipped personnel are permitted to disturb ACM in connection with repairs or remodeling. If more than 100 square feet of ACM will be removed or disturbed, the work must be performed by a contractor registered with Cal OSHA to perform asbestos-related work.

In 1991, JMC Environmental & Occupational Health Services performed air monitoring on the fourth floor of 177 Bovet Road in connection with floor renovation activities. The results of JMC's testing demonstrated consistency with our current building standard for airborne asbestos, which is <0.005 asbestos structures per cubic centimeter of air (s/cc), as measured by the state of the art technology known as Transmission Electron Microscopy (TEM). The concentration level identified as involving "no significant risk" under regulations implementing Proposition 65 is not readily measurable. However, our building standard is much more stringent than the current OSHA action level of 0.1 asbestos fibers per cubic centimeter (f/cc), as measured by Phase Contrast Microscopy (a less accurate technique than TEM), and significantly lower than the EPA clearance level of approximately 0.01 s/cc (by TEM) currently required for schools.

Copies of all asbestos survey and monitoring reports and test results from air monitoring and bulk samplings of materials are available for your inspection and photocopying at the building management office.

_____ Landlord's initials

 Tenant's initials

EXHIBIT F

ACKNOWLEDGEMENT OF LEASE COMMENCEMENT
By and Between
Casiopea Bovet, LLC, as Landlord
And
3-V Biosciences, Inc., as Tenant

This Acknowledgement of Lease Commencement ("Acknowledgement") is made as of _____,___, by and between **Casiopea Bovet, LLC**, as (Landlord) **and 3-V Biosciences, Inc.**, as (Tenant).

RECITALS

A. WHEREAS, pursuant to a written lease dated as of _____,___(the "Lease"), Tenant leases from Landlord certain premises commonly known as **Suite 303** of the eight (8) story building located at 155 Bovet Road in the City of San Mateo, State of California (the "Premises"), as more particularly described in the Lease;

B. WHEREAS, subject to and upon the terms and conditions set forth in this Acknowledgement, the parties desire to confirm the term of the Lease.

ACCORDINGLY, the parties agree as follows:

AGREEMENT

1. The parties to this Acknowledgement hereby agree to confirm the establishment of the commencement and expiration dates of the term of the Lease, and the rental commencement date as follows:

   a) The date of _____, shall be the commencement date of the term of the Lease;

   b) The date of _____, shall be the scheduled expiration date of the term of the Lease;

   c) The period commencing on _____, and ending on _____, shall be the period to which Tenant's rent payment of **$**_____ made pursuant to Page 1, Basic Lease Information, Base Rent and Section 3.1, Base Rent of the Lease (receipt of which amount is hereby acknowledged by Landlord) shall be applied;

   d) The date of _____is the next date on which scheduled monthly rent shall be paid by Tenant, which payment shall be in the amount of **$**_____ and shall cover the period commencing _____, and ending on _____,___. Thereafter, scheduled monthly rent shall be payable on the first of the month as provided in the Lease.

_____ Landlord's initials

_____ Tenant's initials

2. Tenant hereby confirms the following:

   a) That it has accepted possession of the Premises pursuant to the terms of the Lease;

   b) That the improvements and space required to be furnished by Landlord according to the Lease have been furnished;

   c) That other than this Acknowledgement there has been no modification, alteration, or amendment to the Lease, except as follows: None

   d) That there are no offsets or credits against rentals, nor has any security deposit been paid, except as provided by the Lease;

   e) That Tenant has not made any assignment of the Lease or any sublease of all or any portion of the Premises; and

   f) That the Lease, as confirmed, modified and amended by this Acknowledgement, is in full force and effect and represents the entire agreement between Landlord and Tenant concerning the Premises and the matters covered by the Lease.

3. This Acknowledgement, and each and all of the provisions hereof, shall inure to the benefit of, or bind, as the case may require, the parties hereto, and their respective heirs, successors, and assigns subject to the restrictions upon assignment and subletting contained in the Lease.

IN WITNESS WHEREOF, the parties hereby execute this Acknowledgement of Lease Commencement as of the date first set forth above.

LANDLORD	TENANT
CASIOPEA BOVET, LLC	3-V BIOSCIENCES, INC.
By: Access Property Services, Inc.	By:
Its: Authorized Agent	Its:
By: Daniel T. Gray	
Its: Senior Vice President	Date:

Landlord's initials

Tenant's initials

FIRST AMENDMENT TO LEASE AGREEMENT

This First Amendment to Lease Agreement (the "First Amendment") between Casiopea Bovet Properties, LLC ("Landlord") and Sagimet Biosciences, Inc. ("Tenant") is made as of this 14th day of December, 2021.

RECITALS

A. Casiopea Bovet, LLC and 3-V Biosciences, Inc. entered into that certain Lease Agreement dated March 1, 2019 (the "Lease"), under which Casiopea Bovet, LLC leased the premises known as the Bovet Office Centre, 155 Bovet Road, Suite 303, San Mateo, CA (the "Premises") to 3-V Biosciences, Inc.

B. Casiopea Bovet, LLC subsequently transferred the Property and the Lease to Casiopea Bovet Properties, LLC ("Landlord").

C. 3-V Biosciences, Inc. subsequently changed their name to Sagimet Biosciences, Inc.

D. Total rentable square footage of the Premises is 3,030 square feet.

E. The current Lease expires on May 31, 2022.

F. Landlord and Tenant desire to amend the Lease in certain respects.

COVENANTS

Landlord and Tenant hereby agree that, notwithstanding anything contained in the Lease to the contrary, the provisions set forth below will be deemed to be part of the Lease and shall supersede, to the extent appropriate, any contrary provision in the Lease. All references in the Lease shall be construed to mean the Lease as amended. All terms used in the First Amendment shall have the same meanings as the terms contained in the Lease.

NOW THEREFORE, IN CONSIDERATION of the mutual covenants contained herein, the sufficiency of which is hereby acknowledged, the parties hereto agree to amend the Lease as follows:

COMMENCEMENT DATE: The lease renewal term shall commence June 1, 2022.

RENEWAL LEASE TERM: The term of the Lease renewal shall be twenty-five (25) months.

RENTAL RATE SCHEDULE: The base monthly full-service rent shall be as follows:

Month 1	ABATED
Months 2 – 12	$ 12,877.50
Months 13 – 25	$ 13,263.83

OPERATING EXPENSES: The Premises shall be leased on a full service, gross basis. The Base Operating Costs as referred to on Page 2 of the Basic Lease Information shall be changed to: Base Operating Expense Year - 2022. The Base Tax Year shall be changed to: Fiscal Year 2021/2022.

First Amendment to Lease dated December 14, 2021
Sagimet Biosciences, Inc.

TENANT IMPROVEMENTS: Landlord, at Landlord's sole cost, shall repair or replace the dishwasher.

REPRESENTATION: Landlord and Tenant represent that no commissions or finder's fee is due any broker other than Kidder Mathews representing the Landlord and Newmark Knight Frank representing Tenant. Landlord shall be responsible for all commissions due, pursuant to a separate agreement.

Except as expressly set forth in this First Amendment to Lease Agreement, all other terms, agreements, covenants and conditions of the Lease shall remain unchanged and in full force and effect.

IN WITNESS HEREOF, the parties hereto have executed this First Amendment to Lease Agreement as of the date written above.

LANDLORD:
CASIOPEA BOVET PROPERTIES, LLC
By: Access Property Services, Inc.
Its: Authorized Agent

By: /s/ Daniel T. Gray
Its: Senior Vice President
Date: 12/20/2021

TENANT:
SAGIMET BIOSCIENCES, INC.

By: /s/ Dennis Hom
Its: Chief Financial Officer
Date: 12/17/2021

Exhibit 10.17

AMENDED AND RESTATED NOMINATING AGREEMENT

THIS AMENDED AND RESTATED NOMINATING AGREEMENT (this "**Agreement**"), dated as of April 15, 2021, by and among Sagimet Biosciences Inc., a Delaware corporation (the "**Company**"), Baker Brothers Life Sciences, L.P. ("**BBLS**") and 667, L.P. ("**667**," together with BBLS, the "**Investor**").

WHEREAS, the Company and the Investor are parties to that certain Nominating Agreement dated December 21, 2020 (the "**Original Agreement**");

WHEREAS, the Company and the Investor desire to amend and restate the Original Agreement pursuant to the terms and subject to the conditions set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree that the Original Agreement shall be amended and restated by this Agreement, which shall supersede and replace the Original Agreement, and further agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

(a) "**Affiliate**" has the meaning given to that term in Rule 12b-2 under the Securities Exchange Act of 1934, as amended.

(b) "**Board of Directors**" means the Board of Directors of the Company.

(c) "**Bylaws**" means the Bylaws of the Company, as may be amended, restated or otherwise modified from time to time.

(d) "**Common Stock**" means shares of the Company's Common Stock, par value $0.0001 per share.

(e) "**IPO**" means the Company's first underwritten public offering of its Common Stock under the Securities Act of 1933, as amended.

(f) "**Purchase Agreement**" means that certain Series F Preferred Stock Purchase Agreement, dated December 21, 2020, by and among the Company, the Investor and the other parties thereto.

(g) "**Required Shares**" means at least 75% of the shares of the Series F Preferred purchased by the Investor pursuant to the Purchase Agreement, or such number of shares of Common Stock (whether voting or non-voting) issued upon conversion of such number of shares of Series F Preferred.

(h) "**Series F Preferred**" means shares of the Company's Series F Preferred Stock, par value $0.0001 per share.

2. Board Representation.

(a) Subject to Sections 2(b) and 3(n) below, beginning on the ninety first (91st) day following the date of effectiveness of the Company's registration statement on Form S-1 related to the IPO, at any time at which the Investor and its Affiliates, collectively, beneficially own (i) the Required Shares and (ii) at least 4.9% of the Company's then-outstanding voting Common Stock, the Company shall support the nomination of, and cause the Board of Directors to include in the slate of nominees recommended to the Company's stockholders for election as directors of the Company, one (1) person designated at any time and from time to time by the Investor (the "**Investor Designee**"). In the event that the Investor Designee resigns his or her seat on the Board of Directors or is removed or otherwise fails to become or ceases to be a director for any reason, the Company shall cause the vacancy to be filled by the election or appointment of another director nominated by the Investor as soon as reasonably practicable in compliance with applicable laws, rules and regulations. Investor will provide the Company, in writing, the information about the Investor Designee that is reasonably required by applicable law for inclusion in the Company's proxy materials for meetings of stockholders promptly after the Company requests such information from the Investor, and will cause the Investor Designee to submit on a timely basis to the Company a completed and executed questionnaire in the form that the Company provides to its outside directors generally.

(b) Notwithstanding the provisions of Section 2(a), the Investor shall not designate a particular individual as a nominee to the Board of Directors if a majority of the disinterested members of the Board of Directors reasonably and in good faith determines, after consultation with the Company's outside legal counsel and upon written advice of such counsel, that such person would not be qualified to serve as a director of the Company under applicable law, rule or regulation, rule of the stock exchange on which the Company's shares are listed or the Bylaws. The Company shall notify the Investor of any objection to an Investor Designee pursuant to this Section 2(b) sufficiently in advance of the date on which the proxy materials related to any such designee are to be mailed by the Company in connection with such election of directors, and in no event less than the first business day after such determination by the Board of Directors, so as to enable the Investor to propose a replacement Investor Designee in accordance with the terms of this Agreement.

(c) Subject at all times to Section 3(n) below and the other limitations set forth in this Section 2(c), during the period beginning at the closing of the IPO until such time as the Investor and its Affiliates, collectively, no longer beneficially own the Required Shares, the Company shall invite a designee of the Investor (the "**Observer**") to attend all meetings of the Board of Directors and each committee thereof in a nonvoting observer capacity. In this respect, the Company shall give the Observer copies of all notices, minutes, consents, and other materials that it provides to its directors at the same time and in the same manner as provided to such directors; *provided, however*, that such Observer shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to information so provided; and *provided, further*, that the Company reserves the right to withhold any information and to exclude the Observer from any meeting or portion thereof that the (A) Board of Directors determines based upon the advice of outside counsel that (i) access to such information or attendance at such meeting would adversely affect the attorney-client privilege between the Company and its counsel or (ii) such information or attendance at such meeting would result in a conflict of interest or (B) (i) the Board of Directors reasonably determines in good faith that the Observer or an Affiliate of the Observer is a competitor of the Company, or (ii) to protect trade secrets. With respect to the Observer, the Company's obligations under this Section 2(c) are contingent upon such Observer's (x) entering into a confidentiality agreement with the Company in a form that is reasonably acceptable to the Company and the Investor and (y) agreeing to be bound by the Company's insider trading and window policies then in effect and applicable to members of the Board of Directors. Additionally, the rights set forth in this Section 2(c) may only be exercised by the Investor at such time or times when no Investor Designee is on the Board of Directors.

3. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to its principles of conflicts of laws.

(b) Certain Adjustments. Subject to Section 3(n) below, the provisions of this Agreement shall apply to the full extent set forth herein with respect to any and all shares of capital stock of the Company or any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) that may be issued in respect of, in exchange for, or in substitution for the shares of Common Stock, by combination, recapitalization, reclassification, merger, consolidation or otherwise and the term "**Common Stock**" shall include all such other securities. In the event of any change in the capitalization of the Company, as a result of any stock split, stock dividend or stock combination or otherwise, the provisions of this Agreement shall be appropriately adjusted.

(c) Enforcement. The parties expressly agree that the provisions of this Agreement may be specifically enforced against each of the parties hereto in any court of competent jurisdiction.

(d) Successors and Assigns. Except as otherwise provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors, and administrators of the parties hereto.

(e) Entire Agreement. This Agreement, the Bylaws and for so long as they remain in force, the Voting Agreement (as defined in the Purchase Agreement) and that certain letter agreement, dated December 21, 2020, by and among the Company and the Investor, constitutes the full and entire understanding and agreement between the parties with regard to the subject matter hereof and supersedes all prior oral or written (and all contemporaneous oral) agreements or understandings with respect to the subject matter hereof.

(f) Notice. All notices required or permitted under this Agreement must be in writing and sent to the address or email address (and with such copies, which shall not constitute notice) as identified below. Notices must be given: (a) by personal delivery, with receipt acknowledged; (b) by email followed by hard copy delivered by the methods under clause (c) or (d); (c) by prepaid certified or registered mail, return receipt requested; or (d) by prepaid reputable overnight delivery service. Notices shall be effective upon receipt. Either party may change its notice address by providing the other party written notice of such change. Notices shall be delivered as follows:

If to the Investor: Baker Brothers Investments
860 Washington St., 3rd Floor
New York, NY 10014
Attention: Scott Lessing, President
Email: slessing@bbinvestments.com

with a copy (which copy shall not constitute notice) to:	Wilmer Cutler Pickering Hale and Dorr LLP 60 State Street Boston, MA 02109 Attention: Jason Kropp Email: Jason.Kropp@wilmerhale.com
If to the Company:	Sagimet Biosciences Inc. 155 Bovet Road, Suite 303 San Mateo, CA 94402 Attention: Chief Executive Officer Email: George.Kemble@sagimet.com
with a copy (which copy shall not constitute notice) to:	Cooley LLP 3175 Hanover Street Palo Alto, CA 94304 Attention: Carlton Fleming Email: cfleming@cooley.com Fax: (650) 849-7400

(g) Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to the Investor hereto upon any breach or default of the Company under this Agreement, shall impair any such right, power or remedy of the Investor nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereunder occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default therefore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of the Investor of any breach or default of the Company under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, in each case, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise afforded to any party, shall be cumulative and not alternative.

(h) Counterparts. This Agreement may be executed in any number of counterparts (including by facsimile or other electronic means), each of which may be executed by less than all of the parties hereto, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one instrument.

(i) Severability. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(j) Amendments and Waivers. The provisions of this Agreement may be amended at any time and from time to time, and particular provisions of this Agreement may be waived or modified, with and only with an agreement or consent in writing signed by the Company and the Investor.

(k) Jurisdiction. The parties hereto irrevocably submit, in any legal action or proceeding relating to this Agreement, to the jurisdiction of the courts of the United States located in the State of Delaware or in any Delaware state court and consent that any such action or proceeding may be brought in such courts and waive any objection that they may now or hereafter have to the venue of such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient forum.

(l) Further Assurances. The parties agree to use their best efforts and act in good faith in carrying out their obligations under this Agreement. The parties also agree, without further consideration, to execute such further instruments and to take such further actions as may be necessary or desirable to carry out the purposes and intent of this Agreement.

(m) Enforcement. The parties expressly agree that the provisions of this Agreement may be specifically enforced against each of the parties hereto in any court of competent jurisdiction.

(n) Termination. This Agreement shall automatically terminate upon the earliest of (i) such time as the Investor and its Affiliates, collectively, no longer beneficially own the Required Shares, (ii) the third (3rd) anniversary of the closing of the IPO, and (iii) the consummation of a Liquidation (as defined in the Company's Amended and Restated Certificate of Incorporation, as in effect on the date hereof).

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the parties hereto has executed this Amended and Restated Nominating Agreement as of the date first above written.

SAGIMET BIOSCIENCES INC.

By: /s/ George Kemble
Name: George Kemble
Title: Chief Executive Officer

667, L.P.

BY: BAKER BROS. ADVISORS LP, management company and investment adviser to **667, L.P.**, pursuant to authority granted to it by Baker Biotech Capital, L.P., general partner to 667, L.P., and not as the general partner.

By: /s/ Scott Lessing
Name: Scott Lessing
Title: President

BAKER BROTHERS LIFE SCIENCES, L.P.

By: BAKER BROS. ADVISORS LP, management company and investment adviser to **Baker Brothers Life Sciences, L.P.**, pursuant to authority granted to it by Baker Brothers Life Sciences Capital, L.P., general partner to Baker Brothers Life Sciences, L.P., and not as the general partner.

By: /s/ Scott Lessing
Name: Scott Lessing
Title: President

Exhibit 10.18

Execution Version

SAGIMET BIOSCIENCES INC.

AMENDED AND RESTATED
INVESTORS' RIGHTS AGREEMENT

THIS AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT (this "***Agreement***") is made as of December 21, 2020, by and among **SAGIMET BIOSCIENCES INC.**, a Delaware corporation (the "***Company***"), and the investors listed on the Schedule of Investors attached as **Exhibit A** hereto (each, an "***Investor***," and collectively, the "***Investors***").

WHEREAS, the Company and the certain Investors are purchasing shares of the Company's Series F Preferred Stock (the "***Series F Preferred***") pursuant to that certain Series F Preferred Stock Purchase Agreement (the "***Purchase Agreement***") dated on or about the date hereof, as amended from time to time (the "***Financing***");

WHEREAS, certain of the Investors (the "***Prior Investors***") are holders of the Company's Series A Preferred Stock ("***Series A Preferred***"), Series A' Preferred Stock ("***Series A' Preferred***"), Series B Preferred Stock ("***Series B Preferred***"), Series B' Preferred Stock ("***Series B' Preferred***"), Series B-1 Preferred Stock ("***Series B-1 Preferred***"), Series B-1' Preferred Stock ("***Series B-1' Preferred***"), Series C Preferred Stock ("***Series C Preferred***"), Series C' Preferred Stock ("***Series C' Preferred***"), Series D Preferred Stock ("***Series D Preferred***"), Series D' Preferred Stock ("***Series D' Preferred***"), Series D-1 Preferred Stock ("***Series D-1 Preferred***") and Series E Preferred Stock (the "***Series E Preferred***");

WHEREAS, the Prior Investors and the Company are parties to that certain Amended and Restated Investors' Rights Agreement dated February 12, 2019 (the "***Prior Agreement***");

WHEREAS, in order to induce the Company to enter into the Purchase Agreement and to induce certain Investors to invest funds in the Company pursuant to the Purchase Agreement, the Investors and the Company hereby agree that this Agreement shall govern the rights of the Investors to cause the Company to register shares of the Company's Common Stock ("***Common Stock***") issuable to the Investors upon the conversion of the Preferred Stock and certain other matters as set forth herein;

WHEREAS, the parties to the Prior Agreement desire to amend and restate the Prior Agreement and accept the rights and covenants hereof in lieu of their rights and covenants under the Prior Agreement, and the undersigned parties constitute the parties necessary to amend and restate the Prior Agreement in its entirety; and

WHEREAS, in connection with the consummation of the Financing, the Company and the Investors have agreed to the registration rights, information rights, and other rights as set forth below.

NOW, THEREFORE, the parties hereto hereby agree that, effective as of the Initial Closing (as defined in the Purchase Agreement), the Prior Agreement shall be amended and restated in its entirety by this Agreement, which shall supersede and replace the Prior Agreement, and further agree as follows:

1. Restrictions on Transferability; Registration Rights. The Company covenants and agrees as follows:

1.1 Definitions. For purposes of this Agreement:

(a) "***Change of Control***" means each of the following events: (i) any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganizations, provided that the applicable transaction shall not be deemed a Change of Control unless the Company's stockholders constituted immediately prior to such transaction do not hold more than fifty percent (50%) of the voting power of the surviving or acquiring entity (or its parent) immediately following such transaction (taking into account only voting power resulting from stock of the Company held by such stockholders prior to such transaction); (ii) any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company's voting power outstanding before such transaction is transferred; or (iii) a sale, conveyance or other disposition by the Company or any subsidiary of the Company, in a single transaction or series of related transactions, of all or substantially all of the assets of the Company and its subsidiaries taken as a whole (including without limitation a license by the Company or any subsidiary of the Company of all or substantially all of the Company's or such subsidiary's, as the case may be, intellectual property that is either exclusive or otherwise structured in a manner that constitutes a license of all or substantially all of the assets of the Company and its subsidiaries taken as a whole) or the sale or disposition (whether by merger or otherwise) of one or more subsidiaries of the Company if substantially all of the assets of the Company and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Company; provided that a Change of Control shall not include (x) a merger or consolidation with a wholly-owned subsidiary of the Company, (y) a merger effected exclusively for the purpose of changing the domicile of the Company or (z) any transaction or series of related transactions principally for bona fide equity financing purposes in which the Company is the surviving corporation.

(b) "***Common Warrants***" means those certain warrants to purchase Common Stock issued pursuant to that certain Series C Preferred Stock Purchase Agreement dated June 14, 2013 by and among the Company and the purchasers listed on Exhibit A thereto.

(c) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended, or any similar successor federal statute, and the rules and regulations thereunder, all as the same shall be in effect from time to time.

(d) "***Form S-3***" means such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(e) "***GAAP***" shall have the meaning set forth in Section 3.1(a) hereto.

(f) "***Holder***" means any person owning or having the right to acquire Registrable Securities or any assignee thereof in accordance with Section 1.12 of this Agreement.

(g) "***IPO***" means the first public offering of the Common Stock of the Company to the general public that is effected pursuant to a registration statement filed with, and declared effective by, the SEC under the Securities Act.

(h) "***Preferred Stock***" means collectively the Series A Preferred, the Series A' Preferred, the Series B Preferred, the Series B' Preferred, the Series B-1 Preferred, the Series B-1' Preferred, the Series C Preferred, the Series C' Preferred, the Series D Preferred, the Series D' Preferred, the Series E Preferred and the Series F Preferred. For the avoidance of doubt, Preferred Stock shall not include the Series D-1 Preferred.

(i) "***Qualified IPO***" shall have the meaning given in the Restated Certificate.

(j) The terms "***register***," "***registered***" and "***registration***" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement or document.

(k) "***Registrable Securities***" means (i) Common Stock of the Company issuable or issued upon conversion of the Preferred Stock of the Company and (ii) any Common Stock issued or issuable (directly or indirectly) upon conversion and/or exercise of any other securities of the Company acquired by the Investors, including upon exercise of the Common Warrants.

(l) The number of shares of "***Registrable Securities then outstanding***" shall be the sum of the number of shares of Common Stock outstanding that are, and the number of shares of Common Stock issuable pursuant to then exercisable or convertible securities that are, Registrable Securities.

(m) "***Restated Certificate***" shall mean the Company's Tenth Amended and Restated Certificate of Incorporation, as may be amended from time to time.

(n) "***Restricted Securities***" shall mean the securities of the Company required to bear the legend set forth in Section 1.2 hereof.

(o) "***SEC***" shall mean the Securities and Exchange Commission.

(p) "***Securities Act***" means the Securities Act of 1933, as amended, or any similar successor federal statute, and the rules and regulations thereunder, all as the same shall be in effect from time to time.

(q) "***Shares***" shall have the meaning set forth in Section 3.4 hereto.

(r) "***Voting Agreement***" shall have the meaning given in the Purchase Agreement.

1.2 Restrictions on Transferability.

(a) The holder of each certificate representing Shares and Registrable Securities by acceptance thereof agrees to comply in all respects with the provisions of this Section 1.2. Each Holder agrees not to make any sale, assignment, transfer, pledge or other disposition of all or any portion of the Restricted Securities, or any beneficial interest therein, unless and until (x) the transferee thereof has agreed in writing for the benefit of the Company to take and hold such Restricted Securities subject to, and to be bound by, the terms and conditions set forth in this Agreement, including, without limitation, this Section 1.2 and Section 2, and (y):

(i) There is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(ii) Such Holder shall have given prior written notice to the Company of such Holder's intention to make such disposition and shall have furnished the Company with a detailed description of the manner and circumstances of the proposed disposition, and, if requested by the Company, such Holder shall have furnished the Company, at its expense, with (i) an opinion of counsel, reasonably satisfactory to the Company, to the effect that such disposition will not require registration of such Restricted Securities under the Securities Act or (ii) a "no action" letter from the SEC to the effect that the transfer of such securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto, whereupon the holder of such Restricted Securities shall be entitled to transfer such Restricted Securities in accordance with the terms of the notice delivered by the Holder to the Company. It is agreed that the Company will not require prior written notice, opinions of counsel or "no action" letters from the SEC for transactions made pursuant to Rule 144 of the Securities Act (***"Rule 144"***).

(b) Permitted transfers include (i) transfers not involving a change in beneficial ownership, or (ii) transfers of Restricted Securities by any Holder to (x) a parent, subsidiary or other affiliate of Holder, or (y) any of its partners, members or other equity owners, or retired partners, retired members or other equity owners, or to the estate of any of its partners, members or other equity owners or retired partners, retired members or other equity owners, or (iii) transfers in compliance with Rule 144, as long as the Company is furnished with satisfactory evidence of compliance with such rule, if requested; provided, in each case, that the Holder thereof shall give written notice to the Company of such Holder's intention to effect such disposition and shall have furnished the Company with a detailed description of the manner and circumstances of the proposed disposition. For the avoidance of doubt, the Preferred Stock is freely transferable, subject to applicable laws and the transferee executing required joinders.

(c) Each certificate representing Shares or Registrable Securities shall (unless otherwise permitted by the provisions of this Agreement) be stamped or otherwise imprinted with a legend substantially similar to the following (in addition to any legend required under applicable state securities laws):

> "THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, PLEDGED, OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SUCH ACT, OR UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL OR OTHER EVIDENCE, IF REQUESTED, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED."
>
> "THE SHARES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN INVESTORS' RIGHTS AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY."

The Holders consent to the Company making a notation on its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer established in this Section 1.2.

(d) The first legend referring to federal and state securities laws identified in Section 1.2(c) hereof stamped on a certificate evidencing the Restricted Securities and the stock transfer instructions and record notations with respect to such Restricted Securities shall be removed and the Company shall issue a certificate without such legend to the holder of such Restricted Securities if (i) such securities are registered under the Securities Act, (ii) such holder provides the Company with an opinion of counsel reasonably acceptable to the Company to the effect that a public sale or transfer of such securities may be made without registration under the Securities Act, or (iii) such holder provides the Company with reasonable assurances, which may, at the option of the Company, include an opinion of counsel satisfactory to the Company, that such securities can be sold pursuant to Rule 144 under the Securities Act.

1.3 Request for Registration.

(a) Subject to the conditions of this Section 1.3, if the Company shall receive at any time after the earlier of the date that is (i) three (3) years after the date of this Agreement or (ii) six months following the effective date of the registration statement pertaining to the IPO, a written request pursuant to this Section 1.3 from Holders of at least 35% of the Registrable Securities then outstanding (assuming conversion of all Preferred Stock and exercise of the Common Warrants) (the "***Initiating Holders***") that the Company file a registration statement under the Securities Act covering the registration of Registrable Securities which would have an aggregate offering price of not less than $5,000,000, the Company shall within twenty (20) days of the receipt thereof, give written notice of such request to all Holders, and subject to the limitations of this Section 1.3, use its best efforts to effect, as soon as practicable, the registration under the Securities Act of all Registrable Securities that the Holders request to be registered in a written request received by the Company within twenty (20) days of the mailing of the Company's notice pursuant to this Section 1.3(a).

(b) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to Section 1.3(a) and the Company shall include such information in the written notice referred to in Section 1.3(a). The underwriter will be selected by the Company and shall be reasonably acceptable to a majority in interest of the Initiating Holders. In such event, the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Section 1.3, if the underwriter determines in good faith that marketing factors require a limitation of the number of shares to be underwritten, then the Company shall so advise all Holders of Registrable Securities which would otherwise be underwritten pursuant hereto, and the number of shares of Registrable Securities that may be included in the underwriting shall be allocated, first, to the Initiating Holders on a *pro rata* basis based on the total number of Registrable Securities held by the Initiating Holders; and second, to any Holder on a *pro rata* basis among all such Holders; *provided, however*, that if as a result of any such cutback fewer than fifty-percent (50%) of the total number of Registrable Securities that have been requested by Holders of Registrable Securities to be included in such registration statement are actually included, than such registration statement shall not be counted as "effected" for purposes of this Section 1.3 (including for purposes of Section 1.3(d)(i)), notwithstanding the obligation of the Company to proceed with the offering.

(c) Notwithstanding the foregoing, if the Company shall furnish to the Holders requesting a registration statement pursuant to this Section 1.3 a certificate signed by the Chief Executive Officer of the Company ("***Chief Executive Officer***") stating that, in the good faith judgment of the Board of Directors of the Company (the "***Board of Directors***"), it would be materially detrimental to the Company and its stockholders for such registration statement to be filed and it is therefore essential to defer the filing of such registration statement, then the Company shall have the right to defer taking action with respect to such filing for a period of not more than ninety (90) days after receipt of the request of the Initiating Holders; *provided, however*, that the Company may not utilize this right more than once in any twelve (12) month period; and, *provided, further*, that the Company shall not register any securities for its own account or that of any other stockholders during such ninety (90) day period other than (i) a registration relating to the sale of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, or similar plan; (ii) a registration relating to an SEC Rule 145 transaction; (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or (iv) a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered.

(d) In addition, the Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to this Section 1.3:

(i) after the Company has effected two (2) registrations pursuant to this Section 1.3 and such registrations have been declared or ordered effective;

(ii) during the six-month period following the effective date of the registration statement pertaining to the IPO; or

(iii) if, within thirty (30) days of a registration request by the Initiating Holders, the Company gives notice to the Holders of its intent to file a registration statement for its IPO within ninety (90) days.

1.4 Company Registration.

(a) If (but without any obligation to do so) the Company proposes to register (including for this purpose a registration effected by the Company for stockholders other than the Holders) any of its stock or other securities under the Securities Act in connection with the public offering of such securities solely for cash (other than a registration relating solely to the sale of securities to participants in a Company stock plan, any registration statements relating to any corporate reorganization or transaction under Rule 145 of the Securities Act or any registration statements related to the issuance or resale of securities issued in such a transaction or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities which are also being registered), the Company shall, at such time, promptly give each Holder written notice of such registration. Upon the written request of each Holder given within ten (10) days after mailing of such notice by the Company in accordance with Section 5.6, the Company shall, subject to the provisions of Section 1.4(b), cause to be registered under the Securities Act all of the Registrable Securities that each such Holder has requested to be registered. Registrations effected pursuant to this Section 1.4 shall not be counted as demands for registration pursuant to Section 1.3 or registrations pursuant to Section 1.5.

(b) If the registration statement under which the Company gives notice under this Section 1.4 is for an underwritten offering, the Company shall so advise the Holders of Registrable Securities. In such event, the right of any such Holder to be included in a registration pursuant to this Section 1.4 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company. Notwithstanding any other provision of this Agreement, if the underwriter determines in good faith that marketing factors require a limitation of the number of shares to be underwritten, the number of shares that may be included in the underwriting shall be allocated, first, to the Company; second, to the Holders on a *pro rata* basis based on the total number of Registrable Securities held by the Holders; and third, to any stockholder of the Company (other than a Holder) on a *pro rata* basis. No such reduction shall reduce the amount of securities of the selling Holders included in the registration below twenty-five percent (25%) of the total amount of securities included in such registration, unless such offering is the IPO and such registration does not include shares of any other selling stockholders, in which event any or all of the Registrable Securities of the Holders may be excluded in accordance with the immediately preceding sentence. For any Holder which is a partnership or corporation, the partners, retired partners and shareholders of such Holder, or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "Holder," and any *pro rata* reduction with respect to such "Holder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "Holder," as defined in this sentence.

(c) The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 1.4 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration.

1.5 Form S-3 Registration. In case the Company shall receive from any Holders of a majority of the then outstanding Registrable Securities (assuming conversion of all Preferred Stock and exercise of the Common Warrants) a written request or requests that pursuant to this Section 1.5 the Company effect a registration on Form S-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company will:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(b) use its best efforts to effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company; *provided, however*, that the Company shall not be obligated to effect any such registration, qualification or compliance, pursuant to this Section 1.5: (i) if Form S-3 is not available for such offering by the Holders; (ii) if the Holders propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public of less than $1,000,000; (iii) if, in a given twelve-month period, the Company has already effected two (2) such registrations pursuant to this Section 1.5 in such period; (iv) if the Company shall furnish to the Holders a certificate signed by the President of the Company stating that in the good faith judgment of the Board of Directors, it would be materially detrimental to the Company and its stockholders for such registration statement to be filed and it is therefore essential to defer the filing of such registration statement, in which event the Company shall have the right to defer the filing of the Form S-3 registration statement for a period of not more than ninety (90) days after receipt of the request of the Holder or Holders under this Section 1.5; *provided, however*, that the Company shall not utilize this right more than once in any twelve (12) month period; or (v) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance or otherwise subject itself to general taxation. Subject to the foregoing, the Company shall file a registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Holders. Registrations effected pursuant to this Section 1.5 shall not be counted as demands for registration effected pursuant to Section 1.3.

1.6 Obligations of the Company. Whenever required under this Section 1 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to 120 days, or if earlier, until the distribution contemplated in the registration statement has been completed.

(b) Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

(c) Furnish to the Holders of Registrable Securities registered thereunder such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

(d) Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders of Registrable Securities registered thereunder; *provided*, that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process, or subject itself to general taxation, in any such states or jurisdictions.

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. Each Holder of Registrable Securities registered thereunder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act or the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) Cause all such Registrable Securities registered pursuant hereunder to be listed on each securities exchange or nationally recognized quotation system on which similar securities issued by the Company are then listed.

(h) Provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

(i) Cooperate in all necessary respects with (A) counsel in preparation of the customary legal opinions and (B) accountants in preparation of the customary comfort letters, copies of which shall be provided to each Holder of Registrable Securities registered thereunder so requesting; provided that such Holders shall not be entitled to rely upon such legal opinions and comfort letters other than in accordance with their own respective terms.

(j) Promptly make available for inspection by the Holders of Registrable Securities registered thereunder, any managing underwriter(s) participating in any disposition pursuant to such registration statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the Holders of Registrable Securities registered thereunder, all financial and other records, pertinent corporate documents, and properties of the Company, and cause the Company's officers, directors, employees, and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant, or agent, in each case, as necessary or advisable to verify the accuracy of the information in such registration statement and to conduct appropriate due diligence in connection therewith.

1.7 Furnish Information.

(a) It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 1 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required to effect the registration of such Holder's Registrable Securities.

(b) The Company shall have no obligation with respect to any registration requested pursuant to Section 1.3 or Section 1.5 if, due to the operation of Section 1.7(a), the number of shares of the Registrable Securities to be included in the registration does not equal or exceed the number of shares required to originally trigger the Company's obligation to initiate such registration as specified in Section 1.3(a) or Section 1.5(b), as the case may be.

1.8 Expenses of Registration. All expenses, other than underwriting discounts, transfer taxes and commissions incurred by the selling Holders in connection with registrations, shall be paid or reimbursed by the Company for filings or qualifications pursuant to Section 1.3, Section 1.4 and Section 1.5, including (without limitation) all registration, filing and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Company and the reasonable fees and disbursements of one counsel for the selling Holders (collectively, the "***Registration Expenses***"); *provided, however*, that the Company shall not be required to pay for any Registration Expenses of any registration proceeding begun pursuant to Section 1.3(a) or Section 1.5 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered unless (a) the withdrawal is based upon material adverse information concerning the Company of which the Initiating Holders or Holders, as applicable, were not aware at the time of such request or (b) the Holders of a majority of Registrable Securities to be registered agree to deem such registration to have been effected as of the date of such withdrawal for purposes of determining whether the Company shall be obligated pursuant to Section 1.3 to undertake any subsequent registration, in which event such right shall be forfeited by all Holders. If the Holders are required to pay the Registration Expenses, such expenses shall be borne *pro rata* based upon the number of Registrable Securities that were to be registered in the withdrawn registration.

1.9 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 1.

1.10 Indemnification. In the event any Registrable Securities are included in a registration statement under this Section 1:

(a) To the fullest extent permitted by law, the Company will indemnify and hold harmless each Holder, the partners, members, officers, directors, stockholders and former stockholders of each Holder, any underwriter (as defined in the Securities Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "***Violation***"): (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law; and the Company will pay to each such Holder, underwriter or controlling person any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action, as such expenses are incurred; *provided, however*, that the indemnity agreement contained in this Section 1.10(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information relating to any such Holder and furnished expressly for inclusion in a registration statement in connection with such registration by such Holder, the partners, members, officers, directors and stockholders of such Holder, the underwriter for such Holder or a controlling person of such Holder and; *provided further, however*, that the foregoing indemnity agreement with respect to any preliminary prospectus shall not inure to the benefit of any Holder, partners, members, officers, directors and stockholders of any Holder, or any underwriter for such Holder, or any person controlling such Holder, from whom the person asserting any such losses, claims, damages or liabilities purchased shares in the offering, if a copy of the prospectus (as then amended or supplemented) was not sent or given by or on behalf of such Holder or underwriter to such person, if required by law so to have been delivered by such Holder, at or prior to the written confirmation of the sale of the shares to such person, and if the prospectus (as so amended or supplemented) would have cured the defect giving rise to such loss, claim, damage or liability.

(b) To the extent permitted by law, each selling Holder, severally, and not jointly, will indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Securities Act, any underwriter, any other Holder selling securities in such registration statement and any controlling person of any such underwriter or other Holder, against any losses, claims, damages or liabilities to which any of the foregoing persons may become subject, under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information relating to such Holder and furnished by such Holder expressly for use in connection with such registration; and each such Holder will pay any legal or other expenses reasonably incurred by any person intended to be indemnified pursuant to this Section 1.10(b), in connection with investigating or defending any such loss, claim, damage, liability or action; *provided, however*, that the indemnity agreement contained in this Section 1.10(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld, provided that in no event shall any indemnity under this Section 1.10(b) exceed the net proceeds from the offering received by such Holder (including net of any underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities).

(c) Promptly after receipt by an indemnified party under this Section 1.10 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 1.10, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; *provided, however*, that an indemnified party (together with all other indemnified parties which may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 1.10, but the omission to so deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 1.10.

(d) If the indemnification provided for in this Section 1.10 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense as well as any other relevant equitable considerations; *provided*, that, in no event shall any contribution under this Section 1.10(d) by a Holder exceed the net proceeds from the offering received by such Holder (including net of any underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities). The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution between the Company and underwriter contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) The obligations of the Company and Holders under this Section 1.10 shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 1.

1.11 Reports Under Securities Exchange Act of 1934. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Securities Act and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144, at all times after ninety (90) days after the effective date of the IPO;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144 (at any time after ninety (90) days after the effective date of the first registration statement filed by the Company), the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC which permits the selling of any such-securities without registration or pursuant to such form.

1.12 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 1 may be assigned (but only with all related obligations) by (i) a Holder that is a partnership, to any partner, retired partner or affiliated fund of such Holder, (ii) a Holder that is a limited liability company or a corporation, to any member or former member or stockholder of such Holder, (iii) a Holder who is an individual, to such Holder's family member or trust for the benefit of such Holder or such Holder's family member, (iv) a Holder that transfers all shares of Registrable Securities held by he, she or it, or (v) to any other person acquiring at least 500,000 shares (or not less than all of such Holder's Registrable Securities, if such Holder holds less than 500,000 Registrable Securities) (as appropriately adjusted for any stock split, dividend, combination or other recapitalization or like transactions) of Registrable Securities; provided (in all cases) (a) the Company is, promptly after such transfer, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; (b) such transferee or assignee agrees in writing to be bound by and subject to the terms and conditions of this Agreement, including without limitation the provisions of Section 2 below; and (c) such assignment shall be effective only if immediately following such transfer the further disposition of such securities by the transferee or assignee is restricted under the Securities Act.

1.13 Termination of Registration Rights. All registration rights granted under this Section 1 shall terminate and be of no further force and effect upon the earlier of (i) four (4) years after the consummation of the IPO, or (ii) the effective date of a Change of Control pursuant to which the Holders receive cash or securities traded on a nationally recognized securities exchange. In addition, a Holder's registration rights under this Section 1 shall expire at such time as all Registrable Securities held by such Holder (together with any affiliates of such Holder with whom such Holder must aggregate its sales under Rule 144) can be sold in any three (3) month period without registration under Rule 144.

1.14 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the Registrable Securities then outstanding (assuming conversion of all Preferred Stock and exercise of the Common Warrants) and the approval of a majority of the Board of Directors, enter into any agreement with any holder or prospective holder of any securities of the Company which would allow such holder or prospective holder to include such securities in any registration filed under Section 1.3 hereof, unless under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of his securities will not reduce the amount of the Registrable Securities of the Holders which is included.

2. "**Market Stand-Off" Agreement.** Each Holder hereby agrees that such Holder shall not sell, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale of, any Common Stock (or other securities) of the Company held by such Holder (other than those included in the registration) for a period specified by the representative of the underwriters of Common Stock (or other securities) of the Company not to exceed one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act in connection with the Company's IPO (such period of time, the "***Lockup Period***"), provided that all officers and directors of the Company and holders of at least one percent (1%) of the Company's voting securities (on an as-converted to Common Stock basis) are bound by and have entered into similar agreements. The foregoing provisions of this Section 2 shall apply only to the IPO, and shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, or any shares purchased in connection with the IPO or on the open market following the IPO. Each Holder agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriter which are consistent with the foregoing or which are necessary to give further effect thereto. The Company may impose stop-transfer instructions with respect to the shares of Common Stock (or other securities) subject to the foregoing restriction until the end of said one hundred eighty (180) day period. The underwriters of the Company's stock are intended third party beneficiaries of this Section 2 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Any discretionary waiver or termination of the restrictions of any or all of such agreements by the Company or the underwriters shall apply pro rata to all Company stockholders that are subject to such agreements, based on the number of shares subject to such agreements.

3. Covenants of the Company.

3.1 Delivery of Financial Statements to Investors. So long as an Investor holds at least 20,000,000 shares (as adjusted for stock splits, combinations, reorganizations and the like) of Registrable Securities (a "***Major Investor***"), the Company shall deliver to such Major Investor:

(a) as soon as practicable, but in any event within one hundred twenty (120) days after the end of each fiscal year of the Company, an income statement for such fiscal year, a balance sheet of the Company and statement of stockholder's equity as of the end of such fiscal year, and a statement of cash flows for such fiscal year, such year-end financial reports to be in reasonable detail, prepared in accordance with generally accepted accounting principles ("***GAAP***") in the United States, and audited and certified by independent public accountants of nationally recognized standing selected by the Board of Directors, and accompanied by a certificate executed by the chief financial officer of the Company (in the event of no Company chief financial officer then by the Chief Executive Officer) certifying that such financial statements fairly present the financial condition of the Company and its results of operations for the periods specified therein; and

(b) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three fiscal quarters of each fiscal year of the Company, an unaudited income statement, a statement of cash flows and an unaudited balance sheet for such quarter, prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments and (ii) not contain all notes thereto that may be required in accordance with GAAP), and accompanied by a certificate executed by the chief financial officer of the Company (in the event of no Company chief financial officer then by the Chief Executive Officer) certifying that such financial statements fairly present the financial condition of the Company and its results of operations for the periods specified therein;

(c) as soon as practicable, but in any event thirty (30) days prior to the beginning of each fiscal year an annual budget and operating plans for such fiscal year, prepared on a monthly basis, and, as soon as prepared, any other budgets or revised budgets prepared by the Company;

(d) upon request, a detailed capitalization table of the Company; and

(e) upon the request of a Major Investor, such additional information and materials as the Major Investor may reasonably request, and the Chief Executive Officer may consent to provide, such consent not to be unreasonably withheld, including documents of the Company's management, reports of operations, reports of adverse developments, copies of any management letters, and stockholder communications.

3.2 Inspection. The Company shall permit each Major Investor, at such Major Investor's expense, to visit and inspect the Company's properties, to examine its books of account and records and to discuss the Company's affairs, finances and accounts with its officers, all at such reasonable times as may be convenient to the Company and such Major Investor; *provided, however*, that the Company shall not be obligated pursuant to this Section 3.2 to provide access to any information that it reasonably considers to be a trade secret or similar confidential information (unless covered by a confidentiality agreement, in form and substance reasonably acceptable to the Company) or the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

3.3 Confidentiality of Records. Each Investor agrees to use the same degree of care as such Investor uses to protect its own confidential information but in no event less than a reasonable degree of care, to keep confidential any information furnished to it that the Company identifies as being confidential or proprietary (so long as such information is not in the public domain) and to keep confidential any confidential information, knowledge or data concerning or relating to the business or financial affairs of the Company which such Investor has been or shall become privy by reason of this Agreement, except that such Investor may disclose such proprietary or confidential information (i) to any existing or prospective partner, affiliate (excluding portfolio companies), subsidiary, parent or member of such Investor for the purpose of evaluating its investment in the Company as long as such existing or prospective partner, affiliate (excluding portfolio companies), subsidiary, parent or member is advised of the confidentiality provisions of this Section 3.3 and is directed by such Investor to maintain the confidentiality of such information; (ii) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company, as long as such attorney, accountant, consultant or other professional is bound to the Investor to keep such information confidential by industry standards or ethical rules (such as those applicable to attorney and accountants) or provisions at least as stringent as those contained in this Section 3.3; (iii) to any prospective purchaser of any Registrable Securities from such Investor, if such prospective purchaser agrees to be bound by the provisions of this Section 3.3; (iii) at such time as it enters the public domain through no fault of such Investor; (iv) that is communicated to it free of any obligation of confidentiality; (v) that is developed by Investor or its agents independently of and without reference to any confidential information communicated by the Company; or (vi) as may otherwise be required by law, *provided, however,* that the Investor promptly notifies the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure.

3.4 Right of First Offer. Subject to the terms and conditions specified in this Section 3.4, the Company hereby grants to each Major Investor a right of first offer with respect to future sales by the Company of its Shares. A Major Investor shall be entitled to apportion the right of first offer hereby granted it among itself and its partners and affiliates in such proportions as it deems appropriate; provided, that any such partner or affiliate shall, if not already a party, agree to become a party to this Agreement as an "Investor" hereunder.

Each time following the date hereof that the Company proposes to offer any shares of, or securities convertible into or exchangeable or exercisable for any shares of, any class of its capital stock ("***Shares***"), the Company shall first make an offering of such Shares to each Major Investor in accordance with the following provisions.

(a) The Company shall deliver a notice in accordance with Section 5.6 to the Major Investors stating (i) its bona fide intention to offer such Shares, (ii) the number of such Shares to be offered, and (iii) the price and terms upon which it proposes to offer such Shares.

(b) By written notification received by the Company, within fifteen (15) calendar days after delivery of the notice, the Major Investor may elect to purchase or obtain, at the price and on the terms specified in the notice, up to that portion of such Shares that equals the proportion that the number of shares of Common Stock deemed to be held by such Major Investor (including all shares of Common Stock issuable or issued upon conversion of the Preferred Stock or upon the exercise of outstanding warrants or options) bears to the total number of shares of Common Stock of the Company then outstanding (including all shares of Common Stock issuable or issued upon conversion of the Preferred Stock or upon the exercise of outstanding warrants or options). The Company shall promptly, in writing, inform each Major Investor that elects to purchase all the shares available to it (a "***Fully-Exercising Investor***") of any other Major Investor's failure to do likewise. During the ten (10) day period commencing after such information is given, each Fully-Exercising Investor may elect to purchase that portion of the Shares for which Major Investors were entitled to subscribe but which were not subscribed for that is equal to the proportion that the number of shares of Common Stock issued and held, or issuable upon conversion of Preferred Stock then held, by such Fully-Exercising Investor bears to the total number of shares of Common Stock issued and held, or issuable upon conversion of the Preferred Stock then held, by all Fully-Exercising Investors who wish to purchase some of the unsubscribed shares.

(c) If all Shares that Major Investors are entitled to obtain pursuant to Section 3.4(b) are not elected to be obtained as provided in Section 3.4(b) hereof, the Company may, during the ninety (90) day period following the expiration of the period provided in Section 3.4(b) hereof, offer the remaining unsubscribed portion of such Shares to any person or persons at a price not less than, and upon terms no more favorable to the offeree than those specified in the notice. If the Company does not enter into an agreement for the sale of the Shares within such period, or if such agreement is not consummated within ninety (90) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such Shares shall not be offered unless first reoffered to the Major Investors in accordance herewith.

(d) The right of first offer in this Section 3.4 shall not be applicable to:

(i) the issuance of Series F Preferred Stock as part of the Financing;

(ii) the issuance of Common Stock upon the conversion of Convertible Securities (as defined in the Restated Certificate) or shares of Preferred Stock, and capital stock issued pursuant to any such rights or agreements granted after the date of this Agreement, so long as the rights of first offer established by this Section 3.4 were complied with, waived or inapplicable pursuant to any provisions of this section 3.4(d);

(iii) shares of Common Stock issued or issuable by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Section 3(f) or Section 3(g) of Article FOURTH, Part C of the Restated Certificate and shares of Common Stock issued or deemed issued as a dividend or Distribution (as defined in the Restated Certificate) on Preferred Stock;

(iv) the issuance of Common Stock and/or options, warrants or other Common Stock purchase rights and the Common Stock issued pursuant to such options, warrants or other rights to employees, officers or directors of, or consultants or advisors to, the Company or any subsidiary pursuant to stock purchase or stock option plans or other arrangements, the principal purpose of which is other than the raising of capital through the sale of equity securities of the Company and the terms of which are approved by the Board of Directors;

(v) the issuance of shares of Common Stock or Convertible Securities to financial institutions, equipment lessors, landlords, brokers or similar entities in connection with commercial credit arrangements, equipment financings, commercial property lease transactions or similar transactions, the principal purpose of which is other than the raising of capital through the sale of equity securities of the Company and the terms of which are approved by the Board of Directors;

(vi) the issuance of shares of Common Stock or Convertible Securities in connection with bona fide acquisitions, mergers or similar transactions, the terms of which are approved by the Board of Directors;

(vii) shares of Common Stock issued or issuable upon the conversion of the Preferred Stock or the exercise of the Common Warrants;

(viii) shares of Common Stock issued or issuable pursuant to a Qualified Public Offering; or

(ix) shares of Common Stock or Convertible Securities issuable or issued to an entity as a component of any corporate strategic relationship or transaction, the principal purpose of which is other than the raising of capital through the sale of equity securities of the Company and which terms are approved by the Board of Directors.

(e) Notwithstanding the foregoing, the right of first offer in this Section 3.4 shall not be applicable to any Major Investor with respect to any issuance of Shares if (i) at the time the Company issues such Shares, such Major Investor is not an "accredited investor," as defined in Rule 501(d) of Regulation D promulgated under the Securities Act, and (ii) such issuance of Shares is only being offered by the Company to accredited investors.

3.5 Liability Insurance. The Company shall, at all times, maintain a directors' and officers' liability insurance policy from a financially sound and reputable insurer with coverage limits reasonably acceptable to the majority of directors appointed by the holders of Preferred Stock serving on the Board of Directors.

3.6 Stock Vesting. Unless otherwise approved by the Board of Directors, all stock, stock options and other stock equivalents issued after the date of this Agreement to employees, directors, consultants and other service providers shall be subject to vesting as follows: (a) twenty-five percent (25%) of such stock shall vest at the end of the first year following the earlier of the date of issuance or such person's services commencement date with the Company, and (b) seventy-five percent (75%) of such stock shall vest in equal monthly installments over the remaining three (3) years. With respect to any shares of stock purchased by any such person still subject to vesting, the Company's repurchase option shall provide that upon such person's termination of employment or service with the Company, with or without cause, the Company or its assignee shall have the option to purchase at cost any unvested shares of stock held by such person. No stock option, restricted stock or similar equity grant to officers, employees and consultants shall be transferable until such time as such stock option, restricted stock or similar equity grant is fully vested.

3.7 Confidentiality and Inventions Assignment Agreement. The Company shall require all employees to execute and deliver a Confidentiality and Inventions Assignment Agreement substantially in a form approved by the Company's counsel or Board of Directors and all consultants to execute and deliver a consulting agreement containing reasonable provisions regarding the protection of the Company's confidential information and assignment of intellectual property created on behalf of the Company.

3.8 Right of First Refusal. All shares of Common Stock of the Company shall be subject to a right of first refusal on all transfers, which right shall be subject to the exemptions set forth in Article X, Sections 1(e) and 1(f) of the Company's Amended and Restated Bylaws. In the event the Company elects not to exercise any right of first refusal or right of first offer the Company may have on a proposed transfer of any of the Company's outstanding capital stock pursuant to the Company's charter documents, by contract or otherwise, the Company shall, to the extent it may do so, assign such right of first refusal or right of first offer to each Major Investor. In the event of such assignment, each Major Investor shall have a right to purchase its *pro rata* portion of the capital stock proposed to be transferred. Each Major Investor's *pro rata* portion shall be equal to the product obtained by multiplying (i) the aggregate number of shares proposed to be transferred by (ii) a fraction, the numerator of which is the number of shares of Registrable Securities held by such Major Investor at the time of the proposed transfer and the denominator of which is the total number of Registrable Securities owned by all Major Investors at the time of such proposed transfer. If any Major Investors do not exercise in full this right of first refusal, the shares that would otherwise be allocated to such non-fully exercising Major Investors shall be allocated among the fully exercising Major Investors wishing to purchase the remaining shares (the "***Over-Allotment***") on a *pro-rata* basis (calculated in the same manner as above, *provided, however*, the denominator for purposes of such calculation shall be the total number of shares held by all Major Investors participating in such Over-Allotment) up to the maximum shares specified by each such applicable Major Investor. The Major Investors shall be entitled to apportion shares of Company capital stock purchasable hereunder among their respective partners and affiliates in such proportions as they deem appropriate; provided, that any such partner or affiliate shall, if not already a party, agree to become a party to this Agreement as an "Investor" hereunder.

3.9 Market Stand-off Restrictions. All capital stock issued by the Company, including any capital stock issuable or issued upon exercise or conversion of any "Convertible Securities," as defined in the Restated Certificate, shall be subject to a market stand-off provision substantially similar to Section 2 of this Agreement.

3.10 Expenses Relating to Board Meetings. The Company shall promptly reimburse in full, each non-employee director of the Company for all of his or her reasonable out-of-pocket expenses incurred related to attending meetings of the Company's Board of Directors or any committee thereof.

3.11 Board Approval. The Company hereby covenants and agrees with each of the Investors that it shall not, without approval of the Board of Directors, which approval must include the affirmative vote of at least one of the directors appointed by the holders of Preferred Stock:

(a) make, or permit any subsidiary to make, any loan or advance to, or own any stock or other securities of, any subsidiary or other corporation, partnership, or other entity unless it is majority owned by the Company;

(b) make, or permit any subsidiary to make, any loan or advance to any person, including, without limitation, any employee or director of the Company or any subsidiary, except advances and similar expenditures in the ordinary course of business or under the terms of an employee stock or option plan approved by the Board of Directors;

(c) guarantee, directly or indirectly, or permit any subsidiary to guarantee, directly or indirectly, any indebtedness except for trade accounts of the Company or any subsidiary arising in the ordinary course of business;

(d) incur any aggregate indebtedness in excess of $20,000 that is not already included in a budget approved by the Board of Directors, other than trade credit or indebtedness to the Company incurred in the ordinary course of business;

(e) otherwise enter into or be a party to any transaction with any director, officer, or employee of the Company or any "associate" (as defined in Rule 12b-2 promulgated under the Exchange Act) of any such person, except for transactions contemplated by this Agreement or the Financing, or transactions made in the ordinary course of business and pursuant to reasonable requirements of the Company's business and upon fair and reasonable terms that are approved by a majority of the Board of Directors;

(f) hire, terminate, or change the compensation of the Chief Executive Officer;

(g) sell, assign, license, pledge, or encumber material technology or intellectual property, other than licenses granted in the ordinary course of business;

(h) enter into any corporate strategic relationship involving the payment, contribution, or assignment by the Company or to the Company of money or assets greater than $250,000; or

(i) enter into or joinder as a party to any transaction with any director or officer of the Company (other than for the payment of salary and reimbursement of expenses made in the ordinary course of business), unless approved by a majority of the directors who are disinterested in such transaction (with any interested director being required to recuse himself or herself).

3.12 Successor Indemnification. If the Company or any of its successors or assignees consolidates with or merges into any other person and is not the continuing or surviving corporation or entity of such consolidation or merger, then to the extent necessary, proper provision shall be made so that the successors and assignees of the Company assume the obligations of the Company with respect to indemnification of members of the Board of Directors as in effect immediately before such transaction, whether such obligations are contained in the Company's Amended and Restated Bylaws, its Restated Certificate, or elsewhere, as the case may be.

3.13 Investor Form S-3 Registration Agreement. Following the closing of a Qualified IPO (as defined in the Restated Certificate), upon or after the expiration of the Lockup Period, if the Company shall receive a written request from any Investor who may be deemed an "affiliate" (as defined for this purpose in Rule 144), the Company agrees to enter into a Registration Rights Agreement, in substantially the form attached hereto as **Exhibit B**, with such Investor. In the event any Registration Rights Agreement is entered into, and any demand for registration is made pursuant thereto, it will be deemed to be a demand for registration pursuant to the relevant section(s) of this Agreement for so long as such rights exist pursuant to this Agreement.

3.14 Termination of Covenants. Except as set forth below, the covenants set forth in this Section 3 (other than Section 3.12) shall terminate and be of no further force or effect upon the earlier of (a) the closing of a Qualified IPO; or (b) the effective date of a Change of Control pursuant to which the Holders receive cash or securities traded on a nationally recognized securities exchange. The covenants set forth in Sections 3.1 and 3.2 shall also terminate and be of no further force or effect upon the Company becoming subject to the reporting provisions of the Exchange Act. Section 3.13 of this Agreement shall only terminate upon such time that such Investor, as reflected on the Company's list of stockholders, holds less than 1% of the Company's outstanding Common Stock (treating all shares of Preferred Stock on an as-converted basis), the Company has completed its IPO and all Registrable Securities of the Company issuable or issued upon conversion of the Shares held by and issuable to such Investor may be sold pursuant to Rule 144 during any ninety (90) day period.

4. Additional Covenants of the Parties.

4.1 FIRPTA. For so long as New Enterprise Associates 13, Limited Partnership; NEA Ventures 2009, Limited Partnership; KPCB Holdings, Inc.; the Column Group, LP; ABG II-3V Limited; Rock Springs Capital Master Fund LP; Four Pines Master Fund LP; Baker Brothers Life Sciences, L.P. and 667, L.P. ("***Baker Brothers***," and each, individually, a "***Participant***") holds Preferred Stock of the Company or Registrable Securities, the Company shall provide prompt notice to the Participant, following any "determination date" (as defined in United States Treasury Regulation Section 1.897-2(c)(1)) on which the Company becomes a United States real property holding corporation. In addition, upon a written request by a Participant, the Company shall provide the Participant with a written statement informing the Participant whether such Participant's interest in the Company constitutes a United States real property interest. The Company's determination shall comply with the requirements of Treasury Regulation Section 1.897-2(h)(1) or any successor regulation, and the Company shall provide timely notice to the Internal Revenue Service, in accordance with and to the extent required by Treasury Regulation Section 1.897-2(h)(2) or any successor regulation, that such statement has been made. The Company's written statement to the Participant shall be delivered to the Participant within 10 days of the Participant's written request therefor. The Company's obligation to furnish such written statement shall continue notwithstanding the fact that a class of the Company's stock may be regularly traded on an established securities market or the fact that there is no preferred stock then outstanding.

4.2 Commerce Department Compliance. The Company may be required to file reports with the Bureau of Economic Analysis (the "***BEA***") of the US Commerce Department when a US affiliate of a foreign Investor if such foreign Investor, together with its affiliates, directly or indirectly controls ten percent (10%) or more of the voting securities of the Company. Such foreign Investor that is a foreign individual or entity or a US subsidiary or affiliate of a foreign parent covenants to provide information necessary for the Company to comply with BEA filings required under the International Investment and Trade in Services Act.

4.3 Indemnification Agreement. Immediately prior to the election or appointment of the Baker Brothers Director (as defined in the Voting Agreement) to the Board of Directors, the Company shall enter into an Indemnification Agreement with the Baker Brothers Director, in form reasonably approved by Baker Brothers.

4.4 Right to Conduct Activities. The Company hereby agrees and acknowledges that SGMT Holdings Limited, Rock Springs Capital Master Fund LP, Four Pines Master Fund LP, PFM Healthcare Master Fund, L.P. and Invus Public Equity, L.P. are professional investment organizations, and as such reviews the business plans and related proprietary information of many enterprises, some of which may compete directly or indirectly with the Company's business (as currently conducted or as currently propose to be conducted). The Company hereby agrees that, to the extent permitted under applicable law, SGMT Holdings Limited, Rock Springs Capital Master Fund LP, Four Pines Master Fund LP, PFM Healthcare Master Fund, L.P. and Invus Public Equity, L.P. shall not be liable to the Company for any claim arising out of, or based upon, (i) the investment by SGMT Holdings Limited, Rock Springs Capital Master Fund LP, Four Pines Master Fund LP, PFM Healthcare Master Fund, L.P. and Invus Public Equity, L.P. in any entity competitive with the Company, or (ii) actions taken by any partner, officer, employee or other representative of SGMT Holdings Limited, Rock Springs Capital Master Fund LP, Four Pines Master Fund LP, PFM Healthcare Master Fund, L.P. and Invus Public Equity, L.P. to assist any such competitive company, whether or not such action was taken as a member of the board of directors of such competitive company or otherwise, and whether or not such action has a detrimental effect on the Company; *provided*, *however*, that the foregoing shall not relieve (x) any of the Investors from liability associated with the unauthorized disclosure of the Company's confidential information obtained pursuant to this Agreement, or (y) any director or officer of the Company from any liability associated with his or her fiduciary duties to the Company.

4.5 Qualified Small Business Stock. The Company agrees that for so long as any shares of Preferred Stock are held by an Investor (or transferee) in whose hands such shares are eligible to qualify as "qualified small business stock" within the meaning of Section 1202(c) of the Internal Revenue Code (the "***Code***") it will (a) use best commercial efforts to comply with any applicable filing and reporting requirements of Section 1202 of the Code and any regulations promulgated thereunder; *provided, however*, that "best commercial efforts" as used in this section shall not be construed to require the Company to operate its business in a manner which would adversely affect its business, limit its future prospects or alter the timing or resource allocation of its planned operations or financing activities and (b) provide appropriate documentation as to status with respect to "qualified small business stock" to each Investor that makes a request therefor within ten (10) days of any such request.

5. Miscellaneous.

5.1 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including transferees of any shares of Registrable Securities). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

5.2 Governing Law. This Agreement shall be governed by the internal law of the State of Delaware, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Delaware.

5.3 Venue. Any suit or proceeding relating to, arising out of or arising under this Agreement shall be brought in the Delaware Court of Chancery, which court shall have the sole and exclusive in personal, subject matter and other jurisdiction in connection with such suit or proceedings and venue shall be appropriate for all purposes in such court.

5.4 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

5.5 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

5.6 Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified; (b) when sent by confirmed electronic mail if sent during normal business hours of the recipient, if not, then on the next business day; (c) five business days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) one business day after deposit with a nationally recognized overnight courier, specifying next day delivery, freight prepaid, with written verification of receipt. All communications to the Company shall be sent to:

Sagimet Biosciences Inc.
Attn: George Kemble
155 Bovet Road, Suite 303
San Mateo, CA 94402
George.Kemble@sagimet.com

with a copy (which shall not constitute notice) to:

Cooley LLP
Attn: Carlton Fleming
3175 Hanover St.
Palo Alto, CA 94304
CFleming@cooley.com

All communications to the Investors shall be made to their respective addresses (and with such copies, which shall not constitute notice) set forth in **Exhibit A** attached hereto, or at such other address as any party may designate by 10 days advance written notice to the other parties hereto.

5.7 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company, the Holders of a majority of the Registrable Securities then outstanding (assuming conversion of all Preferred Stock and exercise of the Common Warrants) and the approval of a majority of the Board of Directors; *provided, that* the Schedule of Investors attached as **Exhibit A** hereto may be amended by the Company without the consent of the Holders to include any additional Holders of additional shares of Series F Preferred Stock sold and issued by the Company in any Additional Closing, as defined in the Purchase Agreement; *provided further, that* any other section of this Agreement applicable to the Major Investors may be amended, modified, terminated or waived only with the written consent of the Company and the holders of a majority of the Registrable Securities then outstanding and held by the Major Investors; *and provided further, that* the consent of Baker Brothers, SGMT Holdings Limited, Invus Public Equity, L.P., PFM Healthcare Master Fund, L.P., New Enterprise Associates 13, Limited Partnership, KPCB Holdings, Inc., AP 11 Limited, Qianhai Ark (Cayman) Investment Co. Limited, Rock Springs Capital Master Fund LP and Four Pines Master Fund LP shall be required to amend, modify, terminate or waive Section 3.1 in a manner that affects such Investor, including, for the avoidance of doubt, the minimum number of shares necessary to be deemed a "Major Investor" thereunder. Sections 3.13 and the last sentence of Section 3.14 may be amended, modified, terminated or waived only with the written consent of the Company and Baker Brothers. Further, this Agreement may not be amended, and no provision hereof may be waived, in each case, in any way that by its terms treats (a) a particular Investor in a disproportionately adverse manner relative to the other Investors without such Investor's written consent, or (b) a particular Major Investor in a disproportionately adverse manner relative to the other Major Investors without such Major Investor's written consent it being understood in each instance that an Investor or Major Investor, as applicable, shall not be deemed to be treated differently because of the proportional differences in the amounts of respective issue prices, liquidation preferences and redemption prices that arise out of differences in the original issue price vis-à-vis other existing or future series of Preferred Stock. Notwithstanding the foregoing, the Major Investors agree that a waiver of the provisions of Section 3.4 with respect to a particular transaction shall be deemed to apply to all Major Investors in the same fashion if such waiver does so by its terms, notwithstanding the fact that certain Major Investors may nonetheless, by agreement with the Company, purchase securities in such transaction, *provided*, a Major Investor shall have the right to purchase its pro rata number of securities in such transaction, regardless of the waiver of the provisions of Section 3.4, if any other Major Investor purchases in the same transaction. The Company will give reasonably prompt notice of any amendment or termination hereof or waiver hereunder (other than a waiver by an Investor of only such Investor's rights hereunder) to any party hereto that did not consent in writing to such amendment, termination or waiver. Any amendment effected in accordance with this Section 5.7 shall be binding upon each Holder of Registrable Securities of the Company.

5.8 Severability. If any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect, such provision will be enforced to the maximum extent possible and such invalidity, illegality or unenforceability will not affect any other provision of this Agreement. In such event, the parties shall negotiate, in good faith, a legal, valid and enforceable substitute provision which most nearly effects the intent of the parties in entering into this Agreement.

5.9 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party to this Agreement, upon any breach or default of any party to this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

5.10 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof, and any and all other written or oral agreements relating to the subject matter hereof existing between the parties hereto are expressly canceled.

5.11 Aggregation of Stock. All shares of Registrable Securities of the Company held or acquired by a stockholder and its affiliated entities shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

5.12 Advice of Counsel. EACH PARTY TO THIS AGREEMENT ACKNOWLEDGES THAT, IN EXECUTING THIS AGREEMENT, SUCH PARTY HAS HAD THE OPPORTUNITY TO SEEK THE ADVICE OF INDEPENDENT LEGAL COUNSEL, AND HAS READ AND UNDERSTOOD ALL OF THE TERMS AND PROVISIONS OF THIS AGREEMENT. THIS AGREEMENT SHALL NOT BE CONSTRUED AGAINST ANY PARTY BY REASON OF THE DRAFTING OR PREPARATION HEREOF.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

COMPANY:

SAGIMET BIOSCIENCES INC.

By: /s/ George Kemble
Name: George Kemble
Title: Chief Executive Officer

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

667, L.P.

By: BAKER BROS. ADVISORS, LP, management company and investment adviser to 667, L.P., pursuant to authority granted to it by Baker Biotech Capital, L.P. general partner to 667, L.P., and not as the general partner

By: /s/ Scott Lessing
Name: Scott Lessing
Title: President

BAKER BROTHERS LIFE SCIENCES, L.P.

By: BAKER BROS. ADVISORS, LP, management company and investment adviser to Baker Brothers Life Sciences, L.P., pursuant to authority granted to it by Baker Brothers Life Sciences Capital, L.P. general partner to Baker Brothers Life Sciences, L.P., and not as the general partner

By: /s/ Scott Lessing
Name: Scott Lessing
Title: President

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

SGMT HOLDINGS LIMITED

By: /s/ Colm O'Connell
Name: Colm O'Connell
Title: Authorized Signatory

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

INVUS PUBLIC EQUITY, L.P.

By: /s/ Raymond Debbane
Name: Raymond Debbane
Title: President of its General Partner

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

PFM HEALTHCARE MASTER FUND, L.P.

By: PFM Health Sciences, LP

By: /s/ Yuan DuBord
Name: Yuan DuBord
Title: Chief Financial Officer

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

ALTIUM GROWTH FUND, LP

By: /s/ Mark Gottlieb
Name: Mark Gottlieb
Title: COO

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

NEW ENTERPRISE ASSOCIATES 13, LIMITED PARTNERSHIP

By: NEA Partners 13, Limited Partnership
Its: General Partner

By: NEA 13 GP, LTD
Its: General Partner

By: /s/ Louis Citron
Name: Louis Citron
Title: Chief Legal officer

NEA VENTURES 2009, LIMITED PARTNERSHIP

By: /s/ Louis Citron
Name: Louis Citron
Title: Chief Legal officer

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

KPCB HOLDINGS, INC. as nominee

By: /s/ Susan Biglieri
Name: Susan Biglieri
Title: CFO

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTOR:

AP 11 LIMITED

By: /s/ Jinzi Jason Wu
Name: Jinzi Jason Wu
Title: CEO and President

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

ROCK SPRINGS CAPITAL MASTER FUND LP

By: Rock Springs General Partner LLC
Its: General Partner

By: /s/ Kris Jenner
Name: Kris Jenner
Title: Member

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

FOUR PINES MASTER FUND LP

By: Four Pines General Partner LLC
Its: General Partner

By: /s/ Kris Jenner
Name: Kris Jenner
Title: Member

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTOR:

JASON FULLER

By: /s/ Jason Fuller
Name: Jason Fuller

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

/s/ Tak Cheung
Tak Cheung

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTOR:

Suzhou Huimei Kangrui Management Consulting Partnership L.P.

( ))

By: /s/ Rushu Luo
Name: Rushu Luo
Title: Managing Partner

EXHIBIT A

SCHEDULE OF INVESTORS

667, L.P. 860 Washington St., 3rd Floor New York, NY 10014
Baker Brothers Life Sciences, L.P. 860 Washington St., 3rd Floor New York, NY 10014
Altium Capital Management, LP 152 W. 57th Street 20th Floor New York, NY 10019
AP11 Limited Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
SGMT Holdings Limited Walkers Corporate Limited Cayman Corporate Centre 27 Hospital Road, George Town Grand Cayman KY1-9008, Cayman Islands Attn: Michael Yi and Ting Xie Email: myi@hillhousecap.com; txie@hillhousecap.com; legal@hillhousecap.com Necessarily including copies by email to the following: Goodwin Procter LLP The New York Times Building 620 Eighth Avenue New York, NY 10018 Attention to: Yash Rana; Chi Pan Email: yrana@goodwinlaw.com; chipan@goodwinlaw.com
Invus Public Equities, L. P. Attn. Raymond Debbane c/o The Invus Group, LLC 750 Lexicon Ave. New York, New York 10022

PFM Healthcare Master Fund, L.P. c/o PFM Health Services, LP 4 Embarcadero Center, Suite 3500 San Francisco, CA 94111 Attn: Darin Sadow, General Counsel
Douglas Buckley
Eric Meldrum
GC&H Investments One California Street, 5th Floor San Francisco, CA 94111 Attn: Jim Kindler
G LTP LLC 280 South Mangum Street Suite 210 Durham, NC 27701-3984
G ERP LLC 280 South Mangum Street Suite 210 Durham, NC 27701-3984
G JBD LLC 280 South Mangum Street Suite 210 Durham, NC 27701-3984
G HSP LLC 280 South Mangum Street Suite 210 Durham, NC 27701-3984

KPCB Holdings, Inc., as nominee Attn: Jesse King 2750 Sand Hill Road Menlo Park, CA 94025 with copies (which shall not constitute notice) to: Asher M. Rubin Hogan Lovells US LLP Harbor East 100 International Drive, Suite 2000 Baltimore, MD 21202 Marcia Hatch Gunderson Dettmer LLP 1200 Seaport Blvd Redwood City, CA 94065
Merdad Parsey
Michael C. Venuti
New Enterprise Associates 13, Limited Partnership Attn: Louis Citron 1954 Greenspring Drive 600 Timonium, MD 21093 with a copy (which shall not constitute notice) to: Asher M. Rubin Hogan Lovells US LLP Harbor East 100 International Drive, Suite 2000 Baltimore, MD 21202
Jason Fuller 700 12th ST NW STE 700 PMB 91438 Washington DC 20005
Tak Cheung
Qianhai Ark (Cayman) Investment Co. Limited

Rock Springs Capital Master Fund LP Attn: General Counsel 650 S. Exeter Street, Suite 1070 Baltimore, MD 21202 Send notices to: jill@rockspringscapital.com daphne@rockspringscapital.com ops@rockspringscapital.com
Four Pines Master Fund LP Attn: General Counsel 650 S. Exeter Street, Suite 1070 Baltimore, MD 21202 Send notices to: jill@rockspringscapital.com daphne@rockspringscapital.com ops@rockspringscapital.com
The Mendelson Family Trust Attn: Alan Mendelson 140 Scott Place Menlo Park, CA 94025
TriplePoint Ventures 3, LLC 2755 Sand Hill Road Menlo Park, CA 94025
TriplePoint Ventures, LLC 2755 Sand Hill Road Menlo Park, CA 94025
Urs Greber
VP Company Investments 2004, LLC Attn: Alan Mendelson 140 Scott Place Menlo Park, CA 94025
Suzhou Huimei Kangrui Management Consulting Partnership L.P. Room112-11, Wuliu Building, No.88 Xiandai Avenue, Suzhou Industrial Park, Suzhou, China 215021

EXHIBIT B

REGISTRATION RIGHTS AGREEMENT